

Airport Branding Strategy As A Determinant Of Customer Experience: Case In Soekarno-Hatta International Airport Terminal 3

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Abstract. Airport Branding Strategy is one of the methods used widely by airport management in terms of marketing to promote airport's uniqueness. The main purpose of this strategy is to create a better experience for people using the airport, whether using it as travelers or simply doing their activities in the premises. Being the main international airport in Indonesia, Soekarno-Hatta airport is one of many airports in the world that implements this strategy. The purpose of this paper is to examine Soekarno-Hatta International Airport's Terminal 3 branding strategy and its impact towards customer experience with a total of 120 respondents. Using simple linear regression, the airport branding strategy is defined as the independent variable, while customer experience is defined as dependent variable with the regression equation $Y = 11.320 + 0.647X$. The result of a correlation analysis reaches 0.703, means that there is a strong and positive correlation level between two variables. Based on calculation determination, the result showed that airport branding strategy represent an impact of 49.5% towards customer experience.

1. Introduction

Airport is now an important part of air transportation system. Its not only used for aircraft landing and take-off, According to Ashford, Stanton, and Moore (2006) at [1] airports enable air traveller to switch from the ground to the air and vice versa. To fulfil the need of air transport user, passenger or cargo, airports need to increase their marketing strategy by doing differentiation with branding strategy approach.

By encouraging competitive strategy as a part of differentiation, Soekarno-Hatta International Airports opened Terminal 3 Ultimate in 2016 to prepare itself as a transportation-hub in Asia Pacific. This is in accordance with the work of Tse (2009) and Castro (2015) at [2] Tse examined the branding of Canadian Airport, while Castro examined airport branding as a tool to promote tourist destination. In order to create transportation-hub, service and facility become Terminal 3's main principle to achieve costumer experience. Angkasa Pura 2 encourages every airport to create branding in accordance of the airport's own uniqueness. Until now only Soekarno-Hatta International Airport that has developed its brand character. Soekarno-Hatta is being prepared to be as transportation hub that prioritize growth in non-aeronautical field[3]. This research is aimed to find out whether airport branding is affecting customer experience, especially in Soekarno-Hatta International Airport Terminal 3.

2. Literature Review

2.1. Airport Branding Strategy

To differentiate airports from their competitors, nowadays airport marketers also develop airport branding while increasing their revenue. Branding is one of the main strategies adopted by airport, airport can offer memorable experiences by using strategies that involve the following elements: (1) retail pricing; (2) selection of retail outlets; (3) choice of food and beverage outlets; (4) architectural layout and design; (5) artwork; (6) services and entertainment; (7) service staff; and (8) airport logos, slogan and word marks [4].

The concept of the elements of airport branding discussed as follow: (1) retail pricing is the prices charged at retail shops located in airport terminals tends how the price fairness or much higher than other venue pursue the customer to buy; (2) selection of retail outlets is how airports

offer a choice of retail stores with various international brands as well as local brands; (3) choice of food and beverage outlets is how the airports have tried to find a balance to establish areas is most noticeable is that of food and beverage; (4) architectural layout and design is today's trend in architecture of the airport which is the use of bold and futuristic designs but can reflect local culture, customs, histories and landscapes that prioritize the safety, comfort and convenience of passengers; (5) artwork that installed at the airport is to reflect the heritage and culture of the region so it can help to create a positive experience; (6) services and entertainment is the variety of services and amenities at airports such as cinema, bank service, information desk, game center, etc; (7) service staff is the capability of all of the service employee who come into the most direct contact with customer; (8) airport logos, slogan and word marks are an important parts of their airport brands to make an identity of the corporate as well known. [2]

2.2. Customer Experience

Determining how consumers perceive brands is crucial to the development of an effective marketing strategy [5]. Every airport has a brand, just as individuals have a personal brand namely, the esteem in which they are held when people think about their names [6]. That's why many organizations are trying to package their customer experiences is through an identity in a personal brand. This concludes that branding is one of the main concerns that company and airport as well, shouldn't overlook. It because the customer experience is a company's most valuable asset [7].

The competitiveness of a destination and the satisfaction of a tourist depend on a set of attributes that compose the tourist product. These are the elements that will inform the customer-tourist's perception of the benefits of the experience. Airports, in their role as gateways, are extremely important and influential in the tourist experience, including by attracting new tourists to the destination [8]. An important in creating and delivering positive customer experiences is service operations, logistics, marketing, human resources, and even external partners [9] which are part of establishing customer journey. The following levels of airport passenger experience enhancement regarding to customer journey is such as handling congestion, ensuring a continuous flow, thus minimizing queues and maximizing passengers time spent in retail areas [10].

Based on statements above, we can conclude that airport branding is one of the most important strategies develop positive customer experience.

3. Research Method

This research used a simple linear regression analysis with a quantitative approach to see the impact between two variables. Quantitative Research is a research method based on the philosophy of positivism, used to research in a particular sample, data collection using research instruments, quantitative data analysis, with the aim of testing a predetermined hypothesis [13].

Regression analysis is a statistic method to observe the correlation between dependent variable (Y) and series of independent variables ($X_1, \dots, X_p$). The purpose of this method is to predict the value both of Y and X given. Simple linear regression model is the simplest model of regression, consisting only one independent variable, X. Regression analysis has several purposes, one of them is to predict the dependent variable, Y. The equation for simple linear regression analysis is the following:

$$Y = a + bX$$

Y is the predicted dependent variable, X is the independent variable, a is intercept, that is the value of Y when $X = 0$, and b is slope, that is the average change of Y towards the change of one unit of X. Coefficient a and b are the regression coefficient, where the value of a and b can be found using the following equation:

$$b = \frac{n(\sum xy) - (\sum x)(\sum y)}{n(\sum x^2) - (\sum x)^2}$$

$$a = \frac{\sum y - b(\sum x)}{n}$$

The value of a is slope, b is intercept and n is the total number of used data in the equation [11]. The minimal number of the samples is determined by referring to the statement of Hair [12], that the number of samples must be at least 5 to 10 times the number of observed variables (indicator). This paper has 12 indicators, so the number of questionnaires completed by the samples is 120 questionnaires, all of which are valid and completed by visitors and passengers of Terminal 3 Soekarno-Hatta International Airport. In this research, the questionnaire was divided into two parts. First was the questionnaire consisted of questions to obtain characteristic data of the respondents. Second part was the respondents were asked to indicate the degree of their agreement with the statements on a five point Likert scale ranging from “strongly disagree” to “strongly agree” The results are presented below.

4. Result and Discussion

This research examines airport branding strategy and its impact towards customer experience especially in Soekarno-Hatta International Airport Terminal 3. From the result of the questionnaire of 120 respondents, data recapitulation taken from the characteristic of respondents can be seen as follow.

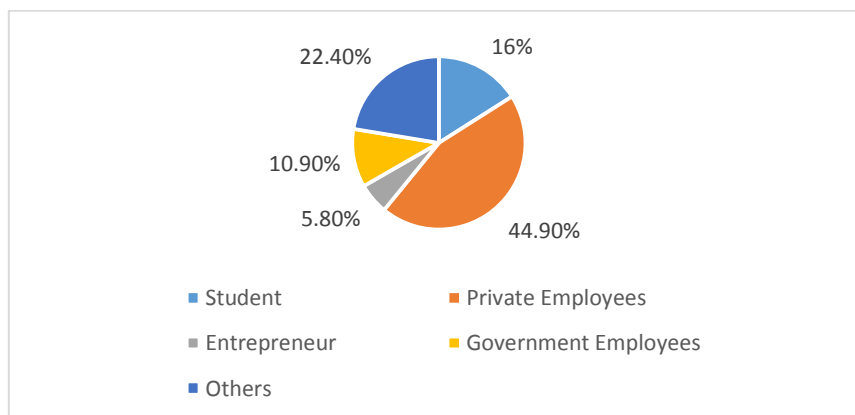


Figure 1. Characteristics of Respondents by Current Occupation

These results from Figure 1. allow classification of the respondents according to their current occupation. A large portion of respondents stated that they are now work as a private employees with amount of 44.90% and in the second place with 22.40% come from other occupation, then 16% respondents are students. 10% respondents are Government Employees, and 5.80% respondents are entrepreneurs.

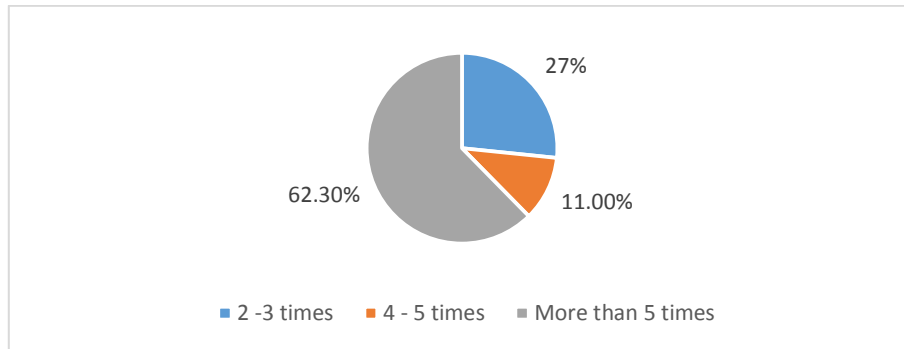


Figure 2. Characteristics of Respondents by Frequent Experience

From Figure 2. above we can see the majority of respondents had more than 5 times of frequent experience at the airport with 62.30%, then 27% respondents having experience at the airport in range 4-5 times. Only 11% stated that they had 2-3 times experience at the airport.

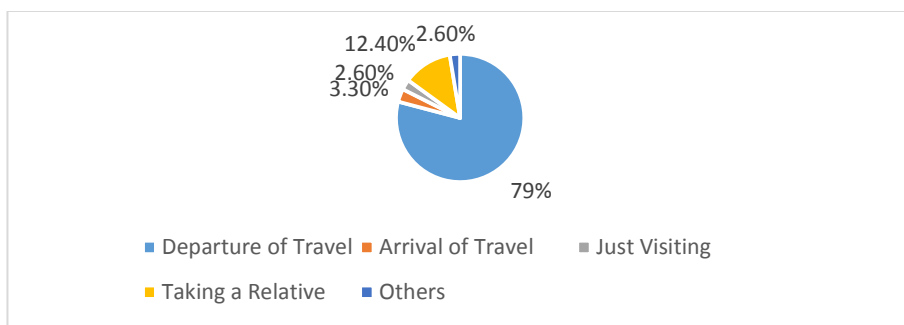


Figure 3. Characteristics of Respondents by purpose of visit

Based on Figure 3. 79% of the respondents stated that they had visited the airport during their departure of travel, then the second place when they taking a relative with 12.40% respondents, 3.30% respondents visited during their arrival of travel, and 2.60% respondents visited the airport with purpose of just visiting and other.

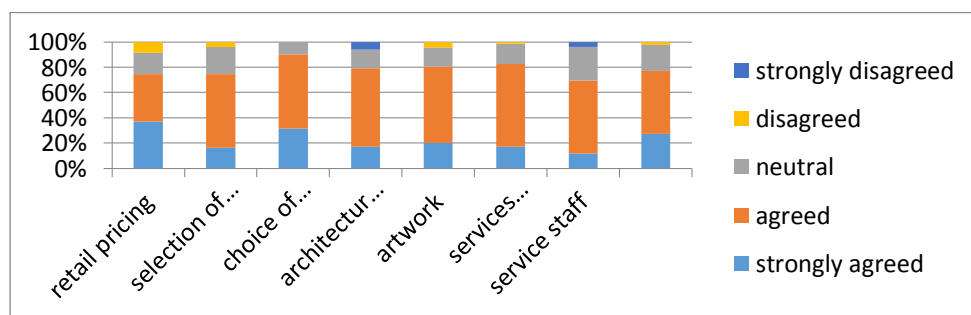


Figure 4. percentage agreement and disagreement regarding airport branding elements.

Figure 4. shows the statement about percentage of agreement and disagreement of airport branding elements regarding to Tse [4]. 31.4% of the respondents are strongly agreed and 58.2% are agreed with the statement of “the selection of food and beverage outlets” element. These results indicate that the selection of food and beverage outlets is the most important factor in determining customer experience in Terminal. The second most important factor is “service and entertainment”, with 17% strongly agreed and 65.4% are agreed. These results conclude

that most of the respondents feel that services and entertainments in the airport terminal are assuring the comfort and great experience of customers.

In other hand, the elements of “artwork” and “architectural, layout and design” reaches similiarity presentage of agreements with 20.3% strongly agreed and 60.1% agreed for “artwork”, while 17% strongly agreed and 62.1% agreed for “architectural, layout and design”. These results showed that the respondents were curious to see more when the airport terminal architecture design and artwork installment reflected the local culture and landscape, and also the airport’s layout helps the customer to travel easily.

The “Logos, slogan and wordmarks” also shown to have a major score of presentage with 27.1% strongly agreed and 50.1% agreed, it is represent that the logo of the airport contains locale and made the customers remember the airport as well known.

The other elements showed similiar result is “retail pricing” and “selection of retail outles” with all agreements more than 73% , this result indicate that most of respondents are picky about the price of the retail outlets. They won’t shop if the price higher than other venue, but when they feels the price is fair its suggesting the customer would be more likely to shop at airports. Various retail outles which may indicate that customers appreciate how airports offer a choice of retail stores.

The element with the lowest score of agreement is the “service staff”, with only 69% of the respondents are agreed that the employees in the airport has a good service, such as manner or language capabilities, which ensures the quality of their experience.

A total of 120 questionnaires, all of which were deemed valid. Validity of each 24 items of question can be seen below:

Table 1. Validity Test Airport Branding Variable

Items	R Count	R Table 5% (120)	Validity
1.	.404	0.1779	VALID
2.	.344	0.1779	VALID
3.	.424	0.1779	VALID
4.	.258	0.1779	VALID
5.	.269	0.1779	VALID
6.	.444	0.1779	VALID
7.	.434	0.1779	VALID
8.	.441	0.1779	VALID
9.	.515	0.1779	VALID
10	.505	0.1779	VALID
11	.603	0.1779	VALID
12	.660	0.1779	VALID
13	.610	0.1779	VALID

Table 2. Validity Test Customer Experience Variable

Items	R Count	R Table 5% (120)	Validity
1.	.513	0.1779	VALID
2.	.476	0.1779	VALID
3.	.563	0.1779	VALID
4.	.504	0.1779	VALID
5.	.570	0.1779	VALID
6.	.545	0.1779	VALID
7.	.605	0.1779	VALID
8.	.561	0.1779	VALID
9.	.473	0.1779	VALID

10.	.561	0.1779	VALID
11.	.507	0.1779	VALID

From Table 1. and Table 2. above, it proved that all questionnaire instruments from both variables (X) & (Y) that have been distributed to the respondents are valid because R Count is bigger than R Table. Then the results of reliability test can be seen in the following table:

Table 3. The Results of Reliability Test

Cronbach's Alpha	N of Items
,856	24

Based on the results of recapitulation and calculation of the data, each variable generates alpha value of 0.856 which exceeds the R table value of 0.1779 (N=120). So we can conclude the indicators and questionnaires are reliable or consistent, and it can be used in this research.

Table 4. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,703 ^a	,495	,490	3,061

Table 5. Simple Correlation

		Customer Experience	Airport Branding
Customer Experience	Pearson Correlation	1	,703 ^{**}
	Sig. (2-tailed)		,000
	N	120	120
Airport Branding	Pearson Correlation	,703 ^{**}	1
	Sig. (2-tailed)	,000	
	N	120	120

Table 4. and Table 5. present how much the correlation value (R) is equal to 0.703. According to Sugiyono, [13], this result means that the variables has a high correlation level. From this result, we get the determination coefficient (R Square) which is 0.495, it stated that the result of airport branding strategy had an impact of 49.5% towards customer experience while the rest of 50.5% come from other factors, which was not discussed in this research. Also the score of significant data (2-tailed) is < 0.05, it means there is a correlation between the two variables.

Table 6. Anova Table

Model		Sum of squares	df	Mean squares	F	Sig.
1	Regression	1082,432	1	1082,432	115,492	,000 ^b
	Residual	1105,934	118	9,372		
	Total	2188,367	119			

Based on Table 6. above, known that F Count represent 115.492 with the significance value is $0.000 < 0.05$ then this regression model can be used to predict the significant impact between

the independent variable and the dependent variable or in other word there is a linear correlation between the airport branding strategy and customer experience. [14]

Table 7. The Result of Simple Regression Linear

Model		Unstandardized Coefficients		Standardize d Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11,320	3,126		3,621	,000
	Airport Branding	,647	,060	,703	10,747	,000

a. Dependent Variable: Customer Experience

From the result in Table 7. shows that the constants value (a) is 11.320 while the value of regression coefficient (b) is 0.647. The regression equation is as follows:

$$Y = a + bX$$

$$Y = 11.320 + 0.647X$$

This equation means that consistent value of customer experience variable is 11.320. Meanwhile, the regression coefficient X is 0.647 claiming that every addition of one value or number on the value of airport branding (X), can impact the value of customer experience (Y) and increases by 0.647. The regression coefficient is positive, so it can conclude the direction of variable influence (X) on (Y) is positive. And based on T count in Table 7, represent T Count is $10.747 > T \text{ table } 1.980$ (N=120) so it conclude that there is a significant impact of airport branding strategy toward customer experience.

5. Conclusion

The goal of this research was to analyze the impact of airport branding strategy on customer experience especially in Soekarno-Hatta International Airport Terminal 3. The researcher can conclude that:

1. The results obtained from the percentage of airport branding elements stated that 90% of the respondent agreed that the choice of food and beverage outlets recieved highest results, it can be indicate that this factors are the most important to consider by the customer, while most of 82% respondents feels that services and entertainments in the airport terminal assuring the comfort and great experience of customers.
2. The Architectural design, the airport's layout and work of art made more than 79% of the respondents more curious about the airport and feel of comfort, and also helps the customer to travel easier. 77% of the respondents stated that logo of the airport represents brand image and made the airport as well known. In other hand, the 74% concurred with the statement that when that airports are an expensive place to shop suggesting the customer wouldn't likely to shop. And 69% of the respondents agreed that the service employees in the airport had responsible for ensuring the quality of their experiences.
3. Based on the term of the validty and reliability test is all of the items are valid and reliable because R Count has a higher value than R Table.
4. Airport branding strategy has a linear correlation towards customer experience, because the correlation value is 0.703 which is bigger than 0.05, It is proved that the relation between both variablea is at the level of high (0,60 - 0,799).
5. The coefficient determination result is R Square = 0.495, this stated that the result of airport branding strategy had an impact of 49.5% towards customer experience while the

rest of 50.5% come from other factors. In addition, the score of significant data (2-tailed) is $0.000 < 0.05$, it means there is a correlation between the two variables.

6. The simple linear regression test has the following equation: $Y = 11.320 + 0.647X$, where Y is the variable of customer experience and X represent the variable of airport branding. This equation resulting consistent value of customer experience variable is 11.320. Meanwhile, the regression coefficient value is 0.647, this claiming that every addition of one value or number on airport branding (X), can impact the value of customer experience (Y) and increases by 0.647. The result shows that the direction of variable influence airport branding strategy towards customer experience is positive.
7. The airport branding strategy has a positive and significant impact towards customer experience because the T count is higher than T table which is $10.747 > 1.980$.
8. The calculation of simple linear regression test is resulting in all of the items are valid and there is a linear relation between the independent variable, which is airport branding strategy and the dependent variable, which is customer experience.

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