

## Rebranding of Lombok International Airport in Indonesia

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— *Review of* —  
**Integrative  
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### ABSTRACT

This research is aimed at proving and analyzing the effect of using geographic brand name and heroes brand name on the correlation of corporate name towards corporate image, consumers product evaluation, and corporate reputation at the name of airport in Lombok Island. The population of the research was the passengers who are from Lombok Island. The data collection was carried out in an experiment design in two steps (before and after the uses of heroes brand name). Data were collected from an intercept sample of 240 Indonesian air plane passengers via questionnaire. Data were analyzed with descriptive statistics. The hypotheses were tested using regression analyzed and two-way between groups Anova. The findings of the research show that: there is a difference effect between the use of geographic brand name heroes brand name on the correlation of corporate name towards corporate image, consumers product evaluation, and corporate reputation at the name of airport in Lombok Island. The potential contributions to the literature are validating corporate branding theories and the findings about the difference effect of the use of geographic brand name and heroes brand name as the name of International airport in Indonesian context.

Keywords: Corporate branding, Geographic brand name, Heroes brand name, Airport.

### 1. Introduction

One of the most important assets for the company is the brand. Brand has contributed to the success of the company, which is indicated in the form of images, names, words, letters, numbers, colors or combinations of them. Brand is a corporate identity that is easily recognized and remembered by customers. Brand also differentiates one product from the others. A company makes various attempts in order that is products and services be recognized and easily remembered by customers. Company can make either partial or total changes to existing brand. The changes can be in form of a logo or a brand name.

Brand is a corporate identity and serves as a differentiator with competitors. Brand name can be based on a number of aspects (Tjiptono, 200 5) including a person's name, a place name, state name, a name that contains elements of figures and so on. Brands can create the corporate image.

To create a positive brand image, one of the possible ways is rebranding. According to Gaurav (2008), rebranding is a powerful and reliable tool in changing the identity of the company. Many companies in Indonesia have carried out

rebranding efforts by the reason of market reposition, change of ownership or change of management, and efforts to improve the bad image in the minds of customers (Property Indonesia, 2007).

Lombok International Airport is a domestic and international airport located in Central Lombok Regency, West Nusa Tenggara, which is operated by PT Angkasa Pura I and has been in operation since October 1, 2011 replacing the function of Selaparang Airport in Mataram. Ideally, an international airport should have adequate physical infrastructure, availability of immigration officers, customs, standard cleanliness, layout, parking areas, security, and others. Empirically, the condition in Lombok International Airport does not reflect an international class airport; unclean environment, messy parking arrangement, and existence of street vendors in the airport area.

The naming of Lombok International Airport is based on the results of a public opinion polling conducted in Lombok Island in January 2009. The name of Lombok International Airport was chosen by the majority of respondents is 40.4%. Unlike names of other international airports in other regions, the name of Lombok International Airport is based on geographic brand names while the names of other international airports are mostly derived from heroes' names.

Many customers seem to be less comfortable with the name of Lombok International Airport. In the past, when Selaparang Airport in Mataram was still in operation, the condition was different. Selaparang, the name is derived from the name of one of the kingdoms that ever existed on the Island of Lombok. Every time the name Selaparang was mentioned, the Lombokers heroic zeal comes out.

Accordingly, this experimental research aims at proving and analyzing the effect of using geographic brand name and heroes brand name on the correlation of corporate name towards corporate image, customers product evaluation, and corporate reputation at the name of airport in Lombok Island.

## **2. Theoretical Framework and Hypothesis**

### **2.1. Brand**

American Marketing Association defines a brand as a name, term, sign, symbol, design, or a combination of these things, aiming to differentiate the goods or services of a manufacturer from those of competitors (Kotler, 2002). Brand not only displays the functional value, but also gives a certain value in the minds of customers. The company must have the view that a brand is the future, which is in line with company objectives. The challenge of branding is developing a set of profound significance of the brand. Knapp (2001) adds that the brand as the internalization of a number of

impressions received by customers that lead to a special position of the product in customers' memory on its emotional and functional benefits.

## 2.2. Rebranding

Rebranding is defined as cited in Muzellec and Lambkin (2006), "the practice of building a new name representative of a differentiated position in the mind frame of stakeholders and a distinctive identity from competitors". It means that rebranding a company's efforts in changing the image of the company through a more representative name changes so as to distinguish it from competitors.

The concept of rebranding, according to Stuart and Muzellec (2004), can be attributed to changes in the name, a means to communicate with stakeholders; changes in the logo, an abstract symbol shown through color and shape; changes in the slogans, which reflects the positioning strategy of the corporate brand.

Rebranding consists of 4 (four) stages, namely *repositioning*, made to position the new brand in the minds of customers, competitors and other stakeholders; *renaming*, done to send a strong signal to stakeholders that the company changed strategy, focusing on specific activities as well as the identity of a change of ownerships; *redesigning* ; and *re-launching*, done so that people know the new name of a company (Muzellec and Lambkin, 2006).

## 2.3. Geographic Brand Name

Brand name indicating the geographic origin which indicates the origin of goods provides certain characteristics and quality of the goods produced (Trademark Law No. 15 of 2001). Geographic brand name is based on place of origin where the product was found, developed or sold (Tjiptono, 2005). The brand name the international airport in the island of Lombok employs the geographic brand name of the International Airport of Lombok.

## 2.4. Heroes Brand Name

Brand name is based on a number of aspects (Tjiptono, 2005). One of these aspects is the use of the name of the hero. The following table displays the names of the heroes used as the brand name of airports in Indonesia:

Table 1  
The Brand Name of Airport in Indonesia

	Name of Airport	Location	Province
1	Syamsuddin Noor	Banjarmasin	South Kalimantan
2	Supadio	Pontianak	West Kalimantan
3	Sam Ratulangi	Manado	North Sulawesi
4	Hasanuddin	Makassar	South Sulawesi

5	Sultan Iskandar Muda	Banda Aceh	Aceh
6	Sultan Mahmud Badaruddin II	Palembang	South Sumatera
7	Raja Haji Fisabilillah	Tanjung Pinang	Riau
8	Husein Sastranegara	Bandung	West Java
9	Achmad Yani	Semarang	Central Java
10	Adi Sucipto	Yogyakarta	Yogyakarta
11	Ngurah Rai	Denpasar	Bali
12	Adisumarmo	Solo	Central Java
13	Juanda	Surabaya	East Java
14	Soekarno-Hatta	Banten	Banten
15	etc.		

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## 2.5. Corporate Name and Corporate Image

The familiarity of a corporation depends on to what extent the corporate brand is well-known and to the extent to which this affects the consumer product evaluation (Kowalczyk and Pawlish, 2002). Corporate brand can add value to the product and associated product brand and corporate brand, which in turn will increase consumer awareness of both. Corporate brand is very important as a resource to be utilized in achieving a sustainable competitive advantage.

Aaker (1991) and Keller and Aaker (1997) argues that the corporate brand influence on consumer brand evaluations in a way that is different from the product brand. Gregory and Wiechmann (1999) adds that the corporate name influence on corporate image. Companies that change the corporate name can help change the corporate image.

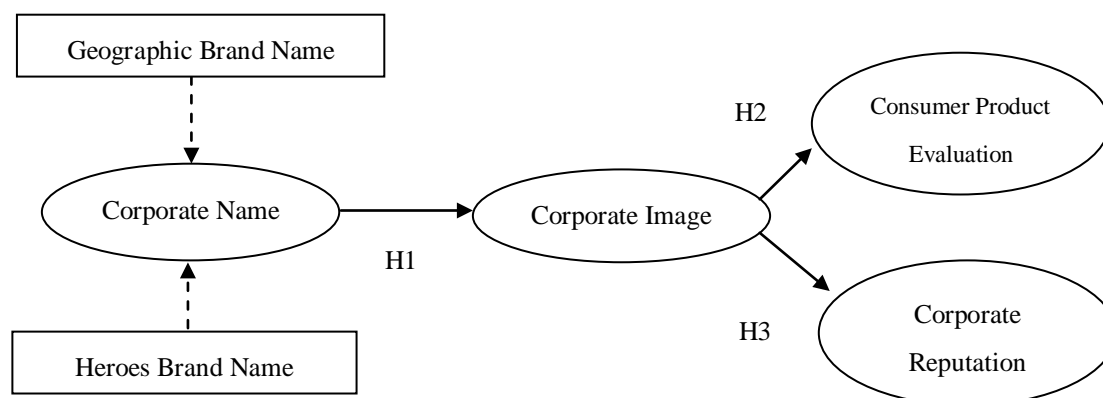
Corporate image is the impression that emerges in the mind of customers when they hear the name of a product, service or company that has been producing products or services (Tang, 2007). Corporate image is the result of process where customers have compared various attributes of the company. Corporate image is influenced by four (4) terms, namely *morality*, how the company has a moral to the social environment; *management*, how well the company manages all the available resources; *performance*, how the performance of the company in its business activities; and *services* (Liou and Chuang, 2009).

Corporate name has effect on corporate image. Whenever companies make corporate name with the full value, then the corporate image will also be well received quickly by customers. Empirically, the majority of airports in Indonesia employs heroes brand name. This is done by local governments with the purpose of honoring and remembering heroes and instilling the values of heroism to the younger generation

amid the threat of a global crisis. The current and proposed research hypotheses as follows:

**Hypothesis 1 (H1)** The effect of corporate name on the corporate image of your heroes is greater for the brand name than for geographic brand name.

**Figure 1**  
**The Research Model**



## 2.6. Corporate Image and Consumer Product Evaluation

Corporate image is an overall impression contained in the minds of customers about a company (Barich and Kotler, 1991; Ditcher, 1985). Corporate image can affect sales and market share (Shapiro, 1982) and keep the consumer's loyalty (Andreassen and Lindestad, 1998; Nguyen and Leblanc, 2001).

Hsieh et al. (2004) concluded that corporate image affects consumer behavior. Andreassen and Lindestad (1998) adds that corporate image is an important factor that may affect perceptions of quality, evaluation of customers against satisfaction and consumer loyalty.

Corporate image is used by customers to evaluate the credibility, quality and intentions to purchase. Corporate image is created from a series of processes carried out by the company from time to time. Corporate image also illustrates the company's commitment to serve the customers.

The stronger the company's commitment to serving the consumer, the better the corporate image will be formed in the minds of customers. It is expected that consumer evaluation of the product progresses quickly and customers decide to do immediate purchase. In choosing the products, customers consider the intrinsic cue (for example the product design) and extrinsic cues (e.g. brand name and price). In terms of brand name, the more familiar the customers to a product, the smaller the influence of other

factors in the evaluation of the product.

Similar to the first hypothesis, empirically, the use of heroes' brand name is more dominant than the other names. The current and proposed research hypotheses are as follows:

**Hypothesis 2 (H2)** The effect of corporate image on consumer product evaluation is greater for the heroes brand name than for geographic brand name.

### **2.7. Corporate Image and Corporate Reputation**

Corporate image must be created, maintained and reinforced in the minds of customers. Strong corporate image will cause a difference from another company. A strong corporate image affects the consumer in the purchase decision. The better of corporate image in the minds of customers, the higher of customers' trust in the company; this will then improve corporate reputation.

Corporate reputation is defined as level of trust or distrust of the customers on the ability of the company to meet customers' expectations (Nguyen and Leblanc, 2001). Fombrun (1996) adds that corporate reputation is perception of the representation of company in the past and in the future depicting interesting things about the company.

Gray and Balmer (1998) argue that corporate reputation affects the willingness of customers to provide or hold support to the company and its products. Corporate reputation can also build commitment of customers against companies (Bhattacharya and Sen, 2003). Empirically, the use of heroes brand name for airports throughout Indonesia helps improve corporate reputation. The current research proposed hypotheses is as follows:

**Hypothesis 3 (H3)** The effect of corporate image on corporate reputation is greater for the heroes brand name than for geographic brand name.

## **3. Research Method**

This study employs two (2) research designs: firstly, an experimental method for measuring the effect of the use of geographic brand name for the airport in Lombok and the use of heroes brand name for airport in Lombok; and secondly, difference test method to discern the effect of the use of geographic brand name and heroes brand name for the airport in Lombok Island.

In experimental studies, researchers are able to control the conditions of the study, so the causal relationship among the variables that occur can be evaluated. Experimental research is research investigation under controlled conditions in which one or more variables can be manipulated to test hypotheses (Kuncoro, 2003).

In experimental studies, the term sample is better known as participants. Size of

participants is not required but rather as per needed. The population of this study is the passengers using the services of Lombok International Airport. They should be people of Lombok flying at least once within a month. Population who meet these criteria is in a big number, so the number is limited to 240 participants as per need.

The research variables used in this study are the corporate name (the independent variable), the corporate image (intervening variable), customers product evaluations and corporate reputation (the dependent variable), as well as geographic brand name and heroes brand name as variables affecting corporate variable.

### **3.1. Operational definition of variables**

#### **1. Corporate name**

Corporate name is measured from extent the corporate brand is well-known and from the extent to which this affects the consumer product evaluation (Kowalczyk and Pawlish, 2002). The following indicators of corporate name are adopted from the study conducted by Gregory and Wiechmann in 1999:

1. The name of Lombok International Airport brings fame to Lombok Island (CN<sub>1</sub>).
2. Lombok Island is reflected in the name of Lombok International Airport (CN<sub>2</sub>).
3. When we mention the name of Lombok International Airport, it is synonymous with the island of Lombok (CN<sub>3</sub>).
4. The name of Lombok International Airport shows the characteristics of Lombok (CN<sub>4</sub>).
5. Lombok Island has airports with different names (CN<sub>5</sub>).

#### **2. Corporate image**

Andreassen and Lindestad (1998) states that corporate image is an important factor that may affect perceptions of quality, evaluation of customers against satisfaction and consumer loyalty. Indicator adopted the corporate image of the study Andreassen and Lindestad (1998) and adapted by the author, among other things:

1. Lombok International Airport is an innovative airport (CI<sub>1</sub>).
2. Lombok International Airport is a good airport (CI<sub>2</sub>).
3. Lombok International Airport makes me confident (CI<sub>3</sub>).
4. Lombok International Airport open to customers (CI<sub>4</sub>).
5. Lombok International Airport is responsive to customers (CI<sub>5</sub>).

#### **3. Consumers product evaluation**

Customers usually evaluate or select a product before making a purchase.

1. Knowing the origin of the name of Lombok International Airport (CPE<sub>1</sub>).



2. Knowing the location of Lombok International Airport (CPE<sub>2</sub>).
  3. The name of Lombok International Airport represents the characters of Lombok Island (CPE<sub>3</sub>).
  4. The name of Lombok International Airport is prestigious (CPE<sub>4</sub>).
4. Corporate reputation

Corporate reputation is defined as level of trust or distrust of the customers on the ability of the company to meet customers' expectations (Nguyen and Leblanc, 2001). Corporate reputation can also build commitment of customers against companies (Bhattacharya and Sen, 2003). Indicators of corporate reputation are adopted from the work of Bhattacharya and Sen (2013) and are adapted by the author:

1. Name of Lombok International Airport has emotional appeal (CR<sub>1</sub>).
2. Lombok International Airport is also doing some social responsibility (CR<sub>2</sub>).
3. Lombok International Airport has a qualified service (CR<sub>3</sub>).
4. Lombok International Airport is the best airport in Indonesia (CR<sub>4</sub>).
5. Lombok International Airport is committed to serving customers (CR<sub>5</sub>).

This study uses pretest - posttest control group design. This design requires two groups of subjects selected randomly and each group was tested twice, i.e. one pre-test and one post-test. Tests were carried out simultaneously to both groups. The experimental group consisted of 120 participants and the control group consisted of 120 participants too.

Table 2  
The design experimental

Group	Pre-Test	Treatment	Post-Test
Experimental	Y1	Heroes brand name	Y2
Control	Y2	Geographic brand name	Y2

The data used in this study is primary data obtained through experimentation. The research was conducted on the island of Lombok. The study was conducted for 3 (three) months, from May 2014 to July 2014.

Data was collected through questionnaires given to participants willing to provide information. The first 120 (one hundred and twenty) participants belong to the experimental group, that will get questionnaires for pre-test, treatment with the heroes brand name for the airport, and obtain another questionnaire for the post-test. The second 121 participants belong to the control group, that will get a questionnaire for pre-test, treatment with the geographic brand name for the airport, and obtain another questionnaire for the post-test using the geographic name, and obtain the questionnaire



for the post-test.

The hypotheses were tested using regression analysis and two-way between groups Anova.

#### 4. Data Analysis and Discussion

##### 4.1. Measures

All indicators use a seven-point Likert scale, starting from number one "strongly disagree" up to number 7 "strongly agree". Corporate name and corporate image have a lower value than that of the consumer product evaluation and corporate reputation (Table 3).

Table 3  
Scale Factor Loadings

	Factor Loading
Corporate name	
CN <sub>1</sub>	0.72
CN <sub>2</sub>	0.80
CN <sub>3</sub>	0.72
CN <sub>4</sub>	0.80
CN <sub>5</sub>	0.71
Corporate image	
CI <sub>1</sub>	0.76
CI <sub>2</sub>	0.72
CI <sub>3</sub>	0.69
CI <sub>4</sub>	0.76
CI <sub>5</sub>	0.71
Consumer product evaluation	
CPE <sub>1</sub>	0.87
CPE <sub>2</sub>	0.90
CPE <sub>3</sub>	0.90
CPE <sub>4</sub>	0.88
Corporate reputation	
CR <sub>1</sub>	0.89
CR <sub>2</sub>	0.90
CR <sub>3</sub>	0.87
CR <sub>4</sub>	0.92
CR <sub>5</sub>	0.88

## 4.2. Respondents profile

Table 4 describe demographic composition of samples used is 120 respondents of geographic brand name and another 120 respondents from heroes brand name. There is quite an even gender spread within the respondents: in the geographic brand name group, there are 54 percent males and 46 percent females while in the heroes brand name group, there are 52 percent males and 48 percent females. In terms of age, the samples in both groups are in similar range of age, i.e. between 18 and 54 years old.

Table 4  
Sample Profile

	Frequency		Proportion of sample (%)	
	Geographic Brand Name	Heroes Brand Name	Geographic Brand Name	Heroes Brand Name
Gender				
Male	65	62	54	52
Female	55	58	46	48
Age				
18 – 24	20	28	17	23
25 – 34	26	20	22	17
35 – 44	30	28	25	23
45 – 54	24	32	20	27
55 – 64	11	8	9	7
65 – 74	9	4	7	3
75 above	0	0	0	0
n =	120	120	100	100

## 4.3. Respondents profile for heroes brand name and geographic brand name

Table 5 illustrates the choice of all respondents about the naming of the airport. The majority of respondents, as many as 198 respondents or 82.5%, chose to use the name associated with heroes, while the rest, as many as 42 respondents or 17.5% still prefers geographic brand name.

Table 5  
The choice of all respondents about the naming of the airport

	Frequency	Proportion of Sample (%)
Heroes brand name (Mandalika International Airport and another heroes brand name)	198	82.5
Geographic brand name (Lombok International Airport and another geographic brand name)	42	17.5
N =	240	100

#### 4.4. Results

Acceptable levels of reliability is indicated by Table 6 as follows:

Table 6  
Number of Item Total Variance and Cronbach's Alpha for Each Construct

Measure	Items	Factors	Total Variance	Cronbach's Alpha
<b>Heroes Brand Name</b>				
CN	5	1	77.8	0.82
CI	5	1	70.2	0.76
CPE	4	1	68.9	0.80
CR	5	1	81.4	0.90
<b>Geographic Brand Name</b>				
CN	5	1	71.1	0.72
CI	5	1	67.4	0.70
CN	4	1	66.2	0.76
CI	5	1	75.4	0.88

To test the three hypotheses, the two-way between groups ANOVA is employed to compare the F values of the two groups. Based on ANOVA analysis, the F value of heroes brand name group is as follows: corporate name affects the corporate image with F value of 12 726 and significance level of 0.001; corporate image affects product evaluation of customers with F value of 6.814 and significance level of 0.002;

corporate image affects corporate reputation on the F value of 7.128 and significance level 0.001. Meanwhile, the F value of geographic brand name group is as follows: corporate name affects the corporate image with F value of 11.428 and significance level of 0.001; corporate image affects product evaluation of customers with F value of 5.126 and significance level of 0.002; corporate image affects corporate reputation on the F value of 6.102 and significance level of 0.001. The F value of heroes brand name group is greater than that of the geographic brand name the group. This suggests that the hypotheses H1, H2 and H3 are accepted.

#### **4.5. Discussion**

The results of this study indicate that the corporate name affects the corporate image, corporate image affects product evaluation by customers and corporate reputation, either using heroes or geographic brand names. This study supports some theories or previous research on the relationship between corporate name and the corporate image as well as the relationship among corporate image, the consumer product evaluation, and corporate reputation. The results of this study also support the theory that renaming a product results in different product evaluation of customers and affects corporate reputation.

The study also reveals that customers prefer the use of heroes brand name to the use of geographic brand name for their airport. It seems that the patriotism of the customers emerges when the name of the hero branded airport is mentioned in another airport or any time they land at Lombok airport. It also forms customers' perception of the level of familiarity to the airport name.

Customers familiar with the name of company usually notice and ask if there is a change of the company's name. Customers who have a pleasant experience with the company has a positive attitude towards the company. Changes in name made by the company are considered positive by the customers. This change aimed to reposition the image created in the community.

#### **5. Conclusion, Implication, Suggestions, and Limitations**

This study contributes a lot to analysis of the variables: corporate name, corporate image, consumer products evaluation and corporate reputation using the heroes brand name and geographic brand name. This study shows the differences in the effect when using heroes or geographic brand name towards corporate name, corporate image, consumer products evaluation and corporate reputation.

This study shows that the use of the heroes brand name is better than the use of geographic brand name in the context of airport names in Indonesia. Government needs

to reconsider the use of geographic brand name. Change of name of the company is able to reposition the image of the company. The future research are possible to be conducted towards other services using other branding variables.

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