Influence of Brand Equity Towards Perceived Value in 5 Star Hotel at Jakarta

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Abstract—The purpose of this study was to examine hotel’s brand equity by measuring Aakers four dimensions including brand loyalty, perceived quality, brand awareness and brand association, and to investigate the relationships brand equity and customer perceived value. This research is using quantitative data and using data primer and seconder for this research. The primary data collected from observations, interview and using questionnaire which filled by respondents. The survey was conducted from March – May 2016, with 120 respondents who already stay minimum one time before this stay to measure customer perceived value. The finding of this study showed that the brand equity that has a variable brand awareness, brand association, perceived quality and brand loyalty simultaneously and partially significant effect on Perceived Value guests at 5 star hotels in Jakarta. The most dominant variable towards Perceived Value in this research is the Brand Association.

Keywords—Brand Awareness, Brand Association, Perceived Quality, Brand Loyalty, Brand Equity.

I. INTRODUCTION

Jakarta as the capital city of Indonesia also become a business centre for Indonesia. That’s why to accomodate a businessman/woman to do their trip, Jakarta has a lot of Business Hotel which located in business area, one of them is Bundaran Hotel Indonesia, Centre Jakarta. Many hotels construction in progress to become a new competitor for 5 star hotels. Beside compete with a same star, they need to compete with another category hotels. It caused many 3 and 4 star hotels in Jakarta nowadays having a small meeting room also to served customer from Corporate market segment with a cheaper price than 5 star hotels.

Those condition makes each classification hotel needs to review their performance and give the best impression and choose by their guest. 5 star hotel as the highest classification needs to compete and give a good image instead of price war. (Cobb-Walgren et al. 1995) found that the hotel brand with higher brand equity generated significantly greater preference and purchase intention. Increasing brand equity has become a key objective for firms, which can be achieved through gaining more favorable associations and feelings towards the product or service among target consumers. Hence, measuring brand equity is of great importance to a company’s long-term success of future marketing programs since “Perhaps a firm’s most valuable asset for improving marketing productivity is the knowledge that has been created about the brand in consumers’ minds from the firm’s investment in previous marketing programs” (Keller, 2003). Today, brands are recognized as part of a company’s capital, which is why they should be exploited and managed. Brands are intangible assets that can create added benefits for the business.

It supported with theory (Aaker, 2002), if company has a good brand equity it will give a good perceived value both to the guest and the company. Brand equity divide into 5 dimensions, they are brand awareness, brand association, perceived quality, brand loyalty and other proprietary assets. With enhancing those 5 dimensions it will enhancing a value to customers also for company itself.

Furthermore, the previous researcher studied the relationship between brand equity and guest value and revisit intention in the mid-priced hotel sector, and found that all dimensions of brand equity (i.e., brand loyalty, perceived quality and brand awareness/association) have a positive effect on perceived value and only two dimensions (brand loyalty and brand awareness/association) were found to significantly influence revisit intention (Kim et al, 2008). In previous study, (Suhartanto, 2011) found that International hotel brands guests in Indonesia perceive better service quality and brand loyalty compared with domestic hotel guests.

Perceived value is a comparison between benefit and sacrifice (Zeithaml, 1988). In those study finding indicates that perceived value of domestic hotels was based on their lower rates (sacrifice) but for international hotel guest, with their higher rates, it was based on psychological benefit. For this customer, prestige as a reflection of status is an important
factor enhancing their social identity. Perceived value is defined as a trade-off between benefits and sacrifices perceived by customers in suppliers offering. The literature reveals that perceived value research is undertaken mostly on goods, while less so on services, particularly on services related to tourism. Further, most research projects are implemented in developed countries, especially in USA, while much less research is done in Europe. Especially with regard to hotel services, the research mostly neglect perceived value as a critical component of overall hotel guest’s perceived service, although single measurement constructs (e.g., quality, satisfaction) are developed (Bolton and Drew, 1991; Woodruff and Gardial, 1996; Cronin et al., 2000; Ekinci and Riley, 2001).

The developing and understanding of brand equity and perceived value, and how these concepts relate to each other really rare and limited in Indonesia as developing country. Based on phenomena that appear in competition of hotels in Jakarta, especially for business hotel makes the writer want to research why this problem appear and the writer wants to research is implementation of brand equity influence perceived value for guest hotel 5 star hotel in Jakarta. The effect of each other (brand equity and perceived value) never test before and specially in Jakarta as the centre of business in Indonesia. That's why the writer interest to test it on 5 star hotel in Jakarta to know influence of brand equity towards perceived value of the guest. The purpose of this research is to measure brand equity by adopting Aaker’s four dimensions of brand equity which are brand loyalty, perceived quality, brand association and brand awareness in international brand hotel located in Bundaran Hotel Indonesia, Jakarta and to investigate the impact of brand equity on customer perceived value in 5 star international brand hotel located in Bundaran Hotel Indonesia, Jakarta as a business centre.

II. LITERATURE REVIEW

Conceptualizing brand equity from customer perspective is useful because it suggests both specific guidelines for marketing strategies and tactics and areas where research can be useful in assisting managerial decision making. The source of brand equity is customer perceptions (Keller, 2003) hence it is important for managers to measure and track brand equity at the customer level (Lassar, et al. 1995). The customer based brand equity approach is more practical as the information offers a strategic vision of customer behavior and managers can develop strategies accordingly. Brands facilitate information processing, and interpretation of customer, create trust for consumers in making purchases, and provide consumers with the satisfaction of use (Aaker, 1991). Brands are seen as adding value, to the extent that they also socially qualify the buyer (Kapferer, 2004). It would seem that brands increase the perceived value of products (Mizik and Jacobson, 2009).

Baldauf et al (2003) examined the relationship between the three dimensions of brand equity and perceived value. They argued that loyal customers recognized the favorable benefit opportunity and customers who were familiar with products and logos were more willing to pay price premium. Therefore, they insisted that brand loyalty and brand awareness were positively related to perceived value. This research considers brand loyalty, brand awareness, perceived quality along with brand associations as the important dimensions of brand equity. Although many researchers agree on the conceptual model of the four components of brand equity, empirical results have not been supportive. In the previous studies (Yoo and Donthu, 2001) they had used student samples to validate the consumer based brand equity scale.

Based on literature review, the different perspectives of brand equity and their methodologies of measurement were discussed. In this research, as method of measuring brand equity, four of the five dimensions of Aaker’s brand equity were adopted. He mention that brand equity consists of brand loyalty, brand awareness, perceived quality, brand association and other proprietary brand assets such as patents, trademarks and channel relationship. The writer didn’t use the fifth components which not relevant to the consumer perception, only the first four components of brand equity were adopted for this research.

A. Hypothesis

1) Brand Equity

Lassar et al. (1995) define perceived value as the perceived brand utility relative to its costs, assessed by the consumer and based simultaneous considerations of what is received and what is given up to receive it. Consumer choice of a brands depends on a perceived balance between the price of a product and all its utilities. A consumer willing to pay premium prices due to the higher brand equity. Baldauf et al (2003) examined the relationship between the three dimensions of brand equity (brand awareness, brand loyalty, and perceived quality) and perceived value. He discovered that loyal customers recognize a favorable benefit opportunity, and customers who are familiar with products and logos willingly pay a price premium. Aaker (1991) defined brand equity from a customer perspective and emphasize that customer based brand equity provides value to the firm and the customers. Based on theory and research above, the writer propose the following hypothesis:

H1: Brand Equity will have a positive influence towards perceived value

Ho: There is no relation and positive influence between brand equity and perceived value.
Ha: There is a relation and positive influence between brand equity and perceived value.

B. Brand Awareness

Keller (2003) defines awareness as “the customers’ ability to recall and recognize the brand as reflected by their ability to identify the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory”. Brand awareness can be measured as a brand recognition or brand recall, otherwise both of them. According to Monroe and Krishnan (1985) and Dodds et al. (1991), recognizing a brand name or logo can lead to positive customer assessments in terms of considering a product as good value for money or a good bargain. A higher level of brand awareness
reduces the consideration set. Hence, brand awareness should positively affect perceived value. Based on theory and research above, the writer propose the following hypothesis:

H2: Brand Awareness will have a positive effect on customers’ perceived value
Ho: There is no relation and positive influence between brand awareness and perceived value
Ha: There is a relation and positive influence between brand awareness and perceived value

C. Brand Association

Brand association consist of all brand related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes (Kotler and Keller, 2006) and is anything linked in memory to a brand. Aaker’s said that brand association make the customer create a value and decide which product that they will choose. It supported with studies that brand association could help customer to process the information, differentiation product, reason to buy, create a positive feeling, and distribution basis (Rangkuti, 2009). Based on theory and research above, the writer propose the following hypothesis:

H3: Brand Association will have a positive effect on customers’ perceived value
Ho: There is no relation and positive influence between brand association and perceived value
Ha: There is a relation and positive influence between brand association and perceived value

D. Perceived Quality

Perceived quality is the customer’s judgement about a product’s overall excellence or superiority that is different from objective quality (Zeithaml, 1988). Objective quality refers to the technical, measurable and verifiable nature of products/services, processes and quality controls. Perceived quality is hence formed to judge the overall quality of a product/service. According to Monroe and Krishnan (1985) and Dodds et al. (1991), perceived quality is positively related to perceived value. A higher perceived quality, for many people is the reason to buy a product, and some would also be willing to pay a price premium. Based on theory and research above, the writer propose the following hypothesis:

H4: Perceived Quality will have a positive effect on customers’ perceived value
Ho: There is no relation and positive influence between perceived quality and perceived value
Ha: There is a relation and positive influence between perceived quality and perceived value

E. Brand Loyalty

Loyalty is a core dimension of brand equity. Aaker (1996) described brand loyalty as “the attachment that a customer has to brand”. A strong form attachment refers to the resistance to change and the ability of a brand to withstand bad news. Brand loyalty plays an outstanding role in generating brand equity not only because of its capacity to keep a customer loyal, but also because that customer’s loyalty extends to brands in the company’s portfolio. Building brand loyalty triggers potential profits for a company. Moreover, loyal customers are more likely to pay price premiums and are less likely to be price sensitive. Loyalty could increase both company and customer value. Loyal customers recognize the favorable benefit/cost opportunity, and brand loyalty should positively impact customer value (Monroe and Krishnan, 1985 and Dodds et al., 1991). Based on theory and research above, the writer propose the following hypothesis:

H5: Brand Loyalty will have a positive effect on customers’ perceived value
Ho: There is no relation and positive influence between brand loyalty and perceived value
Ha: There is a relation and positive influence between brand loyalty and perceived value.

![Fig. 1. Hypothesis](image)
Hair et al. (2010:604) states that the sample size plays an important role in estimating and interpreting research results. The first consideration involves the overall sample size. Many studies suggest a ratio of 20 observations for each predictor variable. The minimum size recommended is five observation per independent variable, and this ratio applies to all variables considered in analysis, even if all of the variables considered are not entered into the discriminant function. Based on those theory, the writer use 30 observation per independent variable and this research has 4 independent variable. The total respondent that writer used are 120 respondents.

The writer use a primary data by questionnaire and interview and for secondary writer using a book reference, internet research and journal to get information about common knowledge regarding Brand Equity and Perceived Value. In order to get the results of research in accordance with the purpose of research, analysis methods are needed to get the correct data. Analysis of the data to test the hypothesis by using multiple regression analysis.

### III. RESULT

#### A. Demographic Data

Characteristic of respondents based on demographic test are the majority of guest are male with 79 guests (65.83%) and female only 41 guests (34.17%). Based on age, it could shown which age category is the most guest in Bundaran Hotel Indonesia’s Hotel. It was devided into 5 big range category start from 17 years old until above 50 years. The youngest guest limited start from 17 years old which believed that they have their independency in thinking and action. Also in Indonesia people at age 17 already have their identity card. The most category of age in those hotel is range of 34-41 years old at 56 guests (46.67%). It means almost half os respondents in this range. The second range is guest in range 26-33 years old at 35 guests (29.17%). Followed by guest in range 42-49 years old at 22 guests (18.33%), and guest in range 17 – 25 years old at 4 guests (3.33%). The last range is guests in range age above 50 years old only 3 guest (2.50%). Based on marital status it shown that half of respondents are married at 69 guests (57.50%) and the rest guest still single with 51 guests (42.50%). The most original country of respondents is Indonesia with 81 guests (67.50%), Followed by guest from United Kingdom/Netherland/ Frac/Germany/Russia with 17 guests (14.17%), and the third is guest from USA and Canada with 9 guests (7.50%), followed by guest from Australia/New Zealand with 6 guests (5%), and then guest from Singapore/Malaysia/Philippines/Thailand/Brunei Darussalam/Vietnam with 3 guests (2.50%) and the last is guest from Saudi Arabia/UEA/Iran/South Africa and Japan/Korean/China/Taiwan are only 2 guests (1.67%) from those category. Based on data, it shows that 103 guests (85.83%) in Bundaran Hotel Indonesia are Bachelor degree. Followed by guests who finished their Diploma with 13 guests (10.83%), and the rest are guests who finished their Master Degree with 4 guests (3.33%).

#### B. Measurement Models

As the variables tested in this study are constructs, analysis of the measurement accuracy of the construct was needed before testing the hypothesis. The measurement analysis was assessed by evaluating the realability and validity of the constructs. Validity test showed the value of corrected item total correlation for each item is higher than r table. Based on data it shows that all indicator have correlation coefficient higher than r-table (0.4044). Therefore it is concluded that all items are valid to measure perceived value. Based on realibility test above it shows that overall reliability value is 0.945, with a 24 question items.

Analysis and interpretation of results is based on the results of testing of the hypothesis. The purpose of testing this hypothesis is to reject the null hypothesis (H0) that a hypothetical alternative is acceptable. Hypothsis testing is done with a model of data analysis used in this research is multiple regression analysis. Multiple regression analysis was used to analyze the influence of independent variables consisting of Brand Association (X1), Brand Awareness (X2), Perceived Quality (X3), and Brand Loyalty (X4) towards dependent variable Perceived Value (Y). The error tolerance limit used is 5% (0.05).

Based on table below can be specified multiple regression equation:

\[ Y = -9.638 + 0.220X_1 + 0.413X_2 + 0.350X_3 + 0.254X_4 \]

Multiple linear regression equation is described as follows:

Constatnsta -9.638 states that if there are no factors Brand Awareness (X1), Brand Association (X2), Perceived Quality (X3), and Brand Loyalty (X4), the Perceived Value is equal to -9.638.

a. The coefficient of 0.220, stating that there is an increase or any increase brand awareness factor (X1), for one unit will increase the Perceived Value of 0.220.

b. The coefficient of 0.413, stating that there is an increase or improvement of any factor Brand Association (X2), for one unit will increase the Perceived Value of 0.413.

c. The coefficient of 0.350, stating that there is an increase or improvement of any factors Perceived Quality (X3), for one unit will increase the Perceived Value of 0.350.

d. The coefficient of 0.254, stating that there is an increase or any increase Brand Loyalty factor (X4), for one unit will increase the Perceived Value of 0.254.

e. From four independent variables are used that give dominant influence is variable Brand Association with a regression coefficient of 0.413.

The coefficient of determination is a parameter to measure how far the ability of models (especially the independent variable) in explaining the variation of the dependent variable. Testing the coefficient of determination used to describe how much the dependent variable variation can be explained by the variation of all the dependent variables. Coefficient determination test observed through the value of adjusted R².

To calculate the effect of Brand Equity on Perceived Value in 5-star hotel in Jakarta used numbers R Square (number correlates in squared) or the coefficient of determination. In the
above table views known coefficient of determination of Adjusted $R^2$ value is 0.581. This means that 58.1% of the variation of the dependent variables Perceived Value can be predicted from a combination of all independent variables Brand Equity (Brand Association (X1), Brand Awareness (X2), Perceived Quality (X3), and Brand Loyalty (X4)). While the remaining 41.9% are all factors that are not included in the research model.

R value in the above table is the correlation coefficient of variables Brand Equity and Perceived Value is equal to 0.772. Based on the guidelines for the interpretation of the correlation coefficient value by Sarwono (2006) 0.772 is in the range level of relationship / correlation is very strong. It can thus be concluded that between variables Brand Equity and Perceived Value there is influence of a very strong relationship.

1) F- Test
Simultaneous effect of variables brand awareness, brand association, perceived quality and brand loyalty to perceived value can be seen in the table below.

Hypothesis 1

H1: Brand Equity will have a positive influence towards perceived value

Ho: There is no relation and positive influence between brand equity and perceived value

Ha: There is a relation and positive influence between brand equity and perceived value

Based on table above that the value of F-Count of all independent variables of 42,334> from F-Table (2.68), then H0 rejected and H1 accepted. Means all independent variables (Brand Loyalty, Brand Association, Brand Awareness and Perceived Quality) has a significance influence simultaneously towards the dependent variable, Perceived Value. This is an accordance with Aaker (1991) defined brand equity from a customer perspective and emphasize that customer based brand equity provides value to the firm and the customers.

2) t-Test
Partial test is intended to determine whether there is influence of each independent variable on the dependent variable Perceived Value independently. In this study, a partial test performed using the t test.

Hypothesis 2
Hypothesis 2 tested the effect of Brand Awareness on Perceived Value in which the sound of the null hypothesis and the alternative hypothesis is as follows:

H0: There is no relation and positive influence between brand awareness and perceived value

H1: There is a relation and positive influence between brand awareness and perceived value

Based on the regression results in table previously obtained value t count variable Brand Awareness (2.776) > t table (1.659) then H0 and H1 accepted. It means variable Brand Awareness has significant influence in terms of considering a product as good value for money or a good bargain. It means brand awareness has a positive influence towards perceive value.

Hypothesis 3
Hypothesis 3 examines the effect on Perceived Value Brand Equity where the sound of the null hypothesis and the alternative hypothesis is as follows:

H0: There is no relation and positive influence between brand association and perceived value

H1: There is a relation and positive influence between brand association and perceived value

Based on the regression results in table previously obtained value t count variable Brand Association (6.040) > t table (1.659) then H0 and H1 is accepted. It means variable Brand Association has a significant influence / means partial to variable Perceived Value Hotel guests staying at the 5 star Hotel in Jakarta. The results is related with theory from Aaker (1996) which stated that brand association make the customer create a value and decide which product that they will choose.

Hypothesis 4
Hypothesis 4 tested the effect of Perceived Quality on Perceived Value in which the sound of the null hypothesis and the alternative hypothesis is as follows:

H0: There is no relation and positive influence between perceived quality and perceived value

H1: There is a relation and positive influence between perceived quality and perceived value

Based on the regression results in table previously obtained value t count variable Perceived Quality (4.654) > t table (1.659) then H0 and H1 is accepted. It means variable Perceived Quality has a significant influence / means partial to variable Perceived Value Hotel guests staying at the 5 star Hotel in Jakarta. This is in accordance with Monroe and Krishnan (1985) and Dodds et al. (1991), that perceived quality is positively related to perceived value. A higher perceived quality, for many people is the reason to buy a product, and some would also be willing to pay a price premium.

Hypothesis 5
Hypothesis 5 examines the effect Perceived Value Brand Loyalty towards where the sound of the null hypothesis and the alternative hypothesis is as follows:

H0: There is no relation and positive influence between brand loyalty and perceived value

H1: There is a relation and positive influence between brand loyalty and perceived value

Based on the regression results in table previously obtained value t count variable Brand Loyalty (3.375) > t table (1.659) then H0 and H1 is accepted. This is means that variable Brand Loyalty has a significant influence / means partial to variable Perceived Value Hotel guests staying at the 5 star Hotel in Jakarta. It was accordance with Aaker (1996) that stated Brand
loyalty plays an outstanding role in generating brand equity not only because of its capacity to keep a customer loyal, but also because that customer’s loyalty extends to brands in the company’s portfolio. Loyalty could increase both company and customer value. Loyal customers recognize the favorable benefit/cost opportunity, and brand loyalty should positively impact customer value.

IV. CONCLUSION

This study conduct in five hotel 5 star in Bundaran Hotel Indonesia Jakarta to research Brand Equity towards Perceived Value from Guest Perspective who already stay in the same hotel previously. Total respondents is 120 guest from five different hotels. From previous chapter it could be concluded that, variable Brand Equity has a significance influence simultaneously towards Perceived Value, variable Brand Awareness has a significance influence towards Perceived Value, variable Brand Association has a significance influence towards Perceived Value, variable Perceived Quality has a significance influence towards Perceived Value, variable Brand Loyalty has a significance influence towards Perceived Value. From four independent variables are used that give dominant influence is variable Brand Association with a regression coefficient of 0.413.

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