



Building the Brand Identity through Brand Differentiation Based Value of Culture and Locally-global Product Principles (Case on the City of Art)

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Abstract: This research aims to build brand identity through brand differentiation based on the value of culture and locally-global product principles. The research method used in this research is the survey method using a questionnaire distributed to 205 respondents using purposive sampling technique with the criteria of consumers of Tasikmalaya handicraft industry. The analysis tools used in this research is Structural Equation Modeling (SEM). The analysis results showed that the value of culture affects brand differentiation. Brand differentiation affects brand identity, which means that the stronger value of culture will show strong brand differentiation, the stronger the brand differentiation, and the stronger the brand identity. Locally-global product principle affects the brand identity, which means that the better locally-global product principle, the stronger brand identity. While the locally-global product principle does not affect brand differentiation, the stronger locally-global product principle does not form strong brand differentiation. The value of culture has no effect on the brand identity, which means that the stronger value of culture has not built brand identity. One variable in this research is renewable; namely, the Locally-global Product Principle obtained through the relevance of the One Village One Product (OVOP) theory. It can be seen that each proposed indicator is accepted as a construct for locally-global product principle variables.

Keywords: Value of culture, locally-global product principle, brand differentiation, brand identity

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INTRODUCTION

Components of the place can be promoted, even sold, but the nation, city, or region cannot. This is because, some definition such known, the country is unlikely to have a single target market or a single offering, and in such situations, promotion becomes complex and rather useless. When we are talking about a country or a city, we are talking about its history, the power, and its valuable natural asset; the question has little or no meaning. The city and regions can be promoted by its identity because the city is more than the target market but whether or not countries has the identity. Every place or city certainly does have a valuable brand, and those brands certainly do affect the views, decisions, and behaviour (Anholt, 2005). So that one of the most important things in a place or a city is having an identity, especially

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having a brand identity. The point of Brand identity refers to the distinctive and relatively enduring characteristics, and they have their own stories. When brand identity perceived as more prestigious, original, and distinctive, that's when its identity is recognizable and powerful (Bhattacharya & Sen, 2003). Although the initial literature defines brand identity as what internal constructs represent organizational managers want to be branded (De Chernatony, 1999; Oetomo & Budiyanto, 2017), recent research advances about brand identity define brand identity is the idea by conceptualizing as dynamic and originating from various aspects, including companies and customers (Da Silveira, Lages, & Simões, 2013). So that through this research known that brand identity concept has been changed and can apply to the city so important to search impact from it. Therefore, it is really important to build the brand of a city by its identity; when a city has a brand identity, then the selection of a brand will give the influence strongly to the city or place (Taufiq, Mandasari, Soeady, Ardiani, & Rudiana, 2018).

Building the brand identity of a city can be based on creating brand differentiation with all the specialty and uniqueness owned by the city. A critical factor in building a competitive advantage to build brand identity both in consumer goods and service industries need Brand differentiation (Kimpakorn & Tocquer, 2010). Creating brand differentiation through designing the customer experience using their unique culture and local's potential is viewed as the philosophy of branding when it is relevance (Kimpakorn & Tocquer, 2010) to build brand identity. The specialty and its uniqueness is obtained from value of culture from the city (Soares, Farhangmehr, & Shoham, 2007). Buzzell as cited in Soares et al. (2007) Culture is a convenient catchall for the many differences in market structure and behavior that cannot readily be explained in terms of more tangible factors. Therefore, the cultural value of a person will influence to decide alternatives, ways, tools, and the aim of making a product will be available. Besides for building the identity of the city, it also can apply local potential using a simple principle called locally-global product principles which it has the aim to make people or the native of the city loves their local product so that the products have competitiveness in the global market (Thanh, Nhat, Dang, Ho, & Lebailly, 2018). Locally-global product principle is a principle obtained through the relevance of the theory of OVOP, there is found the same intent and purpose but OVOP focus on the industry while locally-global product principle focuses more on consumers. The point is how consumers have the principle to love their own city's potential. The OVOP approach is targeted on motivating rural development through community-based movements by utilizing local resources and knowledge (Natsuda, Igusa, Wiboonpongse, & Thoburn, 2012; Wichailert & Yousapornpaiboon, 2017) while locally-global product principle approach is targeted on motivating rural development through customer-based movements.

The city has been promoting their attractions, and their images throughout history and the city also has cultural tourist attraction which is depicted through its cultural values such as places that contain history and local culture that are still very thick (Anholt, 2010). So, this attraction will encourage the development of the city and actualize the identity (Anttiroiko, 2015; Amatyakul & Polyorat, 2018). Aligned with the purpose of building a brand identity, region or cities surely make serious efforts to communicate their attractiveness and originality inside and outside the country; they are finding insufficient merely orientation to the provision of urban facilities (Hospers, 2008). City branding represents one of the most recent features of such efforts and leads to building a brand identity effectively. It is understood for achieving community development and reinforcing brand identity its meaning building an identity needs support both of the community and the city potential. In addition, the environmental dimension has assumed an increasingly important role in city branding. City branding is used local's potential and other stakeholders that are important for the functioning of cities to have a brand identity (Braun, 2012).

Lopez and Leenders (2018) that stated if their research on the same topic about identity written by collecting the secondary data so that they suggested others to inform and collect the primary data for the same research. Therefore, this research tries to confirm their previous study, including the variable of the value of culture, locally-global product principal, and brand differentiation as an antecedent variable from the brand identity.

Tasikmalaya is a famous city in Indonesia for its art, the most popular products as local's potential are crafts. By carrying out cultural values and local wisdom, this city is able to prove its identity as a city of crafts and grows rapidly. This city can give a huge contribution to actualize Indonesia as a market leader in exporting, as it has been said by the Ministry of Industry of Indonesia towards the potency of the crafts industry in Tasikmalaya. Whereas, seeing the potential industry of crafts in this city, it should be supported the city to build its brand identity through crafts in Indonesia even in the global market. In addition, there are limited studies on how to build a brand identity based on cultural strength supported by local potential; this becomes an opportunity for deeper research to discuss the role of culture in forming the brand identity of a city.

CONCEPTUAL FRAMEWORK AND HYPOTHESES

Kapferer as cited in [Konecnik and Go \(2008\)](#) provides a simply an understanding of brand identity it's before knowing how we are perceived, we must recognize who we are, so the point is we must have an identity. Identity is like a face for the city. Raising awareness of the historical nature of the concept of culture in relation to the extraordinary that can describe how beautiful and meaningful that city while never visited, that's relevant in the processes of identity formation at both city or country. Through brand identity, every people can recognize and wonder all about the city. Thought that brand identity is a very important part to built or actualized in order to make customers attracted to buy the product. The initial literature defines brand identity as what internal constructs represent organizationally, but it is not impossible for building a brand identity based on the customer. Therefore this research tries to building brand identity through brand differentiation based value of culture and locally-global product principle.

Core principles theory and practice of marketing regarded as one of the differentiation involves expending resources through research and development with the unique or different products and services companies offer for promoting the brand ([Zehir, Can, & Karaboga, 2015](#)). Differentiation strategy builds more continuity of competitive advantage with the special products and services offered into the market and very difficult or needs a high cost to imitate ([Carter & Ruefli, 2006](#); [Grant, 1991](#); [Zehir et al., 2015](#)). Brand differentiation is a critical factor in building a competitive advantage both in consumer goods and service industries ([Kimpakorn & Tocquer, 2010](#)). Brand differentiation is defined in this study as the degree to which the brand is perceived as different from its competitors in the customer's mind ([Berry, 2000](#); [Kuo & Chen, 2015](#)). Companies or industries can differentiate on five dimensions ([Kotler & Keller, 2011](#)); those are Product Differentiation, Services Differentiation, Personal Differentiation, Image Differentiation, and Channel Differentiation.

Tylor as cited in [Soares et al. \(2007\)](#) Culture is the intricate collaboration by people as a member of the society which includes belief, knowledge, art, custom, morals, habit and any other capabilities. Buzzell as cited in [Soares et al. \(2007\)](#), In terms of more tangible factors that cannot readily be explained about structure and behavior, culture is a convenient catchall for explaining it. [Markus and Kitayama \(2010\)](#) cultural norms and beliefs are influential forces affecting people's perceptions, dispositions, and behaviors. Based on some of these authors, in this research, try to the usefulness of the concept of culture to explain cultural differences being able to build brand identity.

Hofstede as cited in [Soares et al. \(2007\)](#) value of culture can be measured by five dimensions, those are called Power Distance, Individualism-collectivism, Masculinity- femininity, Uncertainty Avoidance, and Long-term Orientation. The power distance dimension shows the degree or extent to which each culture maintains differences in status or power among its members. Hofstede defines power distance as the level of inequality in power between less powerful individuals and more powerful individuals in a social system. Individualism-collectivism refers to the extent to which society supports individualistic or collectivistic tendencies. Individualistic culture supports its members to be independent (autonomous), emphasizing responsibility, and personal rights, so that individual needs, desires, interests, and goals take precedence over group goals. While collectivistic culture prioritizes obligations to the community or group rather than its personal rights. Masculinity-femininity shows the degree or extent to which society adheres to the role of gender or traditional sexual values based on gender differences. Masculine society emphasizes achievement and firmness so that challenges, progress, and recognition prioritize. While the feminine community prioritizes interpersonal relations, harmony, and group performance. Uncertainty avoidance shows the degree or extent to which members of society face uncertain, ambiguous, or vague situations and how they adapt to change. People who have high uncertainty avoidance feel threatened in the face of uncertainty, so they will create a mechanism to reduce these uncertainties. Long-term orientation is a cultural dimension in which individuals think of the long-term consequences that will occur when they do something now, long-term oriented views, and overcoming problems as a whole in a flexible way.

In creating a special product, industry or the company has to pay attention to aspects of regional local wisdom that can be seen based on existing the value of culture ([Soares et al., 2007](#)). Based on earlier research creating brand differentiation will be more appropriate through designing the customer experience using their uniqueness culture ([Kimpakorn & Tocquer, 2010](#)). Relevant to the previous study that supports this research, the value of culture can form a difference, not just differences but will form brand differentiation that creates certain characteristics of products that are not owned by other products. Based on supported statements from the previous research concluded that stronger value of culture can create great brand differentiation, so, it can be stated:

H1: *Value of culture influences Brand Differentiation.*

The OVOP approach has been recently attracted significant attention from many scholars and policymakers as a rural development strategy (Igusa, 2006). This OVOP concept initially started in Oita Prefecture, Japan, in 1979, by Morihiko Hiramatsu, an idea for regional development policy. The early perception of OVOP was to inspire communities in Oita of selectively producing high-quality added-value goods (Kurokawa, Tembo, & Velde, 2010). Thanh et al. (2018) the OVOP movement suggested one village to product one competitive and marketable product with regards to their local resources to achieve sales revenue in the market, thus creating income for the residents in the villages and enhancing the local economy. In this research tried to propose a renewable variable called locally-global product principle using the relevance theory of OVOP.

Locally-global product principle can be measured by three aspects Thanh et al. (2018), they are Local yet global, Self-reliance and Creativity, and Human Resources Development. Local yet global introduces the mechanism to develop new products, meaning that creating products that reflect pride in the local culture and can globally competition. This principle denotes that the exploitation of local assets is a fundamental aspect of products. While conserving the taste of local culture, develop products that are attractive both locally and globally. Consequently, a product with distinctive 'local flavors and culture' can be aggressive in trading, providing that its value is increasingly developed. Self-Reliance and Creativity stress self-reliance of local people and the perspective of authority for it. The authorities just offer supplementary support, namely technical aid and promoting without offering direct supports to the locality. By this point, locally-global product principle concept is in line with the neoliberal opinion of "small government" taking that self-reliance is a situation in which choices and movements happen at all stages are grounded on self-confidence and self-determination; then the movement could be applied by the localities themselves possibly thanks to the support from authorities. Human resource development is a fundamental element of the initial OVOP idea. Local residents are expected to have a capability for alleviating poverty issues by themselves, meaning that local people do not lay on the government in producing and developing their products. These local headers are supposed to draw out the vitality of the localities and to promote their self-reliance. OVOP highlights the relation between human development and product development. The lesson learned from this principle is that human resource development is attained in progress to create the product. Alternatively, OVOP goods can be created by dedicated and skilled human resources who are inspired to contribute to their areas.

In creating a product that has the specialty besides its cultural value, it needs a principle which is able to keep the product in this globalization era. That is locally-global product principle where it has a relation with the development of a region that has local potency. This development means in order to produce a local product that has competitiveness in the global market (Alfasi & Fenster, 2009). This principle also shapes the whole of differentiation or brand differentiation because it has its own meaning (Lee, 2004). With local resources can make a strong brand differentiation and competitive and marketable (Thanh et al., 2018). Based on supported statements from the previous research concluded that stronger locally-global product principle could be create great brand differentiation, so, it can be stated:

H2: *Locally-global product influences Brand Differentiation.*

Brand identity is the distinctive or central idea of a brand and how the brand communicates this idea to its stakeholders (De Chernatony, Cottam, & Segal-Horn, 2006). Upshaw as cited in Obal, Krey, and Bushardt (2015) defines brand identity as the configuration of words, images, ideas, and associations that form a consumer's aggregate perceptions of a brand, arguing that brand identity is the consumer's perception of what has been created. Brand identity can be measured by a number of brand attributes such as brand names, logos, slogans, and values; it is the perceptions of the brand identity properties that can affect consumer responses to the brand's marketing activities (He, Harris, Wang, & Haider, 2016).

Besides to make a differ thing, cultural value also can make an identity or brand identity that attached to the product. Branding is "the process of developing an intended brand identity" (Kotler & Lee, 2008). Supported Aeker and Joachimsthaler as cited in (Konecnik & Go, 2008) who stated that brand identity would help the stability of relationships between brand and customer, brand identity clearly specifies what the brand aspires to stand for and has multiple roles. First, it is a set of associations that the brand strategist seeks to create and maintain. Secondly, it represents a vision of how a particular brand should be perceived by its target market. And it supported by the previous research also that stated about the value of culture in the city which is so thick, so by applying cultural value and local wisdom will make the industry works optimally (Vitasurya, 2016). Value of culture in this city also will build brand identity by doing regional branding, which is related to cultural value (Lopez & Leenders, 2018). And addition to

being a differentiator of the brand, instilling the locally-global product principle is able to maintain the strength of the industry to survive global competition. In addition to maintaining the industrial strength of this principle, it also intends to establish the brand identity of the city through the assertion that a region should use what is in the area to adhere to the locally-global product principle (Lee, 2004). This is also supported by the increasingly visible differences in the products of the city with other products that encourage the realization of a product's brand identity. Based on the explanation above from the previous research concluded that stronger value of culture and locally-global product principle could build great brand identity. So, it can be stated that:

H3: *Value of Culture influence Brand Identity.*

H4: *Locally-global Product principle influence Brand Identity.*

Aaker and Joachimsthaler as cited in Ghodeswar (2008) to be effective and efficient, a brand identity needs to resonate with customers, differentiate the brand from competitors, and represent what the organization can and will do over time. A strong Brand differentiation the customers helps in developing trust by a company because by doing so, the customer will be able to see or find the differences between one brand and another, and then deciding to choose one of it by themselves (Ghodeswar, 2008). Because of brand differentiation, it can actualize the brand identity of the city as the potency of the city. This is supported by the previous research also that brand differentiation is able to shape brand image afterward, which brand identity can be built (Berry, 2000). The previous research supported that brand differentiation will build brand identity (Chen, Nguyen, Melewar, & Dennis, 2017). Taufiq et al. (2018) also stated that choosing a selected brand depends on its brand identity, so it is very important to build the identity of a brand. Based on the explanation above from the previous research concluded that stronger brand differentiation could build great brand identity. So, it can be revealed that:

H5: *Brand Differentiation influence Brand Identity*

Then, based on the conceptual framework and hypotheses below:

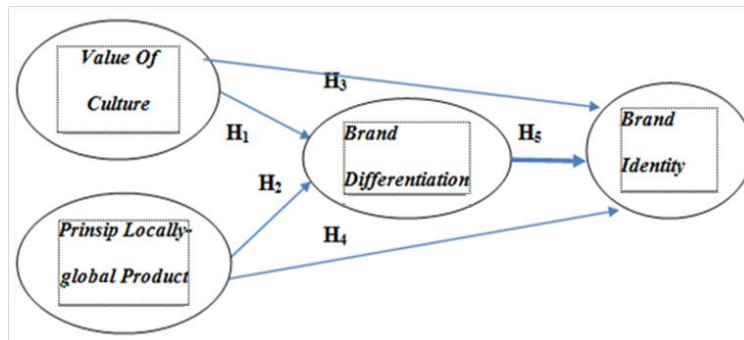


Figure 1 *Research Model*

METHODOLOGY

This research uses the descriptive-empiric method which it aims is to observe every variable of the research, that is the value of culture, locally-global product principle, brand differentiation, and brand identity, and to analyze them to the relation of causality for each variable. Population in this research is taken from all the customers of the industry of crafts in Tasikmalaya. The research method used is by spreading the questioner to 205 respondents by using purposive sampling technic which the respondents must be the native of Tasikmalaya or at least they have been living in this city since six months before.

Technic of collecting data is done for determining the response, to mark it, by using Likert scale: 5 scale shows for each positive or negative side (Jamieson et al., 2004). While for knowing the impacts of value of culture, locally-global product principle, through brand differentiation and brand identity, use SEM which it combines two separated statistic models, that are factor analysis which developed in psychology and psychometrics then simultaneous equation models developed in econometrics becomes comprehensive statistical methods (De Carvalho & Chima, 2014).

RESULTS AND DISCUSSION

Characteristic or respondents' identity in this research can be classified in some groups by gender, age, and occupation with the amount of the respondents are 205 people. By gender, it is divided into 131 females and 74 males. If it is seen from the age, there are 121 people have the age between 15-25 years old, 56 people are 26-35 years old, 19 others are 35-45 years old, and 9 as the rest is 45 years old. So 15-25 years old people are dominated. It shows that age is productive as well as many opinions said. Then, if it is seen by the occupation, 22 people are an entrepreneur, 8 civil servants, 25 employees, 121 students, and 19 others. The type of work is dominated by students because students understand more about the theories in this study, but the questionnaire in this study is spread throughout all circles and uses language that is easy to understand, but the results are dominated by students. From 205 respondents, it is known that 123 respondents were residents or indigenous people or the native of Tasikmalaya and 82 respondents were immigrant whom they have been living in this city at least since 6 months before.

Analysis of respondents' responses to the value of culture in the craft industry consumers is good classification. Therefore, it can be explained that the Tasikmalaya craft industry as a whole is good at utilizing cultural values to meet the needs and desires of its consumers, which can be measured by power distance, individualism, masculinity, uncertainty avoidance, and long-term orientation. Analysis of respondents' responses to locally-global product principle in consumers of the Tasikmalaya craft industry in the classification good. Therefore, it can be explained that the consumers of city craft industry Tasikmalaya as a whole have been very good at introducing craft products local belonging to the city of Tasikmalaya to the global community or global markets, which are formed with indicators local yet global, Self-reliance and Creativity and Human Resources Development. Analysis of respondents' responses to brand differentiation in consumers of the city craft industry Tasikmalaya in good classification. Therefore, it can be concluded that the craft industry Tasikmalaya city as a whole is good at creating distinctive products that other regions do not have, and these differences form brand differences in products that are formed through indicators of product differentiation, service differentiation, personal differentiation, image differentiation, and channel differentiation. Analysis of respondents' responses to brand identity in the consumers of the Tasikmalaya city craft industry in good classification. Therefore it can be concluded that the Tasikmalaya city craft industry as a whole is good at building a distinctive brand identity through indicators brand name, tagline logos, and brand story.

Table 1 *VALIDITY AND RELIABILITY EXAMINATION*

Variable	Measurement	Std. Load	Construct Reliability	Variance Extracted
Value of Culture	Level of inequality in power	0.552	0.838	0.511
	Society supports individualistic or collectivistic tendencies	0.657		
	Adherentment to the role of gender	0.718		
	Avoidance feeling of uncertainty	0.571		
	People perception of long-term consequences	0.623		
Locally-global Product Principle	Global-oriented product	0.623	0.636	0.374
	Local people self-reliant and creativeness	0.498		
	Capability for alleviating poverty issues	0.457		
Brand Differentiation	Product differentiation	0.631	0.898	0.690
	Service differentiation	0.890		
	Personal differentiation	0.777		
	Channel differentiation	0.686		
Brand Identity	Brand name	0.606	0.855	0.600
	Logo	0.678		
	Tagline	0.635		
	Brand story	0.813		

To find out how the influence between exogenous and endogenous variables is calculated using SEM on the application named AMOS version 24. Multivariate normality of this study shows that the greatest CR value is 0.479. In other words, the data used in this study can be said to be normally distributed. While the results of the univariate analysis in this study produced the smallest z-score of -2.66198 and the largest z-score was 1.78307. In other words, the data used in this study is free from univariate outliers. In addition, the largest Mahalanobis distance is 29.034, which is smaller than χ^2 (40.79022). So, there are no symptoms of multivariate outliers. Next is the validity and reliability test, which can be seen in the Table 1

The Table 1 shows that almost all indicators produce the appropriate loading factor values. However, there is one indicator, Image Differentiation (0.254), which shows a number < 0.40 (Ferdinand, 2014). Therefore, it can be concluded that the variable indicators used in this study require modification or adjustment by eliminating the indicator in question. The reason differences in the point of view that image tends to be formed from external aspects because the image is how consumer perception of the brand. So that image differentiation is uncontrollable (Koubaa, 2008). The whole results of Construct Reliability ≥ 0.6 . So, it fulfills the requirements, which means that the indicators used are reliable and relatively able to explain the latent variables that they form. Hatcher as cited in Longino (2007) states that variance extracted testing is conservative. Reliability can be accepted even if the extracted variance is less than 0.50. So, it can be concluded, though the variance extracted value for the locally-global product principle variable is equal to 0.374 (less than 0.50), it still can be used to measure the research variable.

This research the amount of determination coefficient that is owned is greater than 0 which is equal to 0.3e-7 (Determinant of the sample covariance matrix), it can be concluded that the model in this research does not experience multicollinearity which means the data is singular. The biggest construct value in this research is 0.823, so in this study, there is no construct value in the variable that exceeds the range of -2.58 to 2.58, so modifications to the model are not prioritized. Overall, the model suitability test is shown in the following figure:

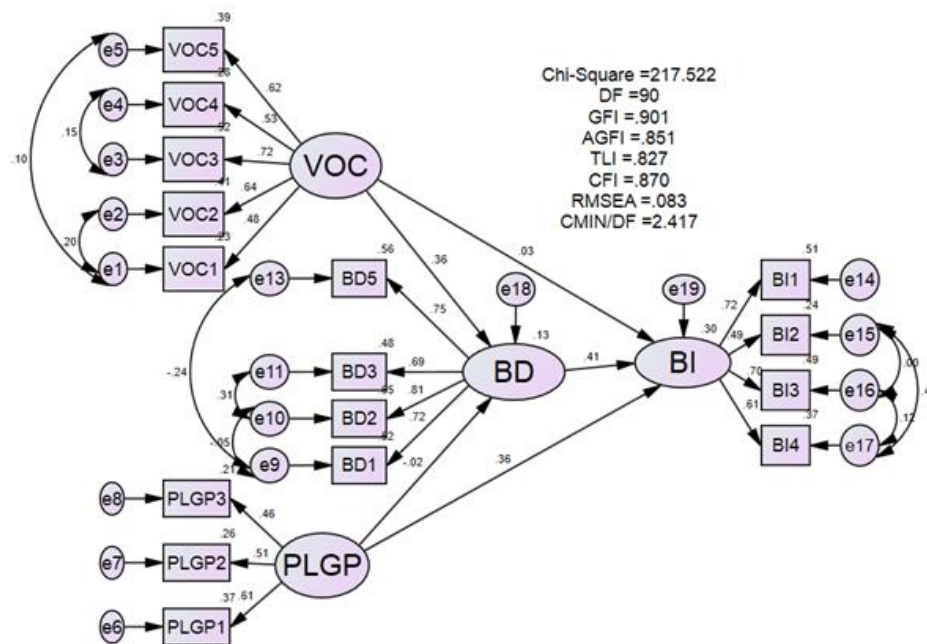


Figure 2 Full Model Test Result of SEM

According to the picture above, it can be seen that the chi-square result is 217.522 with GFI value is 0.901, AGFI value is 0.851, TLI value is 0.827 and CFI value is 0.870. Continue to CMIN/DF value in 2.417, and RMSEA value is 0.083, indicating that there are changes in each index. From several model feasibility tests, the model is said to be feasible if at least one method of feasibility testing model is met (Hair, Hult, Ringle, Sarstedt, & Thiele, 2017). After modification by connecting the error, it can be seen that the GFI value meets the model suitability test requirements, which is equal to 0.901 which was previously 0.878. Therefore, the conformity test can be well received, and this modification is the best modeling in this research.

With an error rate of 5% (0.05) and a cut-off value of 2.58, the results of the analysis are as follows:

Table 2 *HYPOTHESIS TEST RESULT*

Hypothesis	Estimate	C.R.	<i>p</i>	Result
H1 Value of Culture → Brand Differentiation	.624	2.638	.008	Supported
H2 Prinsip Locally-global Product → Brand Differentiation	-.014	-.113	.910	Not Supported
H3 Value of Culture → Brand Identity	.043	.202	.840	Not Supported
H4 Prinsip Locally-global Product → Brand Identity	.327	2.355	.019	Supported
H5 Brand Differentiation → Brand Identity	.399	3.441	***	Supported

Based on the results of data processing, it is known that the *p* value (probability) is 0.008. These results meet the requirements of less than 0.05 with a critical ratio of 2.638 so that it can be concluded that H1 in this study is acceptable. This proves that the stronger cultural value, the more distinctive of brand differentiation. Value of culture in a product is important in helping consumers choose between many products from a region. Based on the results of confirmatory factor analysis the “masculinity-feminity” indicator has the greatest coefficient value, meaning that the cultural value of a product becomes the main consideration for consumers, which means consumers buy products to get recognition and pride (Kimpakorn & Tocquer, 2010).

Based on data from the results of data processing, it is known that the *p* value (probability) is 0.910. These results do not fulfill the requirements; it is not less than 0.05 with a critical ratio of 0.113. So that it can be concluded H2 in this study can be rejected. This shows that the better Locally-global Product Principle does not form strong brand differences. The results of this research are not consistent with research conducted by Lee (2004), which states that locally-global aspects will form distinctive strong brand differences.

Based on data from the results of data processing, it is known that the *p* value (probability) is 0.840. These results do not fulfill the requirements. It is not less than 0.05, with a critical ratio of 0.202. So, it can be concluded that H3 in this study can be rejected. This shows that stronger cultural values do not give the impact to brand identity. The results of this research are not consistent with research conducted by Malai and Speece (2005) that the higher the cultural value of a region will form its own brand name and will also build brand identity in the region’s industry.

Based on data from the results of data processing, it is known that the *p* value (probability) is 0.019. These results fulfill the requirements. It is less than 0.05, with a critical ratio of 2.355. So, it can be concluded that H4 in this study is acceptable. This proves that the better locally-global product principle will make brand identity stronger created. Based on the results of confirmatory factor analysis, “local yet global” has the greatest coefficient which consumers concerned with local commodities. This study consistent with research conducted by Vitasurya (2016) locally-global product principle is a method to create the superiority of local products by expressing local characteristics that are known to the global community and encourage the formation of brand identity.

Based on data from the results of data processing, it is known that the *p* value (probability) is 0.001. These results fulfill the requirements; it is less than 0.05 with a critical ratio of 3.441. So, it can be concluded that H5 in this study is acceptable. This proves that the better brand differentiation formed, it will make brand identity grows stronger. Based on the results of confirmatory factor analysis, “Service Differentiation” has the highest coefficient value. Service differentiation is the main consideration for consumers, which mean service is basically a direct interaction with consumers. Therefore, service becomes very concerned. This result consistent with research conducted by Berry (2000) that if the brand differentiation is able to shape brand image, then consumers will automatically choose and remember the brand so that it will automatically build a brand identity.

CONCLUSION

Based on finding and discussion in this research, it can be found that the value of culture gives a positive and significant influence towards brand differentiation. It means, the stronger cultural value of a product, it will show that the brand is good and stronger. Locally-global product principle did not give a significant influence towards brand differentiation. So, it can be said that locally-global product principle did not have any role in creating brand differentiation. Then, the value of culture also does not give any significant impact on brand identity. It means that the value of culture did not give the contribution to building brand identity in a city. If the application of locally-global

product principle grows stronger, brand identity also will be stronger to be built. Brand differentiation gives positive impact and significant to brand identity. Means that the more distinctive brand differentiation can be created, it will show that brand identity also stronger.

LIMITATIONS & FUTURE RESEARCH

This research indirectly wanted to give suggestions for another student, or whoever that has the relation in academics in the same field. This research has limitation towards image differentiation in the crafts industry of Tasikmalaya. Therefore, it seemed that the same method of research needs to be applied in the other industry. Based on the result in this research known that locally-global product principle did not give a significant influence on brand differentiation. So, in this research suggest to next or another research so that can use variable mediating or another variable its can be able build brand differentiation. Then, the value of culture also does not give any significant impact on brand identity, from this research known probable that dimension of the value of culture difficult to control by the company. So, this research recommends formulating a variable with cultural that qualify for control by company or industry. In addition, the next researcher kindly adds some new variables to do better research, such as adding brand heritage variables, which are considered to influence brand identity through a cultural approach.

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