Co-branding of compass shoes on social networks

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Received: 20-04-2021, Revision: 26-04-2021, Acceptance: 07-06-2021, Published online: 01-07-2021

Abstract Today's competition requires each product to develop a co-branding strategy in reaching the market, especially in the digital era where social networking is a space to build brand identities. So this research was conducted to find out how to co-brand Compass Shoes on social networks. To find out how much influence the co-branding variable has on social networks, seen from the dimensions of social networks by measuring social networks—using a quantitative-explanatory methodology, a data collection using a random questionnaire with a total of 398 respondents who meet the characteristics of the sample. The results of this study have a hypothesis where the exogenous variable, namely co-branding, has a significant effect on the endogenous variable, namely social networking. Creating co-branding, of course, must have a strong strategy in innovation and be able to understand consumer desires by providing collaboration space to build a shared identity.

Keywords: marketing communication; branding; co-branding concept; social networking

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INTRODUCTION

Sneakers are quite popular, and sneakers are one of the most popular shoes as objects with the cultural value among young people today (Denny, 2020; Sahrub, 2020). In Indonesia, the sneakers trend has existed for a long time, but the innovations made by shoe manufacturers have made fans of this type of shoe increase and develop rapidly with various contemporary designs (Ali, 2017; Dharmawan, 2017; Indrabrata & Balqiah, 2020; Rohman & Indaryadi, 2020). According to Andrey Noelfry Tarigan, the Event Director of BCA Jakarta Sneaker Day (JDS) 2018, sneakers users are also increasing in Indonesia. It is undeniable that there is a change in taste in footwear which are increasingly increasing enthusiasts of sneakers, namely increasing numbers. 50% to 70% in 2016-2017. With the increasing number of sneakers enthusiasts, consumers will remember that products they know are of good quality based on the brand. The value of a brand can be channelled through products offered to consumers, making consumers more likely to choose that brand and cause the desire to make repeat purchases (Adriansyah, 2019). In the more rapidly emerging local sneaker brands, this industry can help improve the country’s economy, provide employment, and play a role in the distribution of development results (Johansyah et al., 2013).

One of the shoe industries that is growing is a local brand from Bandung. The Bandung area has been known for generations to make handicrafts, such as shoes and bags. The Compass shoe brand has been around since 1998, and today, Compass is booming again on the Internet. These simple shoes with old school models are eye-catching, especially for young people in Indonesia who want to have casual shoes suitable for all occasions. Compass Shoes always feature the latest designs in limited quantities to attract consumers' attention. This tactic makes Compass Shoes attractive to curious consumers. Today, the brand has earned the nickname 'see-through shoes', which is so popular and in demand by a broad audience that it is hard to get hold of. With the development of the product, to attract consumers' attention and competition, Kompas shoes must develop a development strategy. One way is to implement a co-branding strategy (Askegaard & Bengtsson, 2005; This strategy is needed in a company because co-branding has an important role that is beneficial for the company in increasing revenue, expanding market share, and increasing brand awareness. Apart from increasing consumer awareness, co-branding can also increase power due to synergies and joint advertising. Furthermore, product quality is also perceived as more favourable because product evaluation can be better (Bernd Helmig et al., 2008; Leuthesser et al., 2003).

Combining two well-known brands can be a signal for consumers to represent the image of the product being offered (Washburn et al., 2000). Previous research found that to identify the realistic trade-offs that young consumers make when evaluating luxury co-brand
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combinations based on signal theory (Yu et al., 2020). Furthermore, the historical relationship of the prospective brand is another important thing to consider (Nasution et al., 2020), where the success of communication reach is embedded through a motivational touch, which is given to the final consumers creating a sense of integrity (Raja, 2020).

The image formed in co-branding is based on the experience of consumers with participating brands. Therefore, co-Branding can also increase consumer acceptance of the product because they have to choose collaborations in accordance with the brand image and target market by collaborating with quality concepts, differentiating factors, and paying attention to increasing brand awareness (Chun & Niehm, 2012). In addition to increasing brand equity, in co-branded products, co-brand success occurs when two brands add value to the collaboration (Askegaard & Bengtsson, 2005; Leuthesser et al., 2003).

At the beginning of 2019, Compass Shoes did co-branding activities with @bryantbrian, which produced Compass Bravo 001 with military-style, with the extra buckle in army green (Cahya, 2019). In the same year, Compass did the second co-branding with @elderscompany by bringing up some popular ideas in the era of 40-60 (Kurniawan, 2019). In the third co-branding in 2019, Compass collaborated with @darahkubiru (Astuti & Sumiyati, 2019). In 2020, Compass did co-branding with the Kelompok Penerbang Roket (KPR) by releasing two shoes, the first of which was designed by @reybaker, one of the most influential personnel in Compass shoe development (Saldyni, 2020). The second co-branding shoes of 2021 were designed by @viki_vikrana, and the third one was designed by @jp.patton. Finally, the fourth co-branding in 2020, Compass worked with @bryanbrian again by releasing the Bravoo 002 design called "Servare Vitas."

The many collaborations carried out by Compass in 2019 greatly support the progress of Compass Shoes. One of the collaborations were with PMP and Old Blue Co. The two brands created a new and unique product (Washburn et al., 2000). Old Blue Co. is one of the streetwear brands selected among the five brands chosen by Indonesia to participate in the Long Beach California Show Agenda event, held in the United States from 28 to 29 June 2018 (Hasibuan, 2018). The co-branding strategy that Compass carried out on 14 December 2019 was for the 98 Vintage Compass Shoes with @darahkubiru in collaboration with Old Blue Co. The shoes have two designs made by @potmeetpop and @oldblueco. The collaboration was done to show appreciation for the largest denim community in Indonesia. However, in 2021, competition for Compass Shoes is growing rapidly. Still, on the Google Trending site shown in Figure 1, many people searched for Compass Shoes products on Google.
The considerable potential of sneakers in Indonesia encourages shoe manufacturers to issue new editions. As a result, competition between local brands is getting higher. They are competing to implement strategies to keep consumers in demand. Brands that are already successful and well-known can help create differentiation through brand associations that are already popular among consumers (Till et al., 2011). The brand association has a certain level of strength and will get stronger with increasing consumption experience or exposure to certain brands (Tjiptono, 2005).

Apart from brands, there are social networks that can influence online trust. Thus, organisations need to develop social networks by bringing together key stakeholders (such as customers, managers, and employees) in rebuilding identities and generating new brands (Abratt & Motlana, 2002; Foroudi et al., 2020). For example, based on the communication tools used by Compass, they use social networks as part of a review that impacts companies and their decision making for brand selection in co-branding (Shen et al., 2014, p.; Zuhdi et al., 2020). Kompas did this by choosing the brand @darahkubiru as the third collaboration, where @darahkubiru has an extensive social network holding certain events with the denim community in Indonesia, including young people in the community (Sasmita & Mohd Suki, 2015).

It can be seen in Figure 2 that from December 2019 to March 2021, users of the local Compass Shoes brand are located in various regions in Indonesia. This data covers the top 10 regions that did the most search on Compass products. Interestingly, this product is starting to spread to remote parts of eastern Indonesia. This data
shows that it is evident that the co-branding strategy carried out by Compass has succeeded in attracting consumers to buy its products (Abratt & Kley, 2012; Besharat & Langan, 2014). In fact, the value of collaborative products can increase from participating brands in co-branding where the value of new products using a co-branding strategy can increase due to the transfer of brand equity such as brand awareness, brand image and brand association of participating brands in co-branding (Leonita, 2012; Sasmita & Mohd Suki, 2015).

Figure 2. Data of users or buyers of Compass Shoes per city

The co-branding strategy is one of the strategies to create or increase brand equity. Co-branding is a combination of two brands to create new and unique products (Ramdhani, 2018). Therefore, selecting a brand partner in a co-branding brand alliance needs to be considered carefully and thoroughly because it involves the good image that this product will receive and the good reputation for consumers. In addition to increasing consumer awareness, co-branding can also increase strength because of synergy and advertising (Leuthesser, 2003).

A social network or website is a front gate for consumers and other stakeholders. Online social platforms, such as Facebook, Instagram and Twitter, are social networks to achieve the primary goal of forming social relationships (B Helmig et al., 2008; Sujadmi & Febriani, 2019). Websites are seen as interactive social processes in stakeholder networks (Foroudi et al., 2020). Online sites become social networking tools to interact with each other as a marketing tool to attract all groups and other stakeholders (Foroudi et al., 2020).

The researchers chose Compass Shoes as the research object because the researchers saw the tighter competition in the sales of Indonesian local brand shoes, shown in Figure 1. In addition, this co-branding is expected to influence social networks in local brands, especially Compass Shoes (Bernd Helmig et al., 2008). Previous
research (Foroudi et al., 2020) found that a company or brand website is considered important as a tool to gain competitive advantage, improve communication strategies, contribute to improving customer relationships, activate innovation, corporate project identity from the company, facilitate reputation, report, increase loyalty and enable satisfaction (Macinnis, 2010; MR, 2000; Sasmita & Mohd Suki, 2015).

Based on the research foundation regarding the variable (X) Co-Branding, according to Tri (2008), there are 4 (four) strengths of co-branding. From these four strengths, researchers chose two, namely Value Endorsement and Complementary Competence. Furthermore, according to Senechal et al. (2014), there are 5 (five) dimensions of co-branding. From these five dimensions, the researcher chose two, namely Reputation, Trust, and Product Fit. Finally, according to Kasali (2005), three factors influence co-branding. Out of these three, the researcher chose two, namely the Partner Factors and Experience with Products.

**Figure 3. Research Framework**

<table>
<thead>
<tr>
<th>X: Co-Branding</th>
<th>Y: Social Network</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endorsement Value</td>
<td>Atmosphere of exposure</td>
</tr>
<tr>
<td>Reputation</td>
<td>Related to customers</td>
</tr>
<tr>
<td>Complementary Competence</td>
<td>Identity</td>
</tr>
<tr>
<td>Product Fit</td>
<td>Emotional mood</td>
</tr>
<tr>
<td>Trust</td>
<td>Identity Level</td>
</tr>
<tr>
<td>Partner Factor</td>
<td>Predisposition</td>
</tr>
<tr>
<td>Experience with product</td>
<td>Cognitive Scheme</td>
</tr>
</tbody>
</table>

Source: Co-Branding (Kasali, 2005; Senechal et al., 2014; Tri, 2008), Social Network (Andarwati & Sankarto, 2005; Isha & Anuradha, 2013; Utomo, 2013)

In the Social Networking Variable (Y), there were several theories used by researchers. The first is Andarwati & Sankarto (2005). Besides, according to Akmawanti (2016), there are eight
motive indicators for using social networks. However, researchers only choose one, that is identity. Finally, according to Isha & Anuradha (2013), there are four uses for social networks. Out of the four, the researcher chose one that is related to customers. Therefore, the researcher chooses several variables from co-branding theory and social networks because the researcher considers these variables the most related theory to the title determined by the researcher. Therefore, it can be concluded that Co-Branding is carried out to increase the value of product brand equity by combining the equity of each collaborating brand to increase brand awareness of local brands (Leonita, 2012) (Figure 3).

**METHODOLOGY**

This research was conducted quantitatively with an explanatory type to test the proposed hypothesis and explain the effect of co-branding on exogenous/independent variables. The population in this study were the followers of the Instagram account of Compass Shoes, @pakaicompass. The number of followers was 97000 as of 1 September 2020, with a consumer age ranging from 18 to 45 years. The rounded minimum sample size of the 97000 population at a 5% margin of error was 398. Samples were taken based on nonprobability sampling techniques and accidental sampling, according to Martin & Bridgmon (2012). The data was taken by means of distribution through a questionnaire via Google Form, and the data obtained was separated by variables. The validity test of the variables used in the study was formed based on several indicators, where the value obtained from each indicator must be > 0.5. Variables and dimensions can be said to be reliable if they have the desired AVE and CR values. The test was carried out according to the Structural Equation Model or SEM technique. This technique brings together aspects of multiple regression to test the dependent relationship and factor analysis, which presents the concept of unmeasured factors with multi variables. This analysis was used to estimate a series of dependent relationships and factor analysis to estimate dependent relationships that influence each other simultaneously (Hair, 2010).

**RESULTS AND DISCUSSION**

The research collected as many as 398 initial respondents. After data screening, 398 respondents were found to have fulfilled the research needs.

Based on Figure 4, we found that the number of respondents aged <25 years old in 2020 was 82% or the equivalent of 326 respondents. All of them know and buy Compass Shoes. This number is dominated by teenagers who believe that social media is an interesting new way to engage and communicate (Yonker et al., 2015). Figure 4 also provide information that the number of respondents who share the latest edition of the Compass on Instagram was 67% or the equivalent
of 267 respondents. All of them know and buy Compass Shoes. The respondents who participate a lot are those who shared the latest compass editions on Instagram. Instagram is a Social Networking Site which is increasingly popular and is the medium of choice for prospective business owners (Latiff & Safiee, 2015).

Based on these data, respondents who participated in buying Compass Shoes because it supported their appearance were as many as 26%. Social media sites, especially the @pakaicompas and @temancompass accounts, play an essential role in developing business (Latiff & Safiee, 2015; Soegoto & Utomo, 2019).

**Figure 4.** Profile of Respondents by Age, Collection, the Reason for Buying, Share and Community Group

Source: Primary Data Processing Results (2020).

**Co-Branding (X)**

Figure 5 presents the compilation of respondents' answers to the dimensions that exist in the Co-Branding variable. There are seven dimensions of the Co-Branding variable: Value Endorsement, Complementary Competence, Reputation, Product Fit, Trust, Partner Factors, and Experience with Products.
Figure 5. Graph of Respondents' Answers Frequency in the Mean category on the Co-Branding Interval score

Social Network (Y)

Figure 6 exhibits the compilation of respondents' answers to the dimensions that exist in the Social Network variable. There are seven dimensions to the Social Network variable: atmosphere of exposure, customers, identity, identity levels, emotional mood, predisposition, and cognitive schemas.

Figure 6. Graph of the Frequency of Respondents' Answers in the Mean Category of the Social Network Interval Score

Figure 6 shows that the results of the respondents' research on the dimensions of atmospheric exposure \((Y_1)\) were 5.4 with the 'satisfied' category. In the dimension of dealing with customers \((Y_2)\) of 5.1 with the category 'quite satisfied.' On the identity dimension \((Y_3)\) 5.31 with the category of 'satisfied.' In the dimension of identity level \((Y_4)\) of 5.58 with the category of 'satisfied.' In the emotional atmosphere dimension \((Y_5)\) is 5.0, with the category of 'quite satisfied.' Furthermore, the predisposing dimension \((Y_6)\) is 5.55 with the category of 'satisfied.' Finally, the cognitive schema dimension \((Y_7)\) is 5.17 with the category of 'quite satisfied.'
**Structural Model Fit Test**

The results of data processing on the structural model to obtain an estimate of the value of goodness of Fit are shown in table 1. Based on Table 1, it can be seen that there are 2 of the 6 criteria for the goodness of Fit which indicate a suitable and acceptable value, namely the provisions of the Normed Chi-Square (/DF) value <5 in this test which is 4.014 which means acceptable and the PNFI value 0 ≤ NFI ≤ 1 in this test is 0.000 which means acceptable. The suitability test in this study shows that unacceptability is more dominant than acceptable, but this research is continued to the next stage, because in the suitability test, the results obtained are not all acceptable, but there are still tests that produce acceptable values.

<table>
<thead>
<tr>
<th>Table 1. The goodness of Fit Suitability Test Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fit Indices</td>
</tr>
<tr>
<td><strong>1</strong></td>
</tr>
<tr>
<td>Absolute Fit Indices</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>GFI</td>
</tr>
<tr>
<td>RMSEA</td>
</tr>
<tr>
<td>SRMR</td>
</tr>
<tr>
<td>Normed Chi-Square (χ²/DF)</td>
</tr>
<tr>
<td>Incremental Fit Indices</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>TLI</td>
</tr>
<tr>
<td>CFI</td>
</tr>
<tr>
<td>RNI</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>6</td>
</tr>
</tbody>
</table>

Source: Primary Data Processing Results, 2020

**Hypothesis testing**

Hypothesis testing analysis was performed using AMOS version 23 software. This hypothesis testing can be performed after the structural model has been proven to be fit or acceptable. The purpose of this hypothetical test is to analyse the effect of Compass Shoes Co-Branding on Social Networks. The following are the results of hypothesis testing:
Table 2. Hypothesis Test Results

<table>
<thead>
<tr>
<th>No.</th>
<th>Hypothesis</th>
<th>Std.Coeff</th>
<th>P-value p &lt; 0.05 (Hair, 2010)</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>HI</td>
<td>The Co-Branding variable has a significant positive effect on Social Networks</td>
<td>0.929</td>
<td>0.000</td>
<td>The data support hypothesis 1</td>
</tr>
</tbody>
</table>

Source: Primary Data Processing Results, 2020

Based on table 2, it can be concluded that the hypothesis in this study has a standardised coefficient, which is positive with a value of 0.929. It can be seen from the results of the estimate listed in the results of data processing using AMOS version 23 software with the structural AMOS calculation model with SEM calculation techniques, namely with the result of 0.929 on the Co-Branding (CB) variable against the Social Network (SN) variable. This also indicates that the Co-branding variable (X) affects the social network variable (Y) being tested. The p-value in this hypothesis is 0.000, indicating a significant relationship because the value is less than 0.05.

Discussion and Theoretical Implications

Based on the data analysis, it was found that Compass Shoes is segmented for young people under 25 years of age. Their segment is dominated by men whose job is predominantly students. According to the field data, social media has a vital role in the lives of young people who are looking for ways to connect, share, and create a community in an authentic way (McGregor & Li, 2019). The role of social networks is very dominant. We found that information related to products is always shared on Instagram by 67.1%. Instagram is a social media that Indonesians widely use. Currently, Indonesians are in the 4th position of Instagram users worldwide, with 56 million users or 20.97% of the total population in Indonesia (Cuponation, 2019). Using social media is part of the promotion that companies use to attract consumers by managing digital customer relationships in the social media community (C.W.Ho & Wang, 2015). Social media content is also not only direct products, but some things are conveyed related to collaboration with other products, such as endorsement advertisements with famous figures and data to attract consumers to keep them up to date with social media information related to new products (Chung & Cho, 2017).
The displayed products certainly attract consumers to be able to have these products as quickly as possible. Another attraction is the limited edition shoe sales system and collaboration with other brands, a compelling added value for marketing when used in industrial markets (Bengtsson & Servais, 2005; Gupta et al., 2015). The Co-Creating Strategy is one part of how these products can enter the minds of consumers to become valuable goods (Zhang et al., 2015). According to field data, the Compass collection is also increasing, showing that the main reason customers buy these Compass Shoes is that it can support their appearance 26.1%. One of the collections is the vintage edition, which is the most popular because it depicts the popular vintage volcanic shoes in a modern aesthetic design.

The success of collaborating with the community cannot be separated from the products because each collaboration has its own advantages, tailored to the theme of the collaboration. The community becomes a means of how this collaboration can be carried out, that someone is involved in online communities on social networking platforms both with other people and with brands (Dessart et al., 2015). Looking at respondent data that @temankompass and @pakaikompass in Figure 4 have a place among today's teenagers by always following the latest information related to Compass products, communities established on social media positively affect value creation practices (Laroche et al., 2012). This is one of the Compass strategies to expand the market share of all circles, especially young people, as a segmentation carried out by Compass (Besharat, 2010).

The reputation and product fit dimensions get high results. This result means that reputation is indeed important and is an invisible but valuable asset because it is indeed difficult to create a good product reputation (Wulandari, 2016). According to consumer attitudes, it is also influential in terms of co-branding like this, namely cognitive, affective and conative (H.-C. Ho et al., 2017; Leonita, 2012). This is what makes Compass Shoes have an excellent reputation with the competition for local brands in Indonesia. Compass Shoes constantly collaborates with various communities or using specific themes. With co-branding, it is necessary to match the main brands and partners, which is called product fit (Ueltschy & Laroche, 2011).

Another correlation is that social networks also provide significant feedback in reaching customers, given the market in the age range of social media users. So that identities can be mutually built between brands and users. Brand identity encourages recognition, strengthens differentiation, which makes big ideas and meanings accessible (Wheeler, 2013). With social networking, identity becomes real to be seen and encourages to feel the sensation of belonging and wanting to feel the same things that other consumers share.

Knoll (2016) found that the use of social media correlates with attitudes about advertising exposure, target consumers, and words of mouth. So, efforts to utilise social media also help build
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Advertisements displayed by consumers through widespread content on social media, which indirectly builds the identity of sneakers (Jung et al., 2016). Content created on social media must be exciting and up-to-date because the community of Compass Shoes is primarily young people. In the end, branding will be shaped by the customers themselves.

CONCLUSION

Today, branding has grown to become one of the main focus areas in consumer marketing. In the research conducted, co-branding can be used in industrial markets to increase value. The assumption of research findings is that building a joint brand will be considered appropriate and in accordance with consumer tastes, namely by understanding what consumers want today. Furthermore, social networking is a place for business people to understand the demands of today’s market. In this relationship, there is interdependence, meaning that the more a brand innovates, the more dynamic the brand will attract consumers. This statement is based on the assumption that the co-brand is considered appropriate and consumer tastes are met. With today’s rapidly growing social network, it is no longer a brand that places consumers as a passive market, but collaboration is a space that must be created to build brand identity and the product itself. Thus, a product can exist to form its own market and get a place in the minds of consumers. Further research can be developed to study how Co-branding can return to its original identity and see what factors are the causes of the failure of Co-branding.

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