

Creative Economy Empowerment In The Essential Oil Industry Through Cultural Values On Brand Preferences

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**Creative Economy Empowerment In The Essential Oil Industry
Through Cultural Values On Brand Preferences**

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Abstract

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Essential oil is one of the export commodities that generate high foreign exchange for Indonesia. Some of the keys to developing the essential oil industry sector are through research and innovation, product formulation, and utilizing the latest technology in production to produce various downstream products with high added value. The development of essential oil marketing strategies can be seen from the perspective of the creative economy. This study is aimed to discuss how the branding strategy carried out by Rumah Atsiri Indonesia in increasing the added value of essential oils produced by various SMEs in Central Java, Indonesia. The research was carried out using a qualitative descriptive analysis method in the form of texts, perceptions, opinions and other written materials. In addition, the SWOT analysis method is also used to identify problems through decomposition and mapping of each component. The results showed that exploring cultural values in branding preferences for the essential oil industry in Indonesia can help in conveying a good first impression for consumer psychology, in order to build a solid brand image that can improve added value for essential oil products.

Keywords: atsiri, essential oil, creative economy, branding

Introduction

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Essential oil is one of the export commodities that generate high foreign exchange for Indonesia. Currently, Indonesia is one of the world's largest suppliers of essential oils. Indonesia is even able to supply 90% of the raw material for patchouli essential oil which is commonly used to make perfume. The high world demand for essential oils is a very profitable thing for Indonesia, because the high demand is a very big opportunity, because Indonesia is a tropical country that has a very suitable climate for developing essential oil-producing plants with good quality and quantity. Based on information from the Director General of Agro Industry in the official channel of the Indonesian Ministry of Industry, Indonesia has the potential for the availability of diverse raw materials, even being home to around 40 types of essential plants from 99 types of essential plants in the world. (Fitri & Mohammad, 2014; Sulaswatty et al, 2019)

Total essential oil production in 2020 reached 8,500 tons and has been used as industrial raw material for essence, flavor and fragrance. Several types of typical tropical essential oils owned by Indonesia include clove oil, citronella, patchouli, nutmeg, vetiver, and eucalyptus. In addition, processed essential oil products are also used as raw materials for the herbal medicine and phytopharmaceutical industry, such as ginger oil and fennel oil. All types of essential oil derivative products are believed to have positive health benefits. The Ministry of Industry continues to encourage the development of the downstream essential oil industry sector in order to increase competitiveness.

The potential for the large economic value of essential oils has encouraged the government to integrate the upstream-downstream value chain in essential oil production. In the upstream or plantation sector, there are hundreds of thousands of essential farmers who are suppliers of industrial raw materials. In the downstream sector, there are major global players who have operated essential oil processing plants. Through this integrated upstream-downstream value chain, harmonious economic value will be created, including playing a role in generating the people's economy in rural areas through industrial partnership programs.

Some of the keys to developing the essential oil industry sector are through research and innovation, product formulation, and utilizing the latest technology in production to produce various downstream products with high added value. These efforts need to be supported by adequate research facilities, competent human resources, and strong capturing and delivering value to market, so that Indonesia becomes a world-scale producer of various essential oil derivative products.

As one of the efforts to improve added value to increase essential oil marketing, a branding strategy with an appropriate approach is needed. This study will discuss how the branding strategy carried out by Rumah Atsiri Indonesia to increase the added value of essential oils produced by various SMEs in Central Java, Indonesia. The findings in this study can be used as recommendations for developing appropriate branding strategies for essential oil marketing in the future.

The development of essential oil marketing strategies can be seen from the perspective of the creative economy. The creative economy community is a pattern of entrepreneurial development that supports business activities by utilizing natural potential. Actors in the creative economy can be categorized as local entrepreneurs who have skills, the ability to exchange information and strengthen themselves in developing businesses. The creative economy focuses on efforts to optimize human resource-based creativity by avoiding the exploitation of natural resources in order to achieve sustainable use values.

Empowerment of creative economy program is expected to increase Human Resources. Utilization of the environment and social as well as intellectual formation in society. Creative economy as a new idea from a system that explores the potential of human creativity as a factor of production and creates an information system. This is intended to encourage the creation of creative ideas for innovation. Through the empowerment of the creative economy, new quality products and solutions have emerged according to the needs and tastes of consumers. Indonesia's natural geography offers abundant sources of wealth that can be a supplier of energy and raw materials. This opens up great opportunities to develop a creative economy community based on local resources.

Advances in technology open up easy access for the public to obtain information. This also provides a new change in offering products with creative strategies that have not existed before. Various innovations are carried out by people who are involved in the creative economy, one of which is the use of social media and certain interactive applications to be used in promoting and selling products. The ease of accessing information supported by technological advances also encourages increasingly massive business competition. The emergence of 26,000 new products offered every month, makes people smarter and more flexible in choosing products. Competitive business model demands creativity to gain consumer's attention (Bharati, P., Zhang, W., Chaudhury, 2015; Gurteen, Gurteen, & Associates, 2007).

Product competitiveness in the market forces producers to pay attention to product innovation with character. In the 2010-2016 period, the creative economy in Indonesia contributed 7.1% to Gross Domestic Product (GDP). The added value of the creative economy sector increases every year, with 5.81% growth, outperforming the growth of the electricity, gas and clean water sectors; mining and quarrying sector; agriculture and livestock sector; services and manufacturing sector (Hanief & Halim Al Mushawwir W, Mahfud, 2013).

The position of the essential oil industry as one of the leading in creative economic activities triggers creative economic actors from the government, academics, communities and business people to empower essential oil producers on a local and national scale. Empowerment in various forms, one of which involves digital technology that is able to increase added value for essential oil products in Indonesia.

As an effort to improve added value for essential oil products, branding development is one of the main issues. Brands are assets that create value for customers by increasing satisfaction and rewarding quality. The definition describes the role of the brand which is not only a representation of the product, but also serves to create value for customers. Brand is an indicator of the value offered to internal, external, and

investors. Brands are closely related to various corporate strategies and contain the company's promise to consistently provide certain characteristics, benefits and services to buyers (Blain, Levy, & Ritchie, 2005; Ibanez & George, 2017; Wibawanto & Nugrahani, 2015).

Brands are formed based on knowledge and information received from external parties. Brand is closely related to an assessment, response, opinion, public trust, association or certain symbols on the form of service, company name and brand of a product or service from the public as the target audience. Assessment of the brand of a product, service or personality is an important requirement for companies to be able to get public attention (Clement, 2014).

Branding is a collection of communication activities carried out by the company in the process of building and raising a brand. Without well-organized and planned communication activities to consumers, a brand has no meaning for consumers or their target consumers. A company will not be able to change its brand only with good deeds coupled with good words, but also shows real action as a brand that is built. By providing tangible evidence of the quality or superiority of the product, companies can use persuasive communication that can attract consumers' attention. To support persuasive communication activities, visual branding plays an important role (Yuristiadhi & Sari, 2017; Lalou, Deffner, & Lalou, 2017).

Visual branding can be defined as an attempt to differentiate the brand through a visual form. The purpose of differentiation is so that the brand can be seen and felt stands out from the others and can be remembered well by the audience. Visual branding is a variety of visual elements used by a brand to build a business character and identity, such as logo shape, logo color, typeface, tagline, brand theme color, design composition, and various other visual elements. Visual branding includes any attempt to identify and promote a brand using photos, visual elements or visual arrangements (McQuarrie & Philips, 2016). Visual branding represents an interesting meeting of a cross and interconnection between culture, economy, aesthetics and commodities. Studying a visual branding of an object is an activity to examine a discourse that is 'hidden' behind the conceptualization process that appears in the final visualization of design as an applied art (Davison, 2009).

Materials and Methods

This study used a qualitative descriptive analysis method. The data needed in this study consists of 2 data; primary data and secondary data obtained by means of observation, literature study, and interviews (Moleong, 2006; Rohidi, 2012).

Observation activities were focused on digging up information about the conditions and landscapes of Rumah Atsiri Indonesia. In addition, observation activities are also intended to record various facilities and types of activities offered by Rumah Atsiri Indonesia. A literature study was conducted to explore various previous studies and mass media coverage of the existence of Rumah Atsiri Indonesia. The results of the literature study can be used as a comparison when making direct observations at the location. Interviews were conducted to find out how the impressions of tourists who came to visit and the opinions of local people regarding the existence of the Indonesian Atsiri House.

The data analysis method in this study was carried out in a qualitative descriptive manner using data in the form of texts, perceptions, opinions and other written materials. In addition, the SWOT analysis method (strength, weakness, opportunity, treatment) is also used, which is a technique used to identify problems through decomposition and mapping of each component.

Results and Discussion

Significance of Analytical Skills Improvement

The Indonesian Atsiri House resulted from the revitalization of the Citronella Factory which was established in 1963. The Citronella Factory was then built in collaboration with the Governments of Indonesia and

Bulgaria to process essential oils with the main ingredient of citronella. In 1986 the Citronella Factory had changed ownership from the government to the private sector. Then in 2015 this factory has stopped operating due to problems with the availability of raw materials and economic conditions. Seeing the potential of Rumah Atsiri, PT Rumah Atsiri Indonesia took over and revitalized the factory building into a recreation area for Rumah Atsiri. Rumah Atsiri opened to the public in May 2018.

Rumah Atsiri Indonesia introduces the heritage of the Indonesian essential oil industry through educational recreational activities equipped with various interesting facilities. There are three buildings at Rumah Atsiri which have their respective functions such as a workshop room, a garden for collection of essential plants, and a museum. One of the things that makes Rumah Atsiri Indonesia unique is the preservation of the original building structure, so that the atmosphere of the 1960s is still maintained. Changes made to the building are more focused on changing its function, for example, the workshop is now a restaurant, the boiler room is a museum and the distillation room is a merchandise shop.

Figure 1. Rumah Atsiri Indonesia serves



various Indonesian essential oil-producing plants

Rumah Atsiri Indonesia was established to simultaneously empower the surrounding community and try to open up business opportunities in the tourism sector. The existence of Rumah Atsiri Indonesia is recorded as a driving force in the development of Essential Oils, especially Java Citronella in the Tawangmangu area and its surroundings. The strategy for empowering the surrounding community is carried out by; 1) developing education, 2) conducting training, 3) conducting research and development, 4) carrying out downstream production of essential products, and 5) developing the tourism sector (Lutfiyani & Astuti, 2018).

To find out how the existence of Rumah Atsiri in terms of its strengths, weaknesses, opportunities and threats, a SWOT analysis was carried out as follows.

Table 1. SWOT Matrix

	Strength (S)	Weakness (W)
SWOT matrix	<ol style="list-style-type: none"> 1. Pioneer of the concept of educational tourism in the essential oil industry sector in Indonesia 2. Complete facilities 	<ol style="list-style-type: none"> 1. Road access to the location is a bit difficult 2. There is no public transportation that is easily accessible by

	3. Spacious area, unique architecture, and cool weather around the site	visitors to the location 3. There are only few signposts to the location
Opportunities (O) 1. The existence of the Indonesian Atsiri House has a long history that can be explored as an educational tourist attraction 2. The support from the surrounding community for Rumah Atsiri Indonesia's existence 3. There are cultural activities such as dances, puppet shows (<i>wayang</i>) and traditional community ceremonies which purposively held by the community around the location of Rumah Atsiri Indonesia	S-O (Strategies to take advantage of opportunities and strengths) Rumah Atsiri Indonesia empowers the existence of the community and cultural activities of the people around the location to play a role in developing the concept of educational tourism based on local cultural wisdom.	W-O (Strategy to take advantage of opportunities to minimize weaknesses) Empowering the surrounding community to provide alternative transportation that makes it easier for visitors to access the location of Rumah Atsiri Indonesia.
Threats (T) 1. Development of facilities that do not interfere the sustainability of the ecosystem in the area around site 2. The waste treatment system has not been organized well 3. Many tourists get lost 4. Attractions in tourist areas need to be improved in order to make tourists revisit the site	S-T (Strategies to use strength in facing the threats) The concept of environmentally friendly educational tourism, Rumah Atsiri Indonesia can conduct mutually beneficial cooperation with the community around the location. For example, the community can play a role in providing private land for planting essential oil-producing plants. Financing is done 50% - 50% between the two parties. Harvested or processed products are sold to Rumah Atsiri Indonesia	W-T (Strategies for overcoming threats by paying attention to weaknesses) The surrounding community is involved to be part of the development of Rumah Atsiri. So that it creates a sense of belonging to the surrounding community towards the existence of Rumah Atsiri Indonesia. Absorption of employment at Rumah Atsiri can prioritize the community around the location.

Based on the results of the SWOT analysis above, it is known that the Plumbon Village Community around the location is very open to being involved as a driving force for educational tourism villages, by making Rumah Atsiri Indonesia as a tourist center. Community openness can be started from the involvement of Rumah Atsiri Indonesia in all activities, both cultural and social activities. Mutual openness and mutual involvement between the community, Rumah Atsiri Indonesia and the local government will allow Plumbon Village to become an educational tourism village, which is integrated with Rumah Atsiri Indonesia.

The majority of tourists come from out of town, come in groups for recreational purposes. Almost all tourists who were respondents in this study said that they knew about Rumah Atsiri Indonesia from social media. The information obtained is sufficient to make trips and activities there. Some tourists have difficulty getting to the location due to difficult road access and unclear road signs. Visitors find the activities at Rumah Atsiri Indonesia fun, educative and useful. The facilities are considered complete, but cultural attractions need to be added. Most tourists are interested in stopping at Rumah Atsiri because they also plan to travel to other places in the nearest city.

Several steps towards the development of tourism potential that need to be done are: socialization and interaction, workshops, joint discussions and the provision of village facilities. This step was taken to realize Plumbon Village as a tourist village, through: 1) developing cooperation with the community in providing land and producing raw materials that benefit both parties, 2) preserving local traditional culture by performing various cultures, 3) developing recreational vehicles from the potential that exists. There are, such as river crossing, farming and local culinary tourism.

As a brand, Rumah Atsiri Indonesia has a well-established brand in the minds of consumers. As previously explained, brand preference and loyalty are images that stick in the minds of consumer behavior analysts for years. There are many factors that influence the process of brand attachment in the minds of consumers. But brand experts agree that culture is the most influential factor in consumer behavior. This is expressed in the values and norms that are emphasized by the community.

Culture influences consumer buying behavior because of the emergence of the values they focus on. Cultural values are enduring. Every culture consists of a set of values that are transferred to its members (Chegini, Molan, & Kashanifar, 2016). The results of the analysis of brand preferences, identified the elements and meanings attached to the Rumah Atsiri Indonesia brand which are described in the following table.

Tabel 2. Branding elements of Rumah Atsiri Indonesia

Branding elements	Definition	Rumah Atsiri Branding Elements
Brand Identity	Brand identity is how people recognize a brand. In general, a brand identity consists of a name, logo, slogan, shape, color, sound, and the benefits offered by the brand in terms of taste, aroma, or impression.	The logo of Rumah Atsiri Indonesia carries a modern and simple concept. Using brown as an identity color, it represents a natural and down-to-earth brand impression.
Brand Image	An idea of how people imagine the brand. Does it give the impression of luxury or cheapness, is it mature or young, is it cheerful or bold, and so on.	Aromatic wellness tourist destination, which presents a cool and refreshing atmosphere.
Brand Positioning	Marketers must determine how their brand sees itself, how the brand is seen by consumers, and how the brand is seen by competitors.	An educational tour that focuses on the introduction and preservation of essential oils in one of the largest essential oil producing centers in Central Java, Indonesia.
Brand Differentiation	It is an element that contains various unique things from the brand, so that the brand can be easily distinguished and recognized from competing brands.	As the first and only destination to offer an educational tourism concept that focuses on essential oils native to Indonesia.
Brand Association	In carrying out a branding strategy, various media are needed to convey messages in order to reach the desired target consumers. During the process, marketers must always pay attention to the media or communicators who carry the message in order to provide a good association.	Activation of social media and other internet-based media to introduce the existence of Rumah Atsiri Indonesia. Collaborating with the government and public figures as endorsers to popularize Rumah Atsiri Indonesia as one of the leading tourist destinations in Central Java.

Looking at the branding elements that Rumah Kreatif Indonesia already has, it can be concluded that there is still one potential that has not been fully utilized as branding preferences, which is brand personality. The brand personality shown should be in accordance with the predetermined brand image and brand positioning. The existence of Rumah Atsiri in the Plumbon Village area which is very rich in cultural activities has not been fully explored to become a marketing force as well as a cultural icon. In this case the cultural brand strategy is a link between creative and strategy that can elevate brands, campaigns, and creative works to achieve a certain status.

Cultural branding that can be adapted by Rumah Atsiri Indonesia can be a strategy to direct communities or organizations to build brands with innovative ideologies. The concept of cultural branding is built on efforts to integrate brand culture and ideas in a suggestive and salable way. The character of culture is always

dynamic and continues to develop from time to time so marketers need to pay attention to the existing social structures in certain areas because social structures often require new changes in cultural expression. (Piliang & Jaelani, 2018; Ritzer, 2012). Cultural Branding is also an effort to provide an identity or brand that is adapted to the conditions of reputation, culture and habits of a community from a certain area. Based on this, the cultural branding strategy encourages an increase in nationalism for the community or potential consumers and can make local products a cultural icon for the local community. (Settiadi, 2006). Branding will work best when communicated consistently and integrated. So it becomes very important to understand the touch point of the brand, the scope and limitations of the medium, which is the vehicle of brand expression and communication.

Creative executions based on local culture can suppress certain cultural tensions in a social context. The cultural aspect in branding can be a value force that strengthens Rumah Atsiri Indonesia as a center for assessment, preservation as well as educational tourism. This can not only be manifested in visual aspects such as logos, colors, typography and everything that can be seen visually, but can also be attached to various activities and experiences provided to visitors. Cultural aspects in branding do not only focus on all the benefits that Rumah Atsiri Indonesia will provide, but also provide new values. Thus, Rumah Atsiri Indonesia is not only known by the wider community, but also the products and knowledge provided can be used and meaningful so that they can become part of the lifestyle of their consumers.

Conclusion

In order to improve the nation's competitiveness and the contribution of creative economy efforts in the national economy, a strategic framework for the development of a national Creative Economy in the long term that is integrated and collaborative is needed. This needs to be supported by the creativity of human resources and innovation in the growth of creative businesses and Rumah Atsiri Indonesia has become a pioneer in developing local potential in the essential oil industry. In the future, exploring cultural values in Branding Preferences for the essential oil industry in Indonesia can help in conveying a good first impression for consumer psychology, in order to build a solid brand image that can improve added value for essential oil products.

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