

The Impact of Corporate Heritage Identity and Organizational Strategy Ambidexterity on Luxury Brand Equity with Mediating Role of Brand Image and Moderating Role of Social Media Marketing Activity

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Abstract

The luxury brand industry in Indonesia has experienced significant growth and transformation in recent years. As the economy has flourished, consumers' purchasing power and desire for prestigious and aspirational products have increased. The luxury brand industry in Indonesia, despite its growth, faces significant challenges when competing with overseas luxury brands. Many international luxury brands have established strong footholds and brand recognition, making it difficult for Indonesia luxury brands to gain a competitive edge. Corporate heritage identity, organizational strategy ambidexterity, brand image, and social media marketing activity have all emerged as critical factors influencing luxury brand equity. The luxury brand industry is characterized by its exclusivity, heritage, and aspirational appeal. Luxury brands must find a balance between their rich past and the requirement for strategic flexibility since the dynamic nature of the luxury market necessitates ongoing adaptation and innovation. Additionally, understanding the mediating role of brand image and the moderating effect of social media marketing activity becomes crucial for Indonesia luxury brands to enhance their competitiveness in the luxury market. This study aims to explore the impact of corporate heritage identity and organizational strategy ambidexterity on luxury brand equity for Indonesia luxury brands.

Keywords: *organizational strategy ambidexterity, corporate heritage identity, luxury brand equity, brand image, social media marketing activity.*

INTRODUCTION

Brand equity is a crucial brand statistic for firms, because it is one of the primary indicators of brand performance (Appiadu, 2023). Brand equity has been studied in a variety of industries, including banking (Hafez, 2018), hospitality (Sürücü et al., 2019), real estate (Vasudevan & Kumar, 2019), handicraft brands (Guha et al., 2021), the brewing industry (Francioni et al., 2022), disposable tableware brands (Mehdikhani & Valmohammadi, 2022), and fabric (Appiadu, 2023). Brand love (Machado et al., 2019), brand personality (Luffarelli et al., 2019), brand experience (Iglesias et al., 2019), brand awareness, and brand loyalty (Zia et al., 2021; Lang et al., 2022), among other topics, have all been studied in relation to the concept.

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There is a dearth of study on the effects of organizational strategy ambidexterity and corporate heritage identity on luxury brand equity in Indonesia. Moreover, for luxury businesses to develop successful strategies for boosting their competitiveness in the luxury market, it is essential to comprehend the mediating function of brand image and the moderating influence of social media marketing activity. This study concentrates on the following research issues in order to answer the research problem:

1. Do corporate heritage identity have influence to brand image?
2. Do corporate heritage identity have direct influence to luxury brand equity?
3. Does organizational strategy ambidexterity have influence to brand image?
4. Does organizational strategy ambidexterity have direct influence to luxury brand equity?
5. Does social media marketing activity have influence to the relationships of brand image and luxury brand equity?
6. Does brand image have influence to luxury brand equity?

LITERATURE REVIEW

Corporate heritage identities are an identity category that is both flexible and invariable in that, despite identities and symbolism appearing to be the same on the surface, the meanings we assign to them can vary. They relate identity change, identity continuity, and the identities of time (Balmer, 2021).

The capacity of a company to concurrently seek exploitation and exploration is referred to as organizational ambidexterity (Tushman and O'Reilly, 1996; Benner and Tushman, 2003; Gibson and Birkinshaw, 2004; Sinha, 2019). Exploitation refers to the improvement of existing knowledge, resources, competencies, products, and processes and involves incremental shifts from its previous position, whereas exploration refers to the discovery of new products, resources, knowledge, and opportunities and is associated with radical changes and learning through experimentation (March, 1991; Benner and Tushman, 2003; Sinha, 2019).

A brand image is anything that consumers or customers associate with a certain product or service (Tjiptono, 2014; Haryadi & Syahrudin, 2023). Brand image may be judged by the uniqueness of the brand, the ease with which the brand can be heard and spoken, and the strength of the product's value (Keller, 2015; Haryadi & Syahrudin, 2023).

According to Joo et al. (2020), social media platforms have grown to be an essential part of contemporary marketing since they enable businesses to understand the interests and preferences of their customers and then modify their product offers accordingly. Four essential components of the social media marketing activity architecture may be separated: interactivity, trendiness, personalization, and word-of-mouth advertising. Social networking sites' participatory character enables businesses to engage in a conversation with their customers, enabling a more specialized and successful marketing strategy (Alsoud et al, 2023).

Aaker (2014) defines brand equity as “the ability to create and deliver value to consumers through brand loyalty, awareness, perceived quality, and brand association.” (Sun & Kim, 2023). According to Parris & Guzmán (2002), brand equity is “the added or subtracted value of a brand that is created by the brand itself or co-created with stakeholders from the perceptual associations, symbolic meaning, relationships, and social impact of a product, service, idea, place, organization, person, or community, and/or the brand's financial assets and liabilities” (Appiadu et al. 2023).

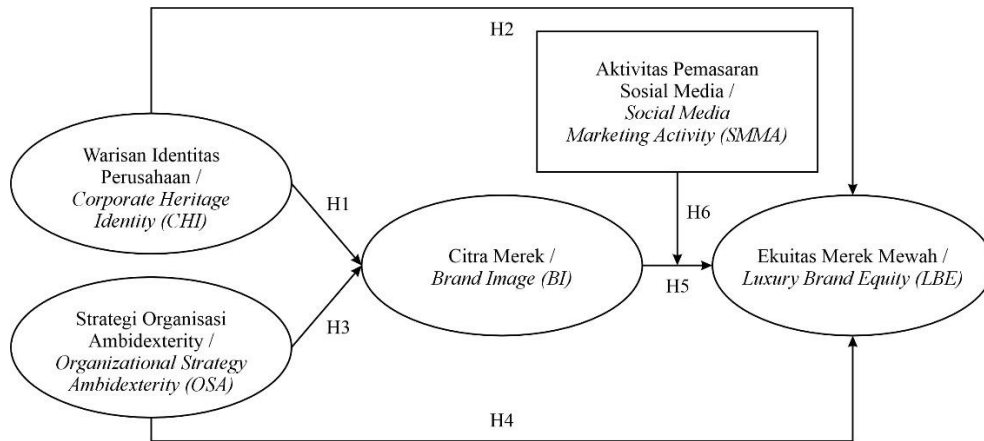


Figure 1. Conceptual Framework

This framework is a model that explains and determines the research hypothesis; Figure 1 shows that there are 2 independent variables, namely Corporate Heritage Identity (CHI) and Organizational Strategy Ambidexterity (OSA). Luxury Brand Equity (LBE) is the dependent variable of this study, with the mediating variable Brand Image (BI) and the moderating variable Social Media Marketing Activity (SMMA).

Based on the framework depicted in Figure 2.1, the following hypotheses are formed:

- H1: Corporate heritage identity has an influence on brand image.
- H2: Corporate heritage identity has a direct influence on luxury brand equity.
- H3: Organizational strategy ambidexterity has an influence on brand image.
- H4: Organizational strategy ambidexterity has a direct influence on luxury brand equity.
- H5: Brand image has an influence on luxury brand equity.
- H6: Social media marketing activity have an influence on the relationship between brand image and luxury brand equity.

MATERIALS AND METHODS

This study is an empirical investigation with a qualitative method that use primary data. The SPSS 27 tool was used to examine the data acquired from respondents using multiple linear regression analysis. This study's sample size was 30 people. The research respondents are detailed in the table below:

Table 1. Respondents Demographic Profile of the Sample

Item	Freq.	%
Gender		
Male	13	43.33%
Female	17	56.67%
Year of Birth (Gen.)		
1946-1964 (Baby Boomers)	1	0.03%
1965-1980 (Gen X)	11	36.67%
1981-1996 (Gen Y)	9	0.30%
1997-2015 (Gen Z)	9	0.30%
Education Level		
Doctoral Degree	2	0.07%
Master's Degree	7	0.23%
Bachelor's Degree	19	0.63%
High School Diploma	2	0.06%
Field of Occupation		

Agriculture, Food & Natural Resources	-	0.00%
Art, Communications & Information Systems	9	0.30%
Business, Management & Administration	14	0.47%
Engineering, Manufacturing & Technology	-	0.00%
Health Science Technology	-	0.00%
Human Services	-	0.00%
Other	7	0.23%
Levels of Occupation		
Top	8	0.27%
Middle	6	0.20%
Low	8	0.27%
Other	8	0.27%
Monthly Income		
< US\$ 20,000	3	0.10%
US\$ 10,000 – 20,000	3	0.10%
US\$ 5,000 – 10,000	4	0.13%
US\$ 2,500 – 5,000	1	0.03%
US\$ 1,000 – 2,500	3	0.10%
US\$ 500 – 1,000	4	0.13%
< US\$ 500	12	0.40%

For the survey, an online structured questionnaire was created. Google forms was used to host the online survey. The questionnaire's included metrics for measuring demographic variables (Table 1), corporate heritage identity, organizational strategy ambidexterity, brand image, social media marketing activity, and luxury brand equity (Table 2).

Table 2. Measurement Model

Measure	Definition	Measure Items
Corporate Heritage Identity (Balmer, 2011)	Corporate heritage identities possess enduring institutional traits that encompass elements from the past, present, and prospective future.	CHI1 = Visual Identity CHI2 = Tradition CHI3 = Customs CHI4 = Nostalgia CHI5 = Melancholia CHI6 = Iconic Branding CHI7 = Retro Branding
Organizational Strategy Ambidexterity (Sinha, 2019)	Organizational ambidex-terity refers to a firm's capacity to simultaneous-ly engage in exploration and exploitation.	OSA1 = New products, resources, knowledge, and opportunities OSA2 = Current products, resources, knowledge, competencies, and processes
Brand Image Haryadi & (Syahrudin, 2023)	Brand image refers to a consumer's overall view of a brand, and it has been identified as a distinct mental image of a brand that encapsulates its distinctiveness in comparison to other existing brands.	BI1 = Uniqueness of the brand BI2 = Ease of the brand to be heard and spoken BI3 = Strength of the value of the product
Social Media Marketing Activities (Alsoud et al., 2023)	Social Media Marketing Activities refer to the different strategies and tactics that companies use to interact with and engage their target audience through various social networking sites.	SMMA1 = Interaction SMMA2 = Trendiness SMMA3 = e-WOM SMMA4 = Customization
Luxury Brand Equity (Appiadu et al., 2023)	Brand equity refers to the level of consumer preference for a specific brand in comparison to its competitors.	LBE1 = Brand Recognition LBE2 = Brand Association LBE3 = Perceived Quality LBE4 = Brand Loyalty

The preliminary examination revealed that the data and sample were suitable for factor analysis using Kaiser-Meyer-Olkin test. The variables' Cronbach alpha coefficients, including corporate heritage identity (=.499), organizational strategy ambidexterity (=.917), brand image (=0.256), social media marketing activity (=0.420), and luxury brand equity (=0.852), varied from .256 to .917. This implies that the internal consistency of the constructs varies from low to very good.

Table 3. Measurement Reliabilities, Validity, and Correlations

	CHI	OSA	BI	SMMA	LBE
Items	CHI1 CHI2 CHI3 CHI4 CHI5 CHI6 CHI7	OSA1 OSA2	BI1 BI2 BI3	SMMA1 SMMA2 SMMA3 SMMA4	LBE1 LBE2 LBE3 LBE4
KMO	.582	.500	.456	.493	.778
α	.499	.917	.256	.420	.852
CHI	1	.004	.040	.287	.271
OSA		1	.564	.450	.454
BI			1	.322	.479
SMMA				1	.409
LBE					1

RESULTS AND DISCUSSIONS

According to the research, firms should focus on corporate heritage identity and organizational strategy ambidexterity, raise the caliber of their brand image, and increase their social media marketing activity in order to increase luxury brand equity. Since this would most certainly improve the companies' reputation and recognition, both of which are essential for creating a strong brand equity. The model may be investigated in further detail in many scenarios. Cross-national research is also encouraged to assess how well the model holds up across various cultural or geographic contexts. This would enhance the model's capacity to generalize across cultural boundaries. Although the sample size was sufficient for the analysis, a bigger sample size could lead to different findings in the current study.

CONCLUSIONS

Following is a conclusion that can be drawn from the research findings on the impact of corporate heritage identity, organizational strategy ambidexterity, brand image, and social media marketing activity on luxury brand equity:

1. Corporate heritage identity has a positive influence on luxury brand equity.
2. Organizational strategy ambidexterity has a positive on brand image.
3. Organizational strategy ambidexterity has a positive influence on luxury brand equity.
4. Brand image has a positive influence on luxury brand equity.
5. Social media marketing activity has a positive influence on the relationship between brand image and luxury brand equity.

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