A CONCEPTUAL THEORY DEVELOPMENT ON BRAND IMAGE IN HOTEL INDUSTRY - DOES IT INFLUENCE HOTEL PERFORMANCE?

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Abstract

The positive impact of brand image on business performance at service industries have been proven in different research context. However, a current knowledge of brand image in national hotel brand that effect business performance as a whole, remain uncertain.

Based on the brand image theories, this study reviewed extant studies about the impact of brand image of national hotel (brand attributes, benefits, marketing communication campaigns, packaging, slogans, company logo) on hotel performance (financial and non-financial perspective), directly and indirectly.

Keywords: national brand image, business performance, hotel industry.

Introduction:

The concept of brand image more prominent and is of particular concern, both for academics and business practitioners, particularly those related to the level of global competition is increasingly competitive and cannot be avoided. Theories about the brand has been going on since the eighteenth centuries in Europe and then evolved as the rapid growth of the advertising industry in the media at that time (Hampf and Repo, 2011). Along the way, the new century 20's role and presence of the brand is increasingly becoming a major concern as the business competition (Susanto & Wijanarko; 2004), to link the role of the brand with relationships theories (Brodie et al., 2002, Gummesson, 2002). Post (2008), Kapferer (2008) and Keller (2008) also confirmed the statement of the importance of the strategic role of a brand for a variety of companies.

In a hierarchy of branding, brand image plays an important role in the development of a brand because the brand image concerns the reputation and credibility of the brand. The concept of brand image has become a very important part related to consumer purchasing decisions after 1950. This fact has been confirmed in a study conducted by Aaker and Keller (1991) that the image of the brand has been an important part of the marketing activities of the company, not only because it serves as the basis in the process of marketing mix but also play an important role in building brand equity long term. According to Hsieh, Pan, and Setiono (2004; 252), a successful brand image enables consumers to identify that meets the needs of the brand and to differentiate the brand from its competitors, and consequently increases the likelihood that the consumer will buy the brand.
Brand image is a perception of the brand represented by brand associations in consumer memory (Aaker, 1991: 109 and Keller, 1998: 93). Keller and Aaker, both argued that the close relationship between brand association with the brand image, in which the association that exists to a brand can establish brand image. Brand association can assist in the recall of information related to products, particularly during the decision-making process to make purchases. Brand image and brand associations have aligned so that the integral one with the other.

There are many studies that have been conducted to analyze the influence of the brand image of a company that gives effect to the formation of a positive perception in the minds of consumers. Most research to test the role and forming a brand image based on the diversity of the industrial sector, which is carried out in the economy of developing countries, among others, performed in Taipei, the business sector catering (Hsiung, LC, 2011), Indonesia, the hospitality sector (Suhartanto, Dwi, 2011), Pakistan hospitality sector (Malik, ME, et al., 2011), Bangalore, consumer products sector (Kumaravel, V, 2012), Bangladesh, the hospitality sector (Latif, WB, et al., 2014) and so on. Meanwhile, a similar study conducted using data developed countries, such as Finland (Hampf, Repo and Repo, Kristi, 2011, and Europe, the hospitality sector (Martinez, Patricia, et al. 2014). The results of these studies vary based on the diversity of industry sectors. Some research indicates support for the role and presence of the brand image directly. Brand image becomes an important part in the innovation process of a shopping mall (shopping center) in conjunction with products and services and contribute to the competitiveness of the shopping center and enhance the attractiveness to consumers (OECD, 2004, Abrudan and Dabija., 2015). Similarly, in a study conducted by Rahman, Mohammad Sabir. et al. (2012), the segment of young people in Bangladesh stated that the brand image even become a very important factor in fostering a positive perception of consumers in the beverage industry, especially in a highly competitive industry competition. But there is also research that confirms that the brand image does not directly provide a positive influence for companies and consumers. Jin et.al (2012) confirmed that building a positive brand image does not encourage the growth of consumer satisfaction, but influencing consumer loyalty a restaurant with a full-service service type (luxury).

The studies above show that the brand image is very important for a company in a variety of sectors, including hotels.

The above studies show how the brand image is essential to promote the competitiveness of enterprises including the hospitality sector, especially when the competition has become a central issue in a variety of global business competition. Therefore, the studies described above show that the role of an effective brand image will help the hotel to have a strong position in the market. However, the existing literature has not adequately cover all aspects of the company's performance through brand image, because it focuses on the dimensions that affect a brand image. In fact, the key issue is that the brand image is able to contribute to the hospitality sector and consumers in the long run.
The Literature Review

Brand Image

Schiffman and Kanuk (2006: 135) mentioned that the factors forming the brand image are the quality or quality, relating to the quality of goods offered by the manufacturer with a certain brand, it can be trusted or relied upon or agreements relating to the opinion formed by the public on a product that is consumed, the usability or benefits associated with the function of a goods that could be used by consumers, the service which deals with the task of manufacturers in serving customers, the risks, related to the size of the result or profit and loss that may be experienced by consumers, the price, which in this case relates to the level or extent of the amount of money spent to influence the consumer of a product, it can also affect the image of the long-term, the image is owned by the brand itself, namely in the form view, the agreement and information related to a particular brand of product.

Kandampully & Hsin (2007) was also stated that aims to analyze the influence of a positive image of the hotel and customer satisfaction to customer loyalty in the hospitality industry, using two-dimensional image of the hotel in the measure. Two-dimensional image of the hotel is the holistic image dimensions and image attributes. Holistic dimensions include total impressions and feelings about the phenomenon arising from part or all of the senses. Dimension attributes indicate the facilities and the physical environment that shape and influence the phenomenon.

According to Martinez and Chernatory (2004), the dimensions of brand image that is knowledge or familiarity with the brand and the fit of the brand. Indicators used in the dimension of knowledge with the brand, is as follows: determine the brand, frequency of purchase and product information. While indicators on the dimensions fit to the brand is conformity between new product categories with product expansion and new product conformity with the image.

Meanwhile, according to Kusuma Dewi, et al (2012: 20) on their study noted that for measuring brand image indicators used are as including quality brand, the brand is very familiar in accordance with its benefits, ease in obtaining, memorable and attractive packaging, variation products and great product.

Business Performance in Services Industry

The performance of good management can improve the control of the company, but in the implementation of the procedures that are often incompatible with the performance of the company and also the division of tasks and responsibilities. The company's performance is something produced by a company in a given period with reference to established standards. In achieving corporate objectives, the performance of the company is very important. The company's performance was often measured through the concept of marketing performance of a company. Ferdinand (2000) stated that marketing performance is a factor that is often used to measure the impact of the strategy applied by the company.

Academics and practitioners have implemented many new models such as the performance measurement system: Balanced Scorecard, Integrated Performance Measurement System (IPMS), and the Performance Prism. Balanced Scorecard is a performance measurement system model of the most popular today
The measurement of performance at some companies is simply based on financial aspects alone, while hotels and other companies also have to pay attention to non-financial aspects. Measurement of performance using the Performance Prism is widely used because these methods consider also the stakeholders. Performance Prism has five perspectives, namely stakeholder satisfaction, strategy, processes, capabilities, and stakeholder contribution.

According to Kaplan and Norton were translated by Peter R. Yosi Pasla (2000: 8): "Sharpen the concept of performance measurement to determine an effective approach and" balanced "(Balanced) in measuring the performance of the company's strategic. The approach consists formed from the four perspectives: "financial, customer, internal business process and learning and growth."

Meanwhile Vincent Gasperse (2007: 1), the concept of Balanced Scorecard (BSC) was first introduced by Robert S. Kaplan and David P. Norton in 1992 that reported a research methodology of performance-oriented view to the future strategy. Balanced Scorecard includes various activities of value creation generated by participant companies have ability and high motivation. While taking into account the short-term performance is through the financial perspective, the Balanced Scorecard clearly reveals the variety of factors that are driving the achievement of financial performance and competitive long-term superior.

Balanced Scorecard is an alternative method that companies use to measure the performance of the company in a more comprehensive, performance assessment based for assessing the performance of the Balanced Scorecard measured comprehensively, not only limited to the performance of the financial perspective, but extends to the performance of the consumer's perspective, internal processes, and learning and growth.

Based on the above understanding can be concluded that the balanced score card is a tool to measure the financial and non-financial performance consisting of four perspectives: financial perspective (financial perspective), the perspective of the customer (customer perspective), internal business process perspective (internal business process perspective), learning perspective and growth (learning and growth perspective).

Sainaghi (2010) concluded that the performance indicators used in the hospitality industry have classified them into three categories following sebegai; operational (among others include: occupancy, customer satisfaction and service quality orientation), operational and financial (among other things includes the profit and volume, profit and service quality, and profit, volume, and customer satisfaction), and financial performance (eg financial ratios, stock prices, and financial margins). However, most of the researchers focused on the measurement of operating performance which includes occupancy, price and revenue per available room.

The Impact of Brand Image on Company Performance
Throughout prior literature, researchers explored the relationship between brand image including other factors influencing company performance at the table below.
Table 1
The Impact of Brand Image on Company Performance

<table>
<thead>
<tr>
<th>No</th>
<th>Title, Author, Year</th>
<th>Objective</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Managing Brand and Competition Capacity of Firms, Masoud Arazm, (2014)</td>
<td>To analyze business performance by using the Brand Management System (BMS) in an effort to increase the creation of brands and other related activities.</td>
<td>Brand Management System (BMS) is the effective strategy to manage the brand at the corporation.</td>
</tr>
<tr>
<td>2.</td>
<td>Do Cost Leadership Strategy and Process Innovation Influence the Performance of Malaysia Hotel Industry, Haim Hilman, Narentheren Kaliappen (2014)</td>
<td>To investigate the relationships between cost leadership strategy, innovation process, and performance of organization of hotel industry in Malaysia</td>
<td>Cost leadership strategy significantly impact to the hotel performance.</td>
</tr>
<tr>
<td>3.</td>
<td>The Effect of Competitive Strategies and Organizational Structure on Hotel Performance, Pimtong Tavitiyaman, Hanqin Qiu Zhang, Hailin Qu (2012)</td>
<td>To investigate the effect of competitive strategy and organization structure to business performance.</td>
<td>Organizational Structure does not influence the development of brand strategy as well as the behavior of hotel performance. Strategic Competitive (IT and HR) are variables that affect the performance of the hotel, but the brand strategy and organizational structure is not a variable that is either in support of hotel performance.</td>
</tr>
<tr>
<td>4.</td>
<td>Performance Measurement &amp; Hotel Industry in Kenya Onyango, Twaya Erick/Edwin,Odhuno/Ouma,O.Kam bona/Lucas,O.Othuon (2010)</td>
<td>Identifying dimensional measurement of performance through the analysis of the relationship in each dimension, to further produce a related model framework</td>
<td>The resulting model can explain the causality of the behavior and activities of the company, which is reflected in the supporting factors and results. The model reflects the measurement of the performance of the hotel business in Kenya.</td>
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<tr>
<td>5.</td>
<td>The Effect of Consumer-based Brand Equity on Firms’ Financial Performance, Hong-bumm Kim, Woo Gon Kim, Jeong A.An (2003)</td>
<td>Testing the dimensions contained in brand equity and how it impacts the financial performance of a hotel.</td>
<td>Brand equity effects / positive impact on the financial performance of the hotel. For that, the hotel should pay attention to brand loyalty, impression of quality and brand image to increase the equity of a brand from the consumer viewpoint.</td>
</tr>
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</table>
Based on the above table, it shown there are still limited research focusing on the brand image and its impact to the hotel industry. However, it is stated that there is a positive relationships between brand image and the hotel performance.

**Conclusion**

The relationship between brand image and company performance has been studied extensively. However, a majority of the research were conducted not at the hotel industry. Whether the result generated can be vary from other industries such as from manufacturing, financial and other industry. Therefore the research for exploring the relationship between brand image and the hotel performance remains to be examined.

Moreover, although there are positive impact between the brand image on the hotel performance at limited research, there are still exist minor disagreement between different researchers on the brand image dimensions as well as at the performance measurement. Further studies should be further discussed more comprehensive indicator for both brand image and company performance at hotel industry.

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