



# The Effect of City Branding on Tourism Business Through City Image as a Moderating Variable

Imelda Regina Pellokila, Damianus Sonny Lamoren, Reyshandy Otemusu  
Tourism Department, State Polytechnic of Kupang  
Indonesia  
[imelda.pellokila@gmail.com](mailto:imelda.pellokila@gmail.com)

**Abstract**— This study aims to test the hypothesis that city branding is an effective way to increase tourism business through city image. In addition, city branding is also seen as a process of building a positive image to attract tourists and increase revenue for tourism business ventures. In other words, city branding allows a city to promote its various assets such as culinary, culture, shopping, accommodation and so on, thereby increasing economic activity, creating jobs, and increasing revenue. In addition, city branding is also a way to improve a city's reputation and attract investors.

The method used in this research is a quantitative approach using regression analysis tools (Path Analysis). The population and samples used in this study are tourism businesses in Kupang city consisting of hotels, restaurants, transportation, tour packages, entertainment venues and tourist attractions. The sample technique that can be used in this case is simple random sampling, which is a technique that allows researchers to randomly select samples from a predetermined population so that the sample used is 30. The results obtained show that the city branding variable (X) has a significant effect on city image (Z) by 89.6%, the city branding variable (X) has a significant effect on tourism business (Y) by 1.4%, and the city image variable (Z) has a significant effect on tourism business (Y) by 62.3% so it can be concluded that city branding has a significant effect on tourism business through city image.

**Keywords**—City branding; Tourism business; City image

## I. INTRODUCTION

Over the years, tourism has become one of the most important sectors for the world economy. Increased revenue and economic development have been sustained by tourism. One effective way to increase the value of tourism is through city branding. City branding is the process by which cities create or change their image to attract more tourists. It has become one of the popular strategies to increase tourism and tourist visits.

Tourism business through city branding is one of the methods used by cities to attract visitors and increase the number of tourists. This process includes various aspects, from naming, logos, advertising, and other communication strategies. This process is very important to create an attraction for tourists, thus increasing the tourism business. In addition, it can also be a means to promote the city and its surroundings. City branding can also help increase the marketability of a city and help local governments to increase the amount of incoming investment, allowing them to develop infrastructure and create jobs[1] and positively impact the competitiveness of the tourism business[2].

Thus, it can open up opportunities to increase tourism business and the prosperity of its people. All development efforts in Kupang are designed with the motto "KASIH" in mind. Currently, the number of tourism businesses in Kupang City is 532 business units including hotels, restaurants, transportation, tour packages, and many more as well as 59 tourist attractions, such as natural, cultural, and man-made tourism [3]. The tourism sector has potential that can be utilized as the main capital of development. The creation of a strong City identity can help drive a positive image, which in turn can help attract more tourists. In addition, based on research, strong branding can also help increase tourism industry revenue, as incoming tourists will tend to spend more money in the region [4]. In the context of city branding, hotels and restaurants can help promote a good image of the city by providing good and attractive services as well as tour packages and other tourism businesses can also play an important role in city branding. They can package and market the city's tourism products with specific images and concepts, such as cultural uniqueness, culinary, or interesting tourist attractions. This can increase the attractiveness of the city and make it more recognizable to tourists, but unfortunately slogans or other forms of communication are not yet widely seen in hotels, restaurants or tourism businesses in Kupang.

With all of the above in mind, this study aims to test the hypothesis that city branding is an effective way to increase business and conduct interviews with actors from the tourism industry to reveal their perspectives on city branding. To date there has been no research to identify effective ways of increasing tourism business through city branding so it is hoped that the results of this study will provide useful information on how to increase tourism and also identify issues facing the tourism industry in Kupang City. The final results of this study will serve as a resource for policy makers and tourism actors as well as a guide for creating policies that focus on improving tourism, and as a reference for other researchers researching this topic.

## II. LITERATURE REVIEW

City branding can promote the unique culture and values of the region, as well as make the region more attractive to tourists and can help improve the image of the region and strengthen tourism attraction [5]. The importance of applying the concept of regional marketing in building regional brands and increasing tourism [6]. This is based on the attention given to the regional image and uniqueness of the region, as well as the promotion of local products so that the city's marketing and branding strategy should focus on creating and disseminating an attractive, valuable, and unique image of the city [7]. This process should also include marketing components such as identity, communication, and community to create the desired image. This process includes the use of local assets and advantages that can help in creating trust and strong commitment between market actors and other stakeholders [8], and can also create unique and attractive experiences for users by integrating various psychological, social, and economic dimensions of the place.

A city branding strategy is an effective way to enhance the urban tourism experience [9]. This is supported by various studies that conclude that city branding can affect city identity, the quality of tourism products or businesses, city promotion, as well as the relationship between the government, investors and local residents [10]. In addition to helping increase visibility, improve reputation, create a positive city image, and help increase the city's competitive advantage, effective tourism promotion, good service quality, and effective tourism management have also contributed significantly to the development of tourism businesses in the city.

The use of city branding strategies through city image is an effective way to increase tourism, especially in businesses in the tourism industry. However, this also poses various challenges, such as creating a unique identity for the city, building a strong city image, introducing the city to the wider market, and creating customer loyalty. Research results also show that city marketing can help improve connections between the government, investors, and local citizens, build a strong community, improve the city's image, and increase community participation and have a positive impact on the development of the tourism industry, economic development in the tourism industry, and regional development[11][10].

The application of city branding in a city is expected to have its own image for tourists so as to attract tourist visits. City marketing can help create a unique identity, build a strong image, introduce the city to a broad market, and create customer loyalty [12]. In addition, city branding can also affect city identity, tourism product quality, and city promotion[13]. City marketing has a significant effect on increasing investment, per capita income, and Gross Domestic Product (GDP), and has a positive impact on growth in the tourism business sector[14] which is achieved by offering ease of investment[15], creating an attractive investment climate, and shaping a positive city image. Thus, city branding should be considered as an effective strategy to boost economic growth in the future[16], with challenges to be faced such as high costs, lack of public awareness, and lack of coordination. Therefore, more cooperation and coordination between governments, as well as participation and support from stakeholders, are needed. From the preliminary review to the literature review, the hypotheses in this study are:

H1 : City branding affects city image

H2 : City branding affects the tourism business

H3 : City Image affects the tourism business

## III. RESEARCH METHOD

This research is an informative exploratory research that uses quantitative methodology. The population and samples used in this study are tourism business businesses in Kupang city consisting of hotels, restaurants, transportation, tour packages, entertainment venues and tourist attractions. The sample technique that can be used in this case is simple random sampling, which is a technique that allows researchers to randomly select samples from a predetermined population of 30 samples while the data analysis technique used in this study is regression with mediation or intervening. Intervening regression is an intermediate or mediating variable, which functions to mediate the relationship between the independent variable (city branding) and the dependent variable (tourism business) through the intervening variable (city image). The selection of this data analysis technique to answer the hypothesis and test the mediating variable using the path analysis method in this analysis the effect of the independent variable on the dependent variable can be in the form of direct and indirect effects. The resulting regression equation model is as follows:

Direct influence

$$\text{Variable Y} = \rho_1 \cdot x + \rho_2 \cdot z + e_1$$

$$\text{Variable Z} = \rho_3 \cdot x + e_2$$

Indirect influence

$$X \rightarrow Z \rightarrow Y$$

Direct effect of variable X to variable Y =  $\rho_1$

Indirect effect of variable X to variable Z and to variable Y

$$= \rho_2 \times \rho_3$$

Total influence of Variable  $X \rightarrow Z, Z \rightarrow Y, X \rightarrow Z$

$$= \rho_1 + (\rho_2 \times \rho_3)$$

Where:

X = city branding variable

Z = intervening variable city image

Y = city imag variable

$\rho$  = standardize zoefficient value

e = error/error rate

#### IV. RESULTS AND DISCUSSION

Path analysis is used as a measuring tool to analyse the form of a relationship between variables. Based on the test results with SPSS, it can be explained that the first path between city branding (X) and city image (Z) has a significant impact, namely sig 0.001 <0.05. The second path between city branding (X) tourism business (Y) also has a significant effect with a value of 0.001 <0.05 and on the third path between city images (Z) and tourism business (Y) has a sig value of 0.001 <0.05. This can be seen in the table below.

Table I. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error			
1 (Constant)	39.299	3.078		12.766	.001
City Branding (X)	.896	.145	.761	6.201	.001

a. Dependent Variable: City Image (Z)

Table II. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error			
1 (Constant)	54.154	4.526		11.964	.001
City Branding (X)	.014	.126	1.103	8.066	.001
City Image (Z)	.623	.114	.749	5.473	.001

a. Dependent Variable: Bisnis Pariwisata

##### A. Hypothesis Test

Based on the SPSS coefficients table Tables 1 and 2), it can be seen that the magnitude of the influence of the independent variable on the dependent variable is as follows:

1. The city branding variable has an importance value below 0.05 (0.001 <0.05) so it can be said that city branding (X) has a significant effect on city image (Z) by 89.6% so that the first hypothesis is accepted.
2. The city branding variable has an importance value below 0.05 (0.001 <0.05) so it can be said that city branding (X) has a significant effect on tourism business (Y) by 1.4%.
3. The city branding variable has an importance value below 0.05 (0.001 <0.05) so it can be said that there is a significant influence between the city image variable (Z) on the tourism business (Y) by 62.3%.
4. The variables of city branding (X), tourism business and city image (Z) have an importance number below 0.05 (0.001 <0.05) so it is assumed that city branding (X) has a significant effect on tourism business (X) through city image (Z).

##### B. Path Analysis

Furthermore, from the SPSS processing, the results of the direct effect of each variable and the indirect effect showed that all of them had a significant effect with each sig value of 0.001 <0.05. The direct and indirect effects of this study can be seen in the following table:

Table III. Path Analysis

No	Path	B	Sig	Ket
1	X - Z	0,896	Sig	Direct
2	X - Y	1,014	Sig	Direct
3	Z - Y	0,623	Sig	Direct
4	X - Z - Y	0,558	Sig	Indirect
5	X -Z-, Z-Y-, X-Y	0,572	Sig	Total Influence

From the results of the analysis above, a path analysis can be made for each variable with the formulation in the form of a picture as follows:

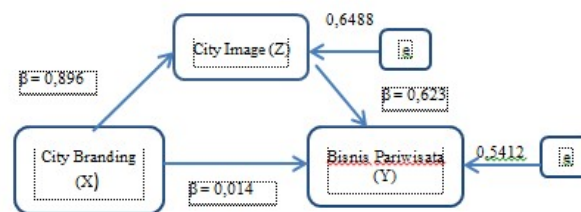


Fig. I. Path Analysis

From the figure above, the direct effect and indirect effect can be explained as follows:

1. Direct effect of city branding variable (X) on city image variable (Y). The path coefficient  $\beta_{XZ}$  of 0.896 is positive, so that every increase in the city branding variable (X) will increase the city image (Z) by 0.896. With the KASIH tagline, Kupang city is known as a safe city, has a beautiful natural panorama and typical culinary, namely se'i and the availability of ikat weaving as a souvenir which is a tourist attraction to visit Kupang. This significant direct effect shows that branding efforts have a strong positive impact on the image of the city itself. City branding is a process of building a city's self-image with all the advantages inherent in the city. This is in line with research which states that a city will be widely recognised if the city displays extraordinary works that can be physically enjoyed [17].
2. Direct effect of city branding variable (X) on tourism business variable (Y). The path coefficient  $\beta_{XY}$  of 0.014 is positive, so that any increase in the city branding variable (X) will increase the tourism business (Y) by 0.014 or 1.4%. Although this effect is significant, the magnitude of the effect is relatively small. This shows that city branding only has a limited impact on the development of tourism business. The city of kupang which is safe and known as one of the cities of tolerance fosters investor confidence in business development in the tourism industry. this can be seen with the development of infrastructure and investment in tourism increased with the development of the coastal area of kupang city. City branding can turn a city into a tourist destination that will have an impact on the development of infrastructure and infrastructure facilities in the tourism industry [18].
3. Direct effect of City image variable (Z) on tourism business variable (Y). The path coefficient  $\beta_{ZY}$  of 0.623 is positive, so that any increase in the city image variable (Z) will increase the tourism business (Y) by 0.623 or 62.35. These results indicate that city image has a significant impact on the development of tourism business. City image has great power as a tourist attractor to visit an area so that this will encourage the development of tourism business in a city. City image has a direct influence on tourists to participate in tourism activities that make profits such as shopping for souvenirs, eating at restaurants, staying at hotels and visiting tourist attractions. The application of city branding is a strategy in increasing regional income through the tourism sector [19].
4. Indirect effect of city branding variable (X), city image variable (Z) on tourism business (Y). The path coefficient  $\beta_{XZY}$  of 0.558 is positive, meaning that city branding (X) is directly proportional to tourism business (Y) through city image (Z) of 0.558 or 55.8%. The results of this study indicate that city branding efforts affect the tourism business not only directly but also indirectly through changes in city image. City branding and city images have an important role in developing the tourism business. efforts to attract tourists can have an impact on economic growth and tourism development of a city. City branding can show a positive and cohesive city image to tourists so that it can attract more tourists to visit a city and contribute to the tourism business. City branding has an economic and tourism impact [20]. With strong city branding, it

will indirectly form a positive city image so that it can attract many local and foreign tourists to visit the city so as to increase revenue and advance the city or region in the tourism sector [21].

### C. Sobel Test

In this study, the Sobel test was carried out by testing the indirect effect of the independent variable (X) on the dependent variable (Y) through the intervening variable (Z) and the calculation results are as follows:

Table IV. Sobel Test

	Test statistic	Std. Error	p-value
<b>Sobel test</b>	4,09366099	0,13635912	0,00004246
<b>Aroian test</b>	4,06390978	0,13735783	0,00004826
<b>Goodman test</b>	4,12407532	0,13535349	0,00003722

Based on the results of statistical tests carried out on the calculation for the Sobel test, the results of the Sobel test show that city image (Z) plays an important role in linking city branding (X) with tourism business (Y). This is consistent with the path analysis results which show that city image is a significant mediator. The mediation effect generated by city image is significant. The very small p-value ( $0.000 < 0.05$ ) indicates that this mediation does not occur by chance. This emphasises the importance of city image in linking city branding efforts with tourism business growth.

By combining the results of the path test and Sobel test, this study states that city branding (X) has a direct influence on city image (Z), and city image (Z) has a direct influence on tourism business (Y). In addition, city branding (X) also has an indirect influence on tourism business (Y) through the mediation of city image (Z).

These results strengthen the understanding of the importance of city image as a key element in linking city branding efforts with tourism business development. The implication is that cities that want to increase their tourism business need to pay attention to and improve their city image as part of a holistic branding strategy.

## V. CONCLUSION

This study answers the hypothesis that city branding has a significant effect on city image and tourism business, but the effect of city branding on tourism business tends to be more limited compared to city image which has a significant effect directly on tourism business. Positive perceptions of the city can increase its attractiveness as a tourism destination, which can further influence the growth of tourism business. This suggests that city image is an important element in linking city branding with tourism business development.

The results of this study provide important insights for stakeholders in planning and developing city branding strategies. Recognising the importance of understanding the direct and indirect impacts of city branding and city image on tourism business can help cities to enhance their attractiveness as tourist destinations. So this research fills the knowledge gap by focusing on the direct and indirect effects of city branding, city image, and tourism business. It strengthens the knowledge of the role of city image as a mediator. Thus, city branding should be considered as an effective strategy to enhance economic growth in the future.

## REFERENCES

- Akhtar, M.A., de Langen, A.D., & Ziegler, R.L. (2019). *City branding di era digital: Peran warga, bisnis, dan pembuat kebijakan*. Manajemen Pariwisata, 3(2), 112-120.
- (references)
- Park, S.W., Lee, J., & Nguyen, T.V. (2019). *Manajemen pariwisata*. Journal of Tourism Management, 5(1), 1-9.
- <https://kupangkota.bps.go.id>
- Dolnicar, S., & Chon, K. (2014). The Impact of Destination Branding on Destination Image and Tourism. International Journal of Hospitality Management, 40, 1-11.
- Maas, S. (2010). *City branding: Image building and building images*. Journal of Place Management and Development, 3(3), 159-170. <https://doi.org/10.1108/17538331011078367>
- Kotler, P., & Gertner, D. (2002). *Country as brand, product, and beyond: A place marketing and brand management perspective*. Journal of Brand Management, 9(4/5), 249-261. <https://doi.org/10.1057/palgrave.bm.2540145>
- Kavaratzis, M. (2004). *From city marketing to city branding: Towards a theoretical framework for developing city brands*. Place Branding and Public Diplomacy, 1(1), 58-73. <https://doi.org/10.1057/palgrave.pb.6100202>
- Govers, R., & Go, F. (2005). *Place branding: Glocal, physical and virtual identities, constructed, imagined and experienced*. Tijdschrift voor Economische en Sociale Geografie, 96(3), 273-286. <https://doi.org/10.1111/j.1467-9663.2005.00421.x>

10. Azizah, A.F., Amsyar, M.R. and Azizah, N.A.( 2018). *Enhancing tourism through city branding: Opportunities and challenges*. Sains Humanika, 10(4), pp.43-48.
11. Chen, J., Qiu, Y., Liu, X. and Leung, D.(2017). *City branding, tourism and economic development: A case study of Shanghai*. Tourism Management, 60, pp.410-420.
12. Azizah, A.F., Amsyar, M.R. and Azizah, N.A.(2018). *Enhancing tourism through city branding: Opportunities and challenges*. Sains Humanika, 10(4), pp.43-48.
13. Kong, Y. and Li, C.(2019). City branding and urban tourism: A multi-dimensional perspective. Tourism Management, 71, pp.465-477.
14. Zou, L., Chen, X. and Zou, Y.(2018). *City branding and economic growth: An empirical analysis of China*. Journal of Place Management and Development, 11(1), pp.18-35.
15. Anwar, S.H., & Zulfikar, A. (2017). *City branding: Peluang dan tantangan dalam meningkatkan pariwisata*. Jurnal Dinamika Strategis, 8(2), 79–91. <https://doi.org/10.21776/ub.jds.2017.008.02.09>
16. Chhokar, K.S., & Kaur, R. (2016). *City branding for tourism promotion: An empirical study of Amritsar, India*. International Journal of Tourism Research, 18(1), 84–98. <https://doi.org/10.1002/itr.2041>
17. Ismail, A.A., & Desa, M.N. (2017). *City branding and its effect on destination image: A literature review*. Journal of Tourism, Hospitality & Culinary Arts, 9(2), 1–9.
18. I.R.Pellokila, L.Riwu and M.Kabu “Towards Branding Kupang City: Local Community Perception”
19. Advances in Social Science, Education and Humanities Research, volume 647. 2022.
20. Zaeri Febrianur (2016), *Dampak City Branding Enjoy Jakarta, yoursingapore terhadap perkembangan mice*. eJournal Ilmu Hubungan internasional, 4 (4): 1911-1206
21. Riyadi (2009). *Fenomena City Branding Pada Era Otonomi Daerah*. Jurnal Bisnis dan Kewirausahaan, Vol. 5 No.1, Hal-1.
22. Putra,Alfian Ardhiyana (2014). *Efektifitas City Branding Sebagai Strategi Dalam Pengembangan Pariwisata dan Implikasinya Terhadap Pendapatan Asli Daerah Sektor Pariwisata Kasus Kota Surakarta*. Diss.Universitas Gadjah Mada

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

