

## Co-Branding and Their Influence on Brand Equity of Ibis Hotelsgroup in Indonesia

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**Abstract:** Brand is one of the good part in a product and assets important company that can be used to distinguish products or services offered by competitors. With a brand the total value of the product higher than the value of the product in objective. Brand equity can be viewed as a value added to a product. One strategy that is often used by companies to increase brand equity is co-branding. Co-branding is the practice of the use of existing brands from two different companies in one of the same product. Such as Accor do co-branding of the ibis styles, Ibis hotel and Ibis budget by making such hotels as one group. The purpose of this study is to find the state and influence of co-branding against brand equity of Ibis hotels. This research uses descriptive and causal methods. Samples of this research are hotel visitors of Ibis hotels group in Indonesia by the number of 400 people. Sampling techniques used multiple stages sampling techniques. Analyzing data uses structural equation modelling to know how big co-branding affect brand equity. The result of this research, there are influence co-branding against brand equity significantly of 40%.

**Key words:** Brand, co-branding, brand equity, Ibis hotels group, influence, equation

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### INTRODUCTION

The growth of the hotel in Indonesia remarkable rapidly. The association of Indonesian Hotel and Restaurant (PHRI) said some 15,000 increase in hotel room a year, so that the whole sum be 500,000 rooms. Shaking market accommodation is driven by strong domestic demand, especially of government spending, the Meeting, Incentives, Convention and Exhibition (MICE) and the middle segment of tourists. The trend of cheap airline was also contributed to this increase the mobility of the middle class. Noted from Jones Lang LaSalle, the performance of hotel occupancy rate the class middle-low higher than upper class hotel as much as 72%. Interesting phenomenon to be observed related to change orientation the players hospitality that tends to go on a race develop hotel of the economy class (budget hotel) with a composition of more than star hotel (property.kompas.com.2014).

Based on a survey of Asia Economy Hotel Research 2012 stating that 68% of tourists choosing the Indonesian hotels market, international economic compared to a local (industri.kontan.co.id, 2014). As many as 53% of travelers Indonesia economic hotel choose based on a competitive price and followed by transportation network that well as other countries in Asia, Indonesia most respondents many consider economic hotel for the purpose recreation the percentage at 41%.

Brand is one of the most important part in a product and important asset companies can be used to distinguish products or services offered by competitors (Chang and Chang, 2012). Aaker (1997) stated brand equity is a set of assets and liabilities brand pertaining to a brand and the name of that increase or decrease the value given products or services to companies or the company customers. Other opinion from Keller *et al.* (2008) that can be seen as a brand that value equity to a product. Brand equity has a role in the decision-making for the consumers will buy a certain sense of equity could help develop strategies of brand marketing (Washburn *et al.*, 2000). The concept of brand equity can be seen from two components that is brand strength and brand value. Brand strength representing brand associations conducted by consumers. As for the brand value is the gain increase when brand strength affected to capture profits high present or future. Basically brand equity derived from a trust that is given to a consumer brand than competitors (Lassar *et al.*, 1995).

One strategy often used by companies currently for raising equity is co-branding. According to Kotler and Armstrong (2012) are a brand that has existed use of two different companies in one product. Benefits achieved by doing co-branding are raising equity, brand widen the market, heightens use (more usage), raising awareness, increase quality and increase perceived and image loyalty (Septin, 2009).

In order to anticipate the fast growth of economy class market of international brand hotel in Indonesia, then hotel groups do co-branding (change brand) against hotels with develop hotel class such as premium, middle and budget or economy class by making the hotels into one group. In addition to change the logo because that they have previously, third hotel is also make new website to ease the consumers in accessing information and a reservation. Change our logo because also affect value owned third the hotel. Change against accoutrements bed also done to support customers as well as a hotel having commitment to the environment. Hotels reserved for market premium segments. The hotel remains unchanged to a segment of the economy market. While budget hotels focus on lower middle segment of the market (Table 1).

Based on the background, researchers interested to perform research on the influence of equity co-branding brand with survey on Ibis hotels group in Indonesia

**Review of literature:** At present, an increase in competition in global tourism market has focusing on strategic branding, especially in international hospitality industry in increases the excellence of competitive. Many of the global hotel firms that is currently innovative seek ways to affect brand, so that they can win the market share, increase consumer or customer experience and establish position (positioning) in the hospitality industry (Lin, 2013). According to Aaker (1997), brand equity is a assets and liability that is connected to a brand, the name and is emblematic of the brand that is added or taken from the values of exerted by a products or services owned company to it has its consumers.

The branding some kind of strategy has managed to penetrate the global market as the alliance and brand extensions. The alliance is a strategy that two or more brand as one entity alongside each other for consumers. The shape of the alliance covering co-branding, advertising alliances, the sales promotions, bundling and ingredient branding. One kind of approach frequently used is co-branding, whereby two or more brand to consumers in and offered to raise the value of the products or services that the co-branding (Lin, 2013).

Co-branding according to Lin (2013) are two or more brand that form a product or service new that would provide the value of better for consumers. Namely familiarity, from co-branding dimensions product fit; reputation, attitude toward co-branding and trust against brand equity as to dimensions are brand awareness, brand association, perceived quality and brand loyalty.

According to Washburn *et al.* (2000), two brands which do co-branding provides additional information to consumers about the qualities by which may be able to

Table 1: Ibis hotels group in Indonesia

Kota	Ibis hotel	Ibis styles	Ibis budget
Denpasar	1	5	-
Balikpapan	1	-	-
Bandung	2	1	-
Jakarta	7	3	2
Makassar	-	1	1
Malang	-	1	-
Padang	1	-	-
Pakanbaru	1	-	-
Semarang	1	-	1
Solo	1	-	-
Surabaya	2	-	1
Sidoarjo	-	-	-
Tangerang	2	-	-
Yogyakarta	1	1	-
<b>Total</b>	<b>20</b>	<b>12</b>	<b>5</b>

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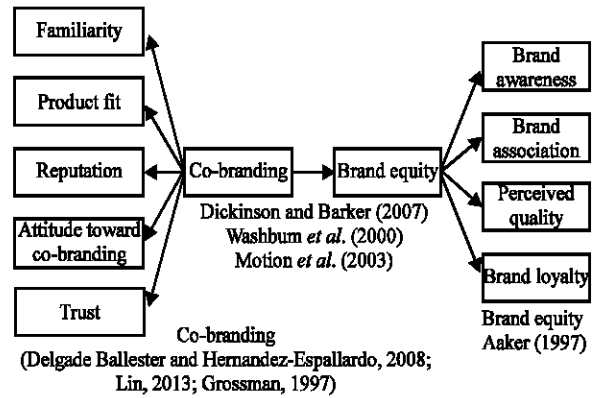


Fig. 1: Conceptual framework

make the brands which the merged more interesting. Several theories also said co-branding can affect brand equity.

According to Dickinson and Barker (2007) and Motion *et al.* (2003) that the reason the ultimate alliance company uses brand (co-branding) is to build brand equity and that co-branding having strong correlation with the brand equity.

**Hypothesis:** Based on the framework of the same hypothesis can be formulated as follows: co-branding affect brand equity (Fig. 1).

**MATERIALS AND METHODS**

This research aims to know the description of each variable study and also test the hypothesis co-branding influence on the brand equity to the group of ibis hotel in Indonesia. In accordance with the goal of trying to achieve this, then used two types of research namely research descriptive verifikatif and research. As presented by Malhotra, research method used is quantitative

methods. The method of quantitative research can be interpreted as a method of research based on the philosophy of positivism, used for research in the population or certain sample. The collection of data using the instruments of research data analysis is quantitative statistics in order to test the hypothesis that has been set. The following operational definition and measurement of each variable (Table 2).

To research this time the horizon the data is the cross sectional that reflects a picture of any given time. The population is the guests at a hotel group of ibis hotel in indonesia consisting of ibis styles, Ibis hotel and Ibis a budget that is as many as 37 hotel 553.779 people with guests at a hotel that is the average visitors per month in group of ibis hotel. The sampling method of technique used in this research is a technique multi staging area of sampling namely clusters of random sampling and propotional systematic random sampling as presented by Mudrajad. A city chosen as in the sample is Denpasar, Bandung, Jakarta, Makassar, Semarang, Surabaya and Tangerang that is as many as 30 of ibis hotel of the total 37 hotel. To determine the total sample needed, researchers used Slovin formula that quoted by Husein in order to obtain as many as 400 respondents of the total 553.779 respondents in the sample research divided in proposional of any hotel.

The primary data of the set of information obtained from the survey with methods of observation, interview and the use of a structured questionnaire is closed. While

secondary data, namely the data obtained from the ibis hotel in Indonesia as a performance report data, brochures, a catalogue and others and also the data obtained from the second of data the study results both the study of literature and data from the association of Hotels and Restaurants association (PHRI), beureau of statistics, the ministry of industry and others. Arikunto (2006) suggest the use of alternative choice of respondents answer just only four. So that the writer decided to just use alternate choice of four respondents answer and with a score as the following: really agree, with a score of 4; agree, with a score of 3; not agree with the score 2; strongly disagree with a score of 1.

Test the validity of instrument research shows that there is no single value that is under the limit a correlation coefficient. The 30 as presented by Malhotra so that all the questionnaire study was valid. The results of a test of reliability using the coefficient of Alpha Cronbach obtained the value of the coefficients Alpha Cronbach of 0.85 above 0.70 showing the questionnaire used it's reliable in accordance with that expressed by now called Sekaran. Normality test data by using chi squared for each variable research shows that the results of the value of statistical data on 400 these respondents can be expressed normal distribution. The results of testing the feasibility of the model showed that a model research have met the goodness of econometric model or characteristic of expected, so that models were suitable for use in research to the same time and place different.

Then according to Dan Sunarto (2007) done the transformation of data the ordinal of being the interval use to meet part of the requirements analysis using MSI parametric (Method Successive Intervals). Processing and analysis of data using a technique Structural Equation Modeling (SEM).

**RESULTS AND DISCUSSION**

The results of the processing of data describing the hotel ibis descriptive that visitors have almost equal proportion of men and women, centralized so that no one at gender differences in perception that can cause through the gender difference. Domination of the age of respondents to 46-35 years of age range followed by respondents with 36-45 years of age range 26-35 year, 16-25 year and with the lowest is the number of respondents aged over 55 years. Based on type of work is dominated by private employees of 42%, entrepreneurs to 23, government employee of 22%, by 7% of the other, 6% of students and in the final sequence housewives of 4% of respondents. Ibis hotel respondents have income per month at most Rp. 10.000.001-20.000.000 range of 32%,

Table 2: Operasionalization of variables

Variables	Dimensi	Indikator	
Co-branding	Reputation	Hotel's reputation	
		Product reputation	
		Image	
	Product fit	Complementer	
		Similarity in products	
	Trust	Benefits of product	
The belief in the brand			
The belief in the product			
Attitude toward co-branding	Service excellence	Co-branding approval	
		Co-branding respons	
	Familiarity	Imageto co-branding	
		Brand's logo	
Brand equity	Brand awareness	Brand name	
		Product utility	
	Brand association	Knowledge of brand	
		Understanding a feature and product	
	Perceived quality	Benefits from brand	
		Conspicuousness of brand	
		Quality performance	
	Brand loyalty	Conspicuousness of service	Facility
			Innovation
		Brand loyalty	Loyalty
Recomendation			
No switching brand			
		Discharging choice	

range of income of Rp. 5.000.001-10.000.000 by 27%, range of income of Rp. 20.000.001-30.000.000 of 18%, higher income of Rp. 30.000.000 by 13% and in the final sequence of income Rp<5,000,000 amounting to 10%. Characteristics of respondents in terms of the purposes of staying in the first is on vacation as much as 45%, the job or business affairs office of 48% and other purposes by 6%.

As a whole all dimensions of a variable co-branding consisting of the dimensions of reputation, product fit, trust, attitude toward co-branding and familiarity considered to be very good with an average total score produced by 82.12%. Among five dimensions above, dimensions attitude toward co-branding score the highest total, is as much as 85.25%. As a whole all dimensions of a variable brand equity consisting of the dimensions of brand awareness, brand association, perceived quality and brand loyalty was assessed as good with an average total score produced by 79.46%. Among the four dimensions above, dimensions brand loyalty score the highest total is as much as 84.5%.

Prior to the analysis of the influence of co-branding to equity brand, the first is the outcome of the structure and role model. The clear model with a variable variable laten with the indications a variable that has six variables laten co branding the indications that reputation (X<sub>1</sub>), product fit (X<sub>2</sub>), trust (X<sub>3</sub>), attitude toward co-branding (X<sub>4</sub>) and familiarity (X<sub>5</sub>). Laten variable, brands equity has four variable indicators: awareness (Y<sub>1</sub>), brand associations (Y<sub>2</sub>),perceived quality (Y<sub>3</sub>) and brand loyalty (Y<sub>4</sub>). Based on a model of the difficult to know where the significant laten variables, in order to be valid for measuring the dimensions of variable laten. The value of the mark could construct the reliability is extracted or variance. The lowest value is to construct reliability accepted which is ≥0.70 and value of the range of scores

lowest could still get approval to extracted variance is ≥0.50 (Wijanto, 2008). Next to structural model analysis was conducted, where on the model to get the result analysis was conducted studies on each latent exogenous variable influence on variables latent endogen in of ibis hotel. Studies on a model measurement and structural model can be seen based on a picture a whole structure model equations in Fig. 2.

With a value of chi square of 300.72 and the degree of free of 398 obtained p = 0.0594 and ≥0.05 while the size of a description of GFI 0.98 and AGFI 0.97 is degrees conformity as a whole it has value of the near one as well as having the value of RMSEA 0.038<0.05, then we can conclude that the model was in line to the data, so that in this study model acceptable.

Direct variable influence of co-branding is 0.63 that means any changes in one unit will provide co-branding 0.63 increase of brand equity units in other variables if considered to be fixed. Co-branding the influence of brand equity to 40% and the rest is influenced by other factors. The other factors is suspected of brand expansion strategy, the environment marketing and strategy with elements in addition to other marketing co-branding hotchpotch, in this research not screened and will be used for ornament right as a basis for further research. From the results of data processing. Obtained a coefficient influence of a variable co-branding against brand equity group hotel Ibis of 0.63. The value of a coefficient that positive indicating that a group of ibis hotel having co-branding better. In general tends to have the brand equity better. A coefficient influence t-hitung selanjutnya value of a variable variable co-branding against brand equity of 6.74. The t-calculation value greater than t-critical then inferred that variabel co-branding has influence significantly to variable the equity in ahotel ibis. Research prove that the co-branding

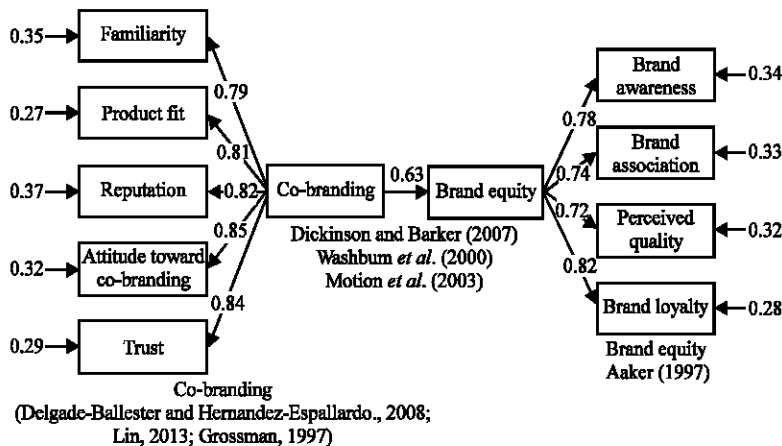


Fig. 2: SEM of co-branding to brand equity

affect the equity. The result is in accordance with the Dickinson and Barker (2007), Washburn *et al.* (2000) and Motion *et al.* (2003).

### CONCLUSION

Based on research results, research conclusions are obtained as follows: dimensions that can be used as the framer of a variable co-branding consisting of the dimensions of reputation, product fit; trust, attitude toward co-branding and familiarity considered to be very good with an average score the total produced as much as 82.12%. Among five dimensions above, dimensions attitude toward co-branding total score the highest is as much as 85.25%. Among five dimensions above, dimensions attitude toward co-branding score the highest total, is as much as 85.25%. Dimensions brand equity consisting of the dimensions of brand awareness, brand association, perceived quality and brand loyalty was assessed as good with an average total score produced by 79.46%. Any one of the four dimensions on a brand loyalty to the top of the total it is worth 84.5%. Which is brand variable dependen 40% on equity, hotel ibis can be explained by the independent variable of co-branding, meanwhile the remaining 60% be explained by of or out of a variable variable research.

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