

# LOLOH CEMCEM AS A GREEN PRODUCT OF BALI'S LOCAL WISDOM

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## ABSTRACT

*Changing the purchase decision behavior of consumers is not an easy task. The consumers nowadays are considered to be intelligent consumers whom are supported by the advancement in information technology. This also applies to the decision to purchase products that are not well known by the public, specifically eco-friendly products or green products. The recent demands for green products have been increasing with the rise in consumer awareness regarding their health and the sustainability of the natural environment. Likewise, there was also a rise in demand for the loloh cemcem produced in Penglipuran Village, Bangli Regency. The need for green product is expected to cause the emergence of brand love towards green products which will result in the increase in positive word of mouth.*

*The purpose of this research is to explain the influence of green product on the WOM regarding loloh cemcem Penglipuran Bangli, explain the influence of green product on the brand love towards loloh cemcem Penglipuran Bangli, explain the influence of brand love on the WOM regarding loloh cemcem Penglipuran Bangli, explain the role of brand love in mediating the relationship between green product and WOM regarding loloh cemcem Penglipuran Bangli.*

*This research is conducted on all the regencies in Bali. There are 150 respondents selected as the sample of this research. The analysis technique used is the Partial Least Square (PLS) technique. The analysis results show that green product and brand love have a positive and significant influence on WOM. However, brand love is unable to act as the mediator in the relationship between green product and WOM. For the recommendation, green product producers are expected to emphasize on the coloring agents, the usage of natural preservatives, and to show the uniqueness of their green product which is expected to create positive WOM.*

**Keywords:** Loloh Cemcem, Green Product, Brand Love, Word of Mouth (WOM).

## INTRODUCTION

Nowadays, the purchase decision behavior of consumers can be considered to be very intelligent. This is due to the availability of information sources and various medias that are very persuasive which can change consumer behavior to be in line with what the marketer's desire. Related to change in consumer behavior, producers also attempt to use various marketing strategies they view will be effective. Among the persuasion tools that have very strong persuasion effects is the word of mouth (WOM), which applies both from producers to consumers and from consumers to other consumers. WOM is deemed to be more effective than other persuasion tools such as advertisements (Wahyuni & Ekawati, 2018). Previous studies have revealed that satisfied consumers will inform 3 to 5 people about their experience (Heskett et al., 1997), while dissatisfied consumers will share this to 10 to 11 people (Harrison-Walker, 2001).

To create a positive WOM, only depending on the product or brand alone is not enough to provide satisfaction. The occurrence of positive WOM is greatly determined by the attention and interest of consumers which will eventually result in the emergence of love towards certain products or brands (Brand Love). Carroll & Ahuvia (2006) defined Brand Love as an emotional and passionate relationship in which a satisfied consumer has the desire to have a certain product brand. The love formed is a strong emotional experience from an interpersonal relationship or the relationship between the consumer and the brand (Hwang & Kandampully, 2012). Brand love will emerge when a customer is able to view the brand as a matter that they can love, just like loving a person (Ranjbarian et al., 2013). Thus, it can be concluded that brand love is a one way love relationship towards a brand. Love towards a brand exists as a result of consumer satisfaction. Consumer satisfaction is determined by various factors, such as the benefit or the unique characteristic of a product which provides value to consumers. This research discusses the characteristics or unique values of eco-friendly products or also known as green products.

Green products are goods or products produced by producers that are related with the feelings of safety and not having detrimental side effects on the human health, and also does not have the potential to harm the environment (Kasali, 2007). Some environmental impacts that can be prevented by creating green products are pollution and harm towards the natural environment (Ottman, 1998). Producers that produce green products have several characteristics in their production process, among others, using environmentally friendly materials, not harming the surrounding ecosystem, and using recyclable materials. The production process of green products itself demands a high organizational commitment (Suasana & Ekawati, 2018).

One of the eco-friendly products is the Loloh cemcem. Loloh cemcem is one of the products of the Balinese local wisdom. Loloh cemcem is one of the traditional Balinese heritage beverages. The people greatly believe that by consuming loloh cemcem, it will greatly help in maintaining their health. In this research, the loloh cemcem studied are the ones that are produced in Penglipuran Village, Bangli Regency, and Bali Province. The basic material used to produce this beverage is cemcem leaf which is cultivated in various places in Bali. Penglipuran village is among the cleanest village in the world. Loloh cemcem is currently considered as the signature beverage of Bali (KOMPAS.com, 2016).

To date, loloh cemcem from Penglipuran has been able to provide satisfaction to consumers and there is a possibility of the emergence of brand love. Brand does not only give impressions, but it also must have a positioning in the minds of the people to truly cause brand love to emerge (Hee, 2009). The brand love formed is expected to create positive WOM. Thus, green products, brand love and WOM are important variables in sustaining the continuity of a product.

## LITERATURE REVIEW

### Green Product

The environmental awareness of consumers motivates companies to re-design their existing product or develop a new product which abides by the environmental laws (Nidomolu & Prahlad, 2009). The awareness of the people regarding the environment has an influence on the tendency of companies to be more environmentally friendly as a form of their social responsibility (Dwyer 2009; Lee et al., 2011). Responding to the increase in people's concern towards the environment, many companies think of ways to utilize this opportunity for their business interest (Ekawati et al., 2017). Environmental awareness does not only help companies

in maintaining their competitiveness and increasing their market share, but there are also some evidence that indicate the increase in customer loyalty (Chan, 2001). Related to this, producers are prompted to provide eco-friendly products which are known as green products.

Green products are products that have social benefits that can be felt by consumers, such as being environmentally friendly. D'Souza et al. (2006) in their research explained the aspects of green product or eco-friendly products, namely:

- 1) Product perception, in which consumers view green products or eco-friendly products as products that are not harmful to the animals and the environment.
- 2) Packaging, which is the product's packaging that is able to represent certain elements and show their care towards the environment to consumers.
- 3) Content composition, which is the usage of recyclable material within an acceptable amount, a claim of lower overall usage, and causes minimum damage to the environment.

### **Brand Love**

The brand is a name, term, sign, symbol, design, or combination of these which is meant to make a product or service of a person or seller become recognizable and to distinguish it from competitor products (Kotler & Armstrong, 2012). Brand is able to identify the producer or seller of a product. The brand is also the producer's or marketer's promise to consistently provide a characteristic, benefit, and specific service to consumers. Brand love is defined as an emotional relationship and the passion of a satisfied consumer to have a certain brand (Carroll & Ahuvia, 2006). Love is a strong emotional experience from an interpersonal relationship or the relationship between the consumer and the brand (Hwang & Kandampully, 2012).

Brand Love occurs when consumers or customers are able to view a brand as an individual that they can love emotionally, just like loving a person (Ranjbarian et al., 2013). Love and emotion are one, and is a certain emotion which is similar to affection (Richins, 1997). Emotions occur over a short term and at a certain time period. Conversely, love relationship, just like friendship, can last long over decades and involves a lot of affection, cognition, and behavioural experience (Fournier, 1998). There are some that argue that brand love and interpersonal love are two different matters (Kaufmann et al., 2016). Brand love is the relationship or devotion formed in a one way direction towards the product, while interpersonal love refers to a two ways relationship between one person and another.

### **Word of Mouth (WOM)**

One of the marketing strategies that become interesting phenomena to discuss is the Word of Mouth (WOM). WOM is very suitable to be implemented in Indonesia. This is supported by the research results in Global Consumer Study 2007 conducted by Nielsen Research Institution, which revealed that Indonesia is among the top five countries in which WOM is deemed to be the most credible form of advertising. Among the 47 countries in the world, Indonesia is in the third place, after Hong Kong and Taiwan (Vibiznews, October 2007).

WOM is a form of personal communication regarding a product between buyers and the people around them (Kotler & Armstrong, 2015). Positive WOM is when people conducts business with a company and afterwards recommend the company to other people (Brown et al.,

2005) WOM in marketing activities have three beneficial characteristics (Kotler & Keller, 2012). Credible means that a person can trust another person that they know and respect, and by using the WOM communication, a person can be influenced greatly. Personal means WOM activities will result in a more intimate communication between individuals who may share facts, opinions, and personal experience. Punctual means that WOM occurs when a person wants it to. When two individuals are interested to have a communication in certain events, they will communicate important experiences that they have.

## HYPOTHESES

There are four hypotheses proposed in this research, namely:

*H<sub>1</sub> : There is a positive and significant relationship between Loloh Cemcem green product of Penglipuran Village Bangli Regency and WOM*

*H<sub>2</sub> : There is a positive and significant relationship between Loloch Cemcem green product of Penglipuran Village Bangli Regency and brand love*

*H<sub>3</sub> : There is a positive and significant relationship between brand love and WOM*

*H<sub>4</sub> : Brand love is able to mediate the relationship between Loloh Cemcem green product of Penglipuran Village Bangli Regency and WOM.*

## RESEARCH METHOD

These researches utilize the quantitative research design (Creswell, 2010). The quantitative analysis is based on the multivariate analysis, utilizing the structural equation modeling with the partial least square (PLS) analysis. The populations in this research are all the people in Bali Province. The sampling method used is the purposive random sampling technique. This technique is used because this study uses specific criteria so that the sample matches the research objectives. The sample criteria are respondents must be at least 17 years old, have an education level of at least high school or equivalent degrees, at least high school education and equivalent because good understanding is needed in filling out questionnaires and understanding of environmentally friendly products. Knows the existence of the loloh cemcem product from Penglipuran Village, Bangli Regency, and have already consumed the loloh cemcem product over the last three months.

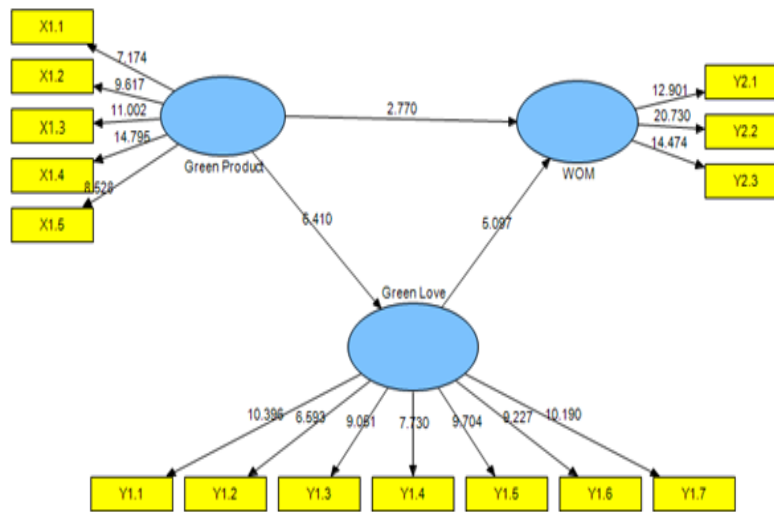
## RESULTS

The path coefficient results indicate that all of the constructs, which consists of the green product and brand love, have a significant influence on WOM. This is shown by the  $t_{\text{statistic}}$  value of greater than 1.96 for all the first order constructs. Presented in Picture is the outer loading results using the PLS statistics analysis.

The examination of the direct and indirect influence between the research variables (green product, brand love and WOM) is conducted by using the t-test. The relationship between variables (path) formed between the exogenous and endogen variables can be seen from the results of the statistics test shown in Table 1 & Figure 1.

The influences between variables are proven to be all significant. There is a significant relationship between brand love and WOM with a t-statistics value of 5.097, between green

product and brand love with a t-statistics value of 6.410 and between green product and WOM with a t-statistics value of 7.081.



**FIGURE 1**  
**PICTURE COEFFICIENT OF THE RELATIONSHIP BETWEEN VARIABLES (PATH)**

Table 1 INFLUENCE BETWEEN VARIABLES STATISTICS TEST				
	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STERR)
Brand Love →WOM	0,489	0,505	0,096	5,097
Green Product → Brand Love	0,501	0,516	0,078	6,410
Green Product →WOM	0,522	0,528	0,074	7,081

Source: Statistics Test Result

The indirect influence of the green product variable on WOM is examined using the Sobel Test utilizing the product coefficient strategy. This strategy is statistically deemed to have a greater strength than other formal methods including Baron and Kenny’s approach (Preacher & Hayes, 2004). The Sobel test calculation in full is shown as follows:

$$a = 0.501$$

$$Sa = 0.078$$

$$b = 0.49$$

$$Sb = 0.096$$

$$\begin{aligned}
 Sab &= \sqrt{b^2 Sa^2 + a^2 Sb^2 + Sa^2 Sb^2} \\
 &= \sqrt{(0.49^2 \times 0.78^2) + (0.501^2 \times 0.096^2) + (0.078^2 \times 0.096^2)} \\
 &= \sqrt{0.146 + 0.0023 + 0.0000} \\
 &= \sqrt{0.1483} \\
 &= 0.385 \\
 Z &= ab = 0.245 = \mathbf{0.633}
 \end{aligned}$$

The Z value is 0,688 which is lower than 1.96. This value shows that there is no significant indirect influence from green product on WOM.

## DISCUSSION

### **Green Product has a Positive and Significant Influence on WOM**

The test results regarding the influence of green product on WOM is shown by a t-statistics value of 7.081, which means that there is a significant relationship between the variables at a 95 percent level of confidence. The path coefficient has a positive sign which means that green product and WOM are positively correlated. This means that the more the products fulfill the criteria of being eco-friendly, the more positive the WOM formed among the people.

### **Green Product has a Positive and Significant Influence on Brand Love**

The test on the influence of green product on brand love is shown to have a t-statistics value of 6.410, which means that the influence is significant at a 95 percent level of confidence. The path coefficient has a positive sign which means that green product has a positive influence on brand love. Thus, the more the product fulfills the criteria of being an eco-friendly product, the greater the possibility to form brand love in the consumers.

### **Brand Love has a Positive and Significant Influence on WOM**

The result of the test conducted shows that the influence of brand love on WOM has a t-statistics value of 5.097. This means that the influence is significant. The t-statistics test which shows a significant result is enough empirical evidence to accept the hypothesis (H<sub>3</sub>) which states that the greater the brand love formed in consumers, the higher the possibility of a positive WOM.

### **Brand Love is Able to Significantly Mediate the Influence of Green Product on WOM**

To examine the influence of green product on WOM mediated by brand love, the Sobel test is utilized. The test results show that there is a positive relationship between green product and WOM while being mediated by brand love. However, the Sobel test result shows a Z value of 0,633 which is less than 1.96.

Due to this, there is insufficient empirical evidence to accept the hypothesis (H<sub>4</sub>) which states that brand love has a positive and significant mediation effect on the influence of green

brand on WOM. This means that a better implementation of green product, even without the support of brand love, will result in the occurrence of WOM activities. Thus, in this research, brand love is unable to be the mediator variable.

## CONCLUSIONS

1. Green product has a positive and significant influence on WOM. This means that the more the Loloh Cemcem from Penglipuran Village, Bangli Regency, is able to fulfill the criteria as an eco-friendly product, the more positive the WOM formed among the people.
2. Green product has an influence on brand love, which means that there is a positive relationship between green product and brand love. Thus, the more the Loloh Cemcem from Penglipuran Village, Bangli Regency is able to fulfill the criteria as an eco-friendly product, the greater the possibility of the formation of brand loves in the consumer.
3. Brand love has an influence on WOM, which means that the better the brand love towards Loloh Cemcem from Penglipuran Village in the minds of consumers, the greater the possibility of the occurrence of positive WOM.
4. Brand love is unable to positively and significantly mediate the influence of green product on WOM. This means that with a better implementation of green product, even without being supported by brand love towards the Loloh Cemcem from Penglipuran Village, positive WOM activities will still occur. Thus, brand love in this research is unable to be the mediator variable.

## LIMITATIONS

This research is not able to be used for generalization purpose because this involves the brand of an eco-friendly product which is only available in Bali. This research used cross-sectional data which make the results applicable only in certain time periods.

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