

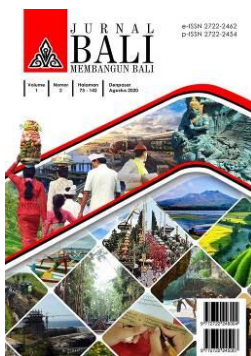


Effectiveness of Localization and Brand Equity: The Case of Agoda in the Indonesian Domestic Travel Market

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Abstract

Purpose: This study aims to assess how Agoda's localization strategies enhance brand equity among Indonesian domestic travelers, identifying which localization elements (linguistic, cultural, and technical) most effectively strengthen consumer perception and brand engagement.

Research Methods: A mixed-method approach was used combining quantitative analysis from 177 questionnaire respondents with qualitative insights from interviews and FGDs.

Findings: Cultural localization had the strongest impact on brand equity, followed by linguistic localization, and technical localization. Respondents perceived localized features as more trustworthy, relevant, and easier to use. Brand equity outcomes such as brand recall, recognition, and association were significantly influenced by these elements.

Implication: Multinational OTAs must go beyond translation to achieve brand relevance through cultural sensitivity, linguistic familiarity, and local technology integration.

Keywords: Localization strategy, brand equity, online travel agency, cultural adaptation, consumer perception

Abstrak

Tujuan: Studi ini bertujuan untuk mengkaji bagaimana strategi lokalisasi Agoda meningkatkan ekuitas merek di kalangan wisatawan domestik Indonesia, dengan mengidentifikasi elemen lokalisasi (linguistik, budaya, dan teknis) mana yang paling efektif memperkuat persepsi konsumen dan keterlibatan merek.

Metode penelitian: Pendekatan metode campuran digunakan dengan menggabungkan analisis kuantitatif dari 177 responden kuesioner dengan wawasan kualitatif dari wawancara dan FGD.

Findings: Lokalisasi budaya memiliki dampak paling kuat terhadap ekuitas merek, diikuti oleh lokalisasi linguistik, dan lokalisasi teknis. Responden menganggap fitur-fitur yang dilokalkan lebih tepercaya, relevan, dan lebih mudah digunakan. Hasil ekuitas merek seperti ingatan, pengenalan, dan asosiasi merek dipengaruhi secara signifikan oleh elemen-elemen ini.

Implikasi: OTA multinasional harus melampaui penerjemahan untuk mencapai relevansi merek melalui kepekaan budaya, keakraban bahasa, dan integrasi teknologi lokal.

Kata kunci: Strategi lokalisasi, ekuitas merek, agen perjalanan online, adaptasi budaya, persepsi konsumen

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INTRODUCTION

The emergence of Online Travel Agencies (OTAs) has transformed the tourism industry. However, global OTAs like Agoda must localize deeply to succeed in culturally diverse markets such as Indonesia. Prior research shows that motivation and cultural relevance drive consumer behavior (Dann, 1977; Fodness, 1994; Crompton, 1979), while brand equity depends on recognition, familiarity, and emotional connection (Keller, 1993; Bornstein, 1989).



Figure 1. Brand Recognition Index

[Sources: <https://blog.staah.com/news/top-sea-online-booking-channels-for-2023-revealed-by-staah>, 2025]

Localization is not merely about translation—it involves cultural tailoring, technical integration, and relationship-driven marketing (Grönroos, 1994; Berry, 1995; Mangiron & O'Hagan, 2006). For instance, Mangiron and O'Hagan (2006) emphasize that localization must respect local context, extending beyond translation to accommodate cultural subtleties. Pym (2010) also supports the idea that successful translation in localization must consider audience familiarity and social norms. Language adaptation fosters consumer comprehension, cultural familiarity enhances emotional bonds (Hofstede *et al.*, 2010), and platform usability builds trust and preference (Talwar *et al.*, 2020).

Furthermore, the effectiveness of localization can be linked to consumer decision heuristics. According to Goldstein and Gigerenzer (2002), recognition plays a major role in brand selection, especially when users are faced with similar alternatives. Similarly, Bornstein (1989) found that familiarity increases positive affect, meaning the more users are exposed to localized elements, the more emotionally favorable their perception becomes.

This study investigates Agoda's localization strategies in Indonesia to evaluate their impact on brand equity and consumer engagement. It also builds on McDonald and Sharp's (2000) findings on brand awareness effects in repeat purchase decisions, applying the AIDA model as a framework for assessing attention and retention. Additionally, as Claycomb and Martin (2002) emphasize, consistent relationship-building is fundamental for retaining OTA users, making personalization and localization indispensable.

In culturally nuanced societies like Indonesia, Globe's (House *et al.*, 2004) dimensions such as humane orientation and in-group collectivism are especially relevant. Together with Hofstede's (2010) collectivism and power distance indicators, they provide strong justification for why culturally embedded campaigns are essential in capturing local trust and loyalty.

This research addresses a gap in understanding how combined linguistic, cultural, and technical localization strategies—grounded in global marketing and cultural theories—shape the perception of Agoda among domestic Indonesian travelers.

RESEARCH METHOD

This study employed mixed methods designed to comprehensively analyze Agoda's localization strategies and their impact on brand equity. Following Creswell *et al.* (2010), combining quantitative and qualitative approaches allows for deeper contextual understanding and validation of theoretical constructs.

Have you used Agoda to book accommodations for domestic travel (within Indonesia) in the last 12 months?
239 responses

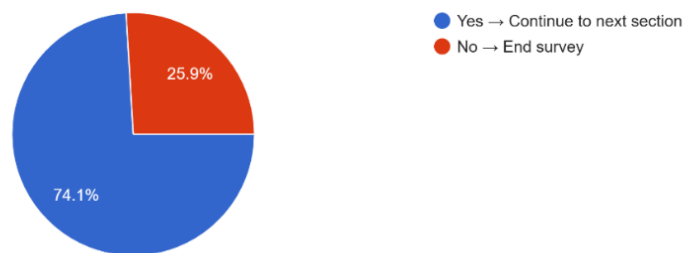


Figure 2. Agoda Users Last 12 Months
[Source: Suputra, 2025]

Quantitative data were gathered through an online survey of 177 Indonesian users who had experience with Agoda. The instrument measured constructs such as linguistic, cultural, and technical localization, as well as consumer perception, engagement, and brand equity, using indicators adapted from Keller's (1993) brand equity framework and supported by AIDA (McDonald & Sharp, 2000).

Qualitative data was collected through six semi-structured interviews with Agoda's internal stakeholders and two FGDs involving regular users. These insights captured nuanced interpretations of localization value, cultural adaptation, and trust-building behaviors, echoing Berry's (1995) and Claycomb and Martin's (2002) findings on relationship marketing.

The study's theoretical foundation draws from: Push and Pull Motivation Theory (Dann, 1977; Crompton, 1979), Cultural Dimensions (Hofstede *et al.*, 2010), the Globe Study (House *et al.*, 2004), Translation and Localization Theory (Pym, 2010; Mangiron & O'Hagan, 2006), the AIDA Model (McDonald & Sharp, 2000), and Relationship Marketing Theory (Grönroos, 1994; Berry, 1995).

RESULT AND DISCUSSION

The results of the Structural Equation Modeling (SEM) indicated that all three localization strategies—cultural, linguistic, and technical—have a significant and positive impact on brand equity. Among them, cultural localization emerged as the strongest predictor, with a path coefficient of 0.39, followed by linguistic localization at 0.34 and technical localization at 0.29. The R^2 value for the brand equity construct reached 0.652, indicating that the combination of localization variables explains over 65% of the variance in brand equity.

Cultural localization, which includes culturally tailored content, the use of local celebrities, and promotional timing during national holidays, significantly influenced dimensions of brand equity such as brand recall and emotional association. This supports findings by Hofstede *et al.* (2010) and House *et al.* (2004), highlighting how collectivist cultures place a high value on familiarity and shared identity. Respondents consistently reported stronger brand affinity when exposed to culturally resonant content. These findings are also consistent with the theory of Pull Motivation (Dann, 1977; Crompton, 1979), where users are drawn to culturally meaningful and emotionally resonant experiences.

Linguistic localization played a substantial role in enhancing user trust and comprehension. By providing Bahasa Indonesia as the default interface, Agoda reduced cognitive load and increased engagement, in line with the AIDA model (McDonald & Sharp, 2000) and recognition heuristic principles (Goldstein & Gigerenzer, 2002). Statistical results showed a direct correlation between language familiarity and brand awareness, suggesting that localized language helps achieve early-stage marketing objectives such as attention and interest.

Technical localization was found to contribute most significantly to brand recognition and ease of use. Features such as integration with GoPay, ShopeePay, and local bank transfers, as well as mobile-first design and adaptive UI, were consistently rated highly by respondents. These results affirm the role of functional convenience in building consumer confidence, as described by Grönroos (1994) and Talwar *et al.* (2020). The statistical significance of these findings ($p < 0.05$ across all paths) confirms that localized infrastructure is not only preferred but expected by domestic users.

A deeper examination of the measurement model revealed that cultural localization had the highest outer loadings on items related to identity connection and national pride. Linguistic localization showed high loading on items related to clarity and ease of interaction, while technical localization had strong associations with seamless transaction and accessibility.

The findings also validate Keller's (1993) customer-based brand equity framework. Brand recall, recognition, and association were most influenced by the emotional and functional relevance of the localized features. Emotional resonance, built through cultural cues and language familiarity, drove top-of-mind awareness, while system reliability and payment security reinforced trust.

Together, these results support the assertion that comprehensive localization enhances brand equity by reinforcing cultural identity, simplifying communication, and enabling practical engagement. The quantitative findings provide a robust statistical foundation for the themes explored further in the qualitative analysis.

The qualitative findings gathered from in-depth interviews with Agoda's internal

teams and FGDs involving domestic users revealed multi-dimensional insights that enriched the quantitative analysis. Participants consistently expressed that localized campaigns not only made the platform feel “closer” and “more relatable,” but also increased their trust and preference for Agoda over other OTAs.

Interviewees emphasized how promotions aligned with national holidays or campaigns involving local celebrities created emotional resonance. This aligns with the perspective of Mangiron and O'Hagan (2006) that cultural adaptation in messaging enhances engagement. Moreover, such campaigns made users feel recognized as Indonesians, reinforcing the humane orientation aspect of Globe (House *et al.*, 2004) and collectivist cultural values from Hofstede (2010).



Figure 3. The FGD Meeting
[Source: Suputra, 2025]

Language familiarity emerged as another powerful driver of trust. FGDs revealed that users felt more confident navigating the platform when the information was in Bahasa Indonesia. This supported Pym's (2010) view on the importance of localization beyond translation—into linguistic familiarity and cultural framing. Users associated language clarity with service quality and legitimacy, echoing the findings of McDonald and Sharp (2000) and Bornstein (1989) on the importance of repeated, recognizable cues.

From a service interaction perspective, participants stated that localized customer service (e.g., Indonesian-speaking agents and regionally adjusted support hours) led to higher satisfaction and reduced booking anxiety. These relational components are central to Relationship Marketing theory (Berry, 1995; Claycomb & Martin, 2002), which emphasizes the importance of adapting to customer expectations to foster loyalty.

Additionally, several participants noted that ease of transaction, especially via local payment options, was a deciding factor in their platform preference. Technical features that supported their routine digital behavior (e.g., using GoPay, ShopeePay, or local bank transfer) created a sense of trust and convenience, supporting findings from Talwar *et al.* (2020).

Key Focus Area	Quantitative (Survey)	Qualitative Interviews	FGD
Language preference	58% prefer Bahasa Indonesia	Most use English due to familiarity with technical terms	Bahasa Indonesia helpful, but inconsistent localization affects usability
Perceived value	65% choose Agoda for lower prices	Price comparison a key behavior; Agoda often cheapest	"Flash sale" and bundling considered major draws
Ease of booking	71% say the booking process is simple	Praise for clean UI and quick transactions	Agoda seen as fastest to browse vs. local OTAs
Local identity / feel	42% feel localized experience; 38% unsure	Some awareness of local elements, but "not very Indonesia"	Lacks deep cultural touch; icons & visuals not always effective
Customer service trust	Only 23% contacted CS; 87% had no issues	None had serious issues; few CS interactions	Trust in reliability over need for direct support
Payment preferences	54% use bank transfer; 36% use cards	Card preferred for speed; bank transfer seen as safe but slower	E-wallets mentioned but underused due to poor visibility
Ad effectiveness	48% influenced by Agoda ads	"Mau liburan? Cek Agoda dulu" ad is remembered	Instagram & YouTube ads create desire even when not planning

From the qualitative coding process, three key themes were identified:

1. **Cultural Closeness and Identity Alignment:** Local campaigns made users feel seen and appreciated. Elements such as Indonesian holidays, festivals, and local celebrities were perceived not as marketing gimmicks but as genuine cultural acknowledgment. This theme aligns with the Globe study's (House *et al.*, 2004) emphasis on in-group collectivism and Hofstede's (2010) cultural relevance theory.
2. **Linguistic Comfort and Recognition:** Respondents linked Bahasa Indonesia usage with ease of use, trustworthiness, and perceived professionalism. It resonated with Bornstein's (1989) affective familiarity concept and Keller's (1993) brand association dimensions, wherein recognized language enhances emotional connection and brand salience.
3. **Technical Usability and Trust:** Local payment systems and customer service channels tailored to Indonesian preferences reduced friction in the user journey and fostered long-term trust. This supported Talwar *et al.* (2020)'s research that technical localization leads to higher platform loyalty, especially in developing markets.

CONCLUSION

This study confirms that effective localization—spanning cultural, linguistic, and

technical dimensions—plays a critical role in enhancing brand equity for global OTAs such as Agoda operating in culturally complex markets like Indonesia. Cultural localization proved to be the most influential factor, creating emotional resonance and deep brand affinity using local symbols, holidays, and public figures. This reinforces the value of aligning marketing strategies with collectivist norms and cultural identity.

Linguistic localization, particularly the consistent use of Bahasa Indonesia, facilitated trust, comprehension, and a sense of familiarity among users. This is in line with AIDA principles, affective exposure theory and the recognition heuristic, which collectively highlight the role of clear, familiar communication in shaping consumer attitudes and attention.

Technical localizations such as integration of local payment systems and mobile-first interface design—further supported consumer expectations of convenience, speed, and usability. These elements not only increased satisfaction but also strengthened long-term engagement, validating the importance of operational and infrastructural alignment.

By integrating Push and Pull Motivation theory, Relationship Marketing theory, and brand equity frameworks, this study presents a holistic understanding of how localized strategies influence user engagement and loyalty in emerging markets.

The mixed-methods approach used in this study not only provided robust statistical validation (SEM $R^2 = 0.652$) but also captured the emotional and psychological experiences of users. The findings underscore the importance of treating localization as a strategic pillar—not merely an operational task—especially in markets with strong cultural identity and unique digital behaviors.

For practitioners, this research offers actionable recommendations: invest in culture-specific campaigns, ensure linguistic accuracy and resonance, and integrate locally preferred payment and service systems. Future research should explore comparative localization effectiveness across other Southeast Asian countries to validate and expand this framework across different cultural contexts.

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