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## Determining Post-Merger Branding Strategy for Airport Companies in Indonesia (Case Study: PT Angkasa Pura Indonesia)

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**Abstract:** The consolidation of companies in the aviation industry, such as PT Angkasa Pura Indonesia, is a strategic step to enhance operational efficiency, expand market share, and strengthen competitiveness. The integration of brand identity post-merger can create a strong image, increase customer loyalty, and ensure the continuity of the company's value. Adapting the new brand identity, improving services, and creating added value for customers are key to successful post-merger rebranding, which can elevate the company's reputation, customer loyalty, and competitive position in the market. This research provides valuable insights for company management in addressing branding dynamics in the era of global competition.

**Keyword:** Merger, Branding Strategy, Transformation

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### INTRODUCTION

The consolidation of companies in the aviation industry, particularly in the airport sector, is a strategic step that can significantly impact a company's position and brand image. In Indonesia, PT Angkasa Pura Indonesia, as the main airport operator, has undergone a merger process aimed at enhancing operational efficiency, expanding market share, and strengthening competitiveness amidst increasing competition. In this context, determining a post-merger branding strategy is crucial to ensuring that the company's identity and values are maintained while creating synergy between the merged entities.

Effective branding not only serves to differentiate a company from its competitors but also to build an emotional connection with customers. According to Kotler and Keller (2016), strong branding can increase customer loyalty and provide added value for the company. Therefore, after the merger, PT Angkasa Pura Indonesia needs to formulate an appropriate branding strategy to communicate changes to the public and ensure that customers feel comfortable with the company's new identity.

Fundamentally, airports play a critical role in the global transportation ecosystem as air connectivity hubs that support human mobility, trade, and economic growth. Globally, the airport industry not only functions as a provider of transportation services but has also evolved

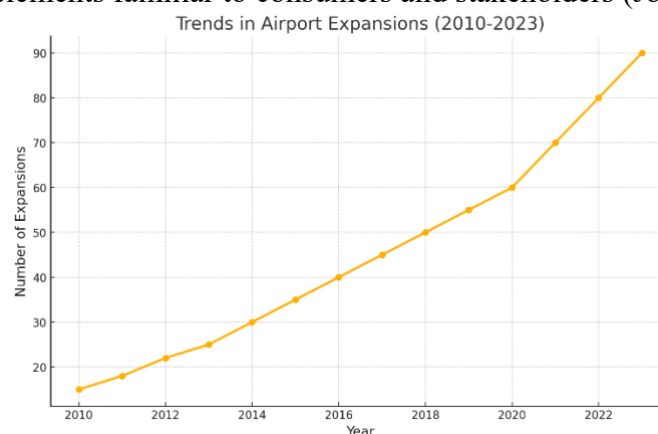
into a multinational business encompassing infrastructure management, technology development, and revenue diversification through retail, property, and digital services sectors (ACI, 2021). With increasing demand for air travel, airports worldwide continue to compete to enhance capacity, operational efficiency, and customer experience. This trend also drives international collaboration, massive infrastructure investments, and the adoption of advanced technologies such as biometrics and service automation.

According to Gudmundsson et al. (2020), airport mergers can lead to cost savings through the collective management of assets and resources, although the impact on user fees (aeronautical charges) is not always significant due to strict regulations governing tariffs. This aligns with the views of Chi-Lok and Zhang (2009), who indicate that airport mergers can enhance productivity by expanding flight networks and accessibility, as evidenced by the successful airport mergers in China that supported international services through the primary Shanghai Hongqiao Airport.

Additionally, merger and acquisition theory suggests that the success of post-merger integration is heavily influenced by the company's ability to manage organizational culture changes and stakeholder communication (Cartwright & Schoenberg, 2006). In this regard, public relations (PR) strategies play a crucial role in building a positive corporate image in the public eye. Grunig and Hunt (1984) emphasize that effective communication can help companies manage public perception, especially following major changes such as a merger.

In Indonesia, a notable example is the merger of PT Angkasa Pura I (AP 1) into PT Angkasa Pura Indonesia/API (formerly known as PT Angkasa Pura II/AP 2). This move was taken to meet the needs for modernization and increased capacity of national airports, as well as to handle the rising number of passengers and cargo, necessitating the provision of more efficient and technologically advanced airport services. With the number of air passengers increasing year by year, appropriate rebranding post-merger becomes crucial to ensure that AP can maintain its market leadership domestically while also being prepared to face global challenges.

The merger process is reported to have been driven by several factors, including pressure to improve operational efficiency, reduce costs, and strengthen competitive positioning in regional and global markets. This step aligns with global trends, where mergers in the aviation and infrastructure industries aim to leverage economies of scale and consolidate resources to address the complex challenges in the sector (Mustika et al., 2019; Gillett et al., 2020). While such mergers promise benefits like efficiency and market expansion, they also present challenges, particularly in integrating the identities of two distinct companies into a single strong brand. According to a study by Kapferer (2012), one of the greatest risks in the merger process is the loss of brand identity, especially if the branding strategy is not well-planned. The consolidation of two major companies like AP 1 into API (formerly AP 2) demands effective rebranding to build a new image that can represent the vision and mission of the merged entity while retaining key elements familiar to consumers and stakeholders (Jones, 2020).



### Figure 1. Trends in Airport Expansions

Fundamentally, airports play a critical role in the global transportation ecosystem as air connectivity hubs that support human mobility, trade, and economic growth. Globally, the airport industry not only functions as a provider of transportation services but has also evolved into a multinational business encompassing infrastructure management, technology development, and revenue diversification through retail, property, and digital services sectors (ACI, 2021). With increasing demand for air travel, airports worldwide continue to compete to enhance capacity, operational efficiency, and customer experience. This trend also drives international collaboration, massive infrastructure investments, and the adoption of advanced technologies such as biometrics and service automation.

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The implementation of effective branding strategies post-merger can significantly influence the performance of the newly formed company. Various studies indicate that there are several strategic approaches that have proven successful in the post-merger branding process. One commonly adopted strategy is to strengthen brand positioning through the integration of values and customer experiences. According to Khosrowpour (2021), companies that prioritize customer experience in post-merger branding, such as Delta Air Lines, are able to substantially increase customer satisfaction and revenue. Delta recorded a revenue increase of up to 50% in the five years following its merger with Northwest Airlines, thanks to improved

customer service and brand consistency. This demonstrates that brand strengthening and a focus on service quality can lead to substantial growth.

The application of strategies that focus on aligning old and new brands, as well as innovating services, will be highly relevant for API post-merger. According to Matzler et al. (2020), adapting branding strategies that incorporate key elements from both companies while creating new value for customers will help build a solid brand identity and maintain customer loyalty. A branding approach that combines elements of extending, adapting, and creating can be an appropriate strategy. Gillett et al. (2020) explain that this strategy allows companies to extend successful elements from before the merger, adapt to new needs and expectations, and create innovative experiences that add value for consumers. Ultimately, the success of rebranding relies not only on visual aspects like logos or new names but also on how well a company can rebuild consumer trust and create superior user experiences.

After a company undergoes a merger, implementing effective branding theory becomes crucial to ensure successful integration and enhanced brand value. According to Kapferer's Brand Identity Planning Model (2012), the first step is to define and align the new brand identity. This includes merging key elements from both brands to create a coherent image and avoid confusion among consumers. Research by Balmer (2011) shows that clarity in post-merger brand communication can enhance consumer trust and reduce the risk of losing customers.

Given this background, this research aims to explore and analyze branding strategies that PT Angkasa Pura Indonesia can apply post-merger. The study is expected to provide valuable insights for company management in formulating necessary strategic steps to strengthen brand identity and enhance customer trust in an era of global competition. Through a qualitative approach with a case study on PT Angkasa Pura Indonesia, it is hoped that the results will significantly contribute to understanding branding dynamics in the context of corporate mergers in the airport sector.

## **METHOD**

### **Research Approach**

This study employs a qualitative approach using the SWOT method. This approach was chosen to gain an in-depth understanding of the phenomena occurring post-merger at PT Angkasa Pura Indonesia, particularly concerning the influence of brand identity integration, communication strategies, and customer loyalty.

### **Research Location and Subjects**

**Research Location:** This research is conducted at PT Angkasa Pura Indonesia, focusing on several airports managed by the company. **Research Subjects:**

1. Management and staff at PT Angkasa Pura Indonesia involved in branding and communication processes.
2. Customers using airport services after the merger.

### **Data Collection Techniques**

Data will be collected through the following techniques:

#### **In-Depth Interviews**

Semi-structured interviews will be conducted with marketing managers, the communication team, and other employees involved in branding and customer service. These interviews aim to gather their perspectives on brand identity integration and post-merger communication strategies.

#### **Focus Group Discussion (FGD)**

Focus group discussions will be held with customers to explore their perceptions of the brand and services of PT Angkasa Pura Indonesia after the merger. This FGD will help understand how customers feel about the changes that have occurred.

### **Observation**

Direct observation of interactions between staff and customers at the airport will be conducted to understand customer experiences in real-time. This will also include observing the communication materials used by the company.

### **Documentation**

Collection of related documents such as internal reports, promotional materials, and customer satisfaction survey results before and after the merger to support data analysis.

### **Data Analysis**

The technique applied in this study is SWOT analysis with a qualitative approach, which includes the elements of Strengths, Weaknesses, Opportunities, and Threats. The purpose of SWOT analysis is to maximize strengths and opportunities while addressing weaknesses and threats. According to Sugiyono (2019), SWOT analysis is a method for systematically identifying strategic factors to formulate strategies. Strategies serve as tools to achieve the company's goals related to long-term plans, follow-up programs, and priorities in resource allocation. In other words, a strategy is a comprehensive master plan that outlines how to achieve all previously set objectives.

### **Validity and Reliability**

To test the validity of the data, the researcher employs triangulation techniques. Triangulation is a data collection method that combines various techniques and existing data sources. The author does this to test the credibility of the obtained data. Triangulation testing is a technique used to verify data validity by utilizing other sources as tools for checking or comparing existing data. The goal of triangulation is not to find the truth but to enhance the researcher's understanding of the data and facts that have been collected. Thus, triangulation serves as a method for verifying data validity by using sources beyond the data itself for verification or as a comparison.

To test the validity of the obtained data, the researcher will use source triangulation and method triangulation. Source triangulation involves obtaining data from different sources using the same technique. Method triangulation refers to when researchers use different data collection techniques to gather data from the same source. Method triangulation includes the use of various qualitative models; if the conclusions from each method are consistent, then truth is established. Triangulation with other sources involves comparing and cross-checking the degree or credibility of information obtained through different times and tools in qualitative Research

## **RESULTS AND DISCUSSION**

Results and Discussion of SWOT Analysis for Post-Merger Branding Strategy of Airport Companies in Indonesia

### **SWOT Analysis Results**

Based on the conducted SWOT analysis, here is a summary of the results obtained:

#### **Strengths:**

1. Operational synergies that enhance efficiency.
2. A broader and more diverse service portfolio.



3. Access to greater capital for investment.

**Weaknesses:**

1. Employee concerns regarding job security.
2. Challenges in building a new brand from two existing brands.
3. The risk of customer dissatisfaction due to changes in services

**Opportunities:**

1. Increased brand awareness through positive buzz.
2. Collaboration with strategic partners to expand offerings.
3. Sustainable initiatives that appeal to environmentally conscious consumers.

**Threats:**

1. Market demand fluctuations due to economic uncertainty.
2. Government regulations that may impact operations.
3. Negative public perception if the merger is not managed well.

**Discussion**

The SWOT analysis provides important insights for formulating postmerger branding strategies for airport companies in Indonesia. Below is an in-depth discussion of each element and its implications for branding strategies:

**Strengths**

Identified strengths, such as operational synergies and a broader service portfolio, provide a strong foundation for building a new brand. These synergies not only reduce costs but also enhance service quality, which is a key factor in the aviation industry. By leveraging combined resources, the company can offer a better customer experience, such as lounge facilities and attractive loyalty programs.

**Weaknesses**

Weaknesses such as employee concerns and the risk of customer dissatisfaction must be taken seriously. Open and transparent communication will be crucial in addressing these concerns. The company should take a proactive approach by involving employees in the integration process and providing training to ensure they feel valued and secure in their jobs. Additionally, it is important to maintain service quality during the transition to keep customers loyal.

**Opportunities**

Opportunities to enhance brand awareness and engage in strategic collaborations are very promising. Through creative marketing campaigns, the company can capitalize on the positive buzz from the merger to attract media and consumer attention. Collaborating with other airlines or transportation service providers can expand market reach and improve the overall customer experience. Sustainability initiatives can also serve as a unique selling point that differentiates the brand in an increasingly environmentally conscious market.

**Threats**

Threats from market demand fluctuations and government regulations must be actively monitored. The company needs to have adaptive strategies to respond to changing market conditions and government policies. Furthermore, it is essential to build a positive image in the eyes of the public through effective communication and crisis management so that negative perceptions do not undermine the reputation of the new brand.

The results of the SWOT analysis indicate that the merger of airport companies in Indonesia has great potential to create a strong and competitive brand in the market. By leveraging strengths and opportunities while addressing weaknesses and threats, the company

can formulate branding strategies that are not only effective but also sustainable in the long term. Good communication, a focus on customer experience, and sustainability initiatives will be key to the success of this post-merger branding strategy.

## CONCLUSION

To maximize the success of the post-merger branding strategy, we recommend the following: Continuously Improve Customer Service: Prioritize positive customer experiences by enhancing the quality of services and facilities at the airport. Integrate Digital Technology: Leverage digital technology to enhance interactions with customers and expand communication networks. Conduct Regular Evaluations: Perform regular evaluations of the branding strategy to assess its effectiveness and make adjustments as needed. By doing so, PT Angkasa Pura Indonesia can strengthen its position in the aviation industry and enhance overall customer satisfaction and loyalty.

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