

## THE EFFECT OF STRATEGY ALLIANCE ON PROPERTY VALUES

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### Abstract

A brand has premium value to a property, the development of brands has become one of the important strategies of property operators, which calls for resources and time investment. Thus, businesses start to seek the strategy alliance mode for the purpose of enhancing competitiveness, developing a brand, and increasing its value in the short term. However, will this mode bring about dual-brand (or multiple-brand) premium effect, and what effect does it have on property? These issues are yet to be resolved. Therefore, this study probes into the effect of strategy alliance, and its impact on property, in combination with brand premium and strategy alliance theories through case analysis. The findings can serve as reference to property operators for their operation strategies and value appraisal.

The empirical results suggested that strategy alliance cooperation calls for mutual reliance and corporate policy support of partners in the initial stage to maintain the long-term partnership, while the setting of the target category of a strategy alliance decides the intensity of the premium effect. The learning-based or knowledge transformed strategy alliance mode has more premium, particularly those of substantial knowledge application, while the purely resources-based cooperation mode has lower brand premium. In general, a strategy alliance has positive impact on property value and corporate brands, whose extent of premium is dependent on the strategy alliance mode. As a result, property owners could apply the means of a more active strategy alliance to create property interest.

Key words: Strategy Alliance, Brand Premium, Property Value

## Introduction

“Location”, the critical strategy of traditional property appraisal or development, is relatively abstract and not easily conceptualized; moreover, factors of other natures tend to be neglected. For this reason, relevant research has discussed the impact of brands over property value, and discovered that brands not only affect the pricing strategy of property, but also brings enormous premium effect to the property (Chau, Ng, and Hung, 2001, Leung, 2011, Roulac, 2007, Rinchumphu and Susilawati, 2013, Chen, 2013). Regarding the operators, the development of brands not only improves product sales price, but is more likely to convey goodwill to small or new developers. Regarding the owners, holding brand products could bring benefits, and the brand premium effect of commercial property is more apparent (Chu, 2005). Therefore, the development of brands has become the prime strategy of property operators (Rinchumphu and Susilawati, 2013).

There are many ways to establish brands. Investment developers, facility service providers, users, and lessees are all likely to establish their own goodwill or brands in order to intensify the property brand effect (Viitanen, 2004). Nevertheless, the development of brands usually calls for huge investment of costs and resources, as well as long-time operation and market inspection. Consequently, it is a challenge confronted by operators to achieve corresponding effect and enhance market competitiveness within a short time. On the other hand, in recent years, the “strategy alliance” has

become one of the most important tendencies of industrial organizations (Grant and Baden-Fuller, 2004; Russo and Cesarani, 2017; Li, Qiu and Wang, 2019; Chu, 2021), namely, under the consideration of strategic objectives, the process in which companies voluntarily conduct resources exchange or creation usually stipulates a written contract and duration (Wu, 1993), which likely modes include supplier-buyer partnerships, outsourcing agreements, technical cooperation, joint R & D projects, joint development or manufacturing, joint marketing, franchising, etc. (Grant and Baden-Fuller, 2004). The alliance mode not only enables organizations to lower costs in negotiation, supervision, etc. (Das, Sen, and Sengupta, 1998; Williamson, 2008), but also generates positive effect on production capacity and profitability (Oum, Park, Kim, and Yu, 2004; Robson, etc., 2019), and can even bring brand premiums to the cooperation manufacturers (Esteban-Bravo and Lado, 2011), as a result, strategy alliance is a fast and effective channel to elevate brands.

As the market competition intensifies, the property operators in Taiwan start to employ the operation model of strategy alliance<sup>1</sup>; however, does this really create a premium brand, and what effect it will have on property or corpo-

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<sup>1</sup> Such as the strategy alliance between Kindom Construction Corp. and Commonwealth Publishing Group, the Sheraton Hotel cooperated between Fong-Yi Group and Starwood Hotels (Sheraton Brand) in Hsinchu, the new hotel jointly constructed by and between Da Cin Construction Co., Ltd (Da Cin Development) and Zhongtai Hotel in Taipei (the planning is operated and managed by the Mandarin Oriental Hotel Group) and the W Hotel cooperated by and between Prince Housing & Development Co. (Times International Hotel) and Starwood Hotels (W Hotel Brand)

rate value? Relevant literature offers little discussion on this aspect. For this reason, this study, based on the strategy alliance and brand premium views, deems the alliance as a shortcut to obtain brand value, and discusses the possible effect of property strategy alliance. Given that similar cases of property are limited, and individual disparity is huge, quantified analysis is impossible. Therefore, this study employs individual analysis methods to discuss the relationship between strategy alliance and brand premium, in order to provide reference to operators in the operation strategy planning and property value appraisal.

### Literature Review

As previously mentioned, the development of brands by developers could enhance the competitive edge of operators, and has the multiple effects in property marketing, product premium, and brand commercialization. Earlier discussions regarding property value placed emphasis on the substantial parts, and less on the measurement of brand premium. Recent research verifies the brand premium of property, as well as the degree of impact. The brand and property premium are reviewed first, then the shortcut of brands, namely, strategy alliance and effect, are illustrated.

#### *Brand and property premium*

Brand refers to “a name, word or phrase, design, symbol, or any characteristic that can define a commodity or service in order to differentiate it from other sales. Trademark is a legal term

used for brand <sup>2</sup>”. Brand is not only an important basis to identify and categorize commodities, (Farquhar, Herr, and Fazio, 1990), but also affects the deduction of people over product attributes or interest (Aaker, 1991). If a brand suits a product well, it will be conducive to enhance commodity image, product identity, and attractiveness to consumers (Lowrey, Shrum, and Dubitsky 2003), and is an important pointer to mold positive comments or measure quality (Yan and Duclos, 2013), which has premium effect on product value.

Traditionally, the impact factors of property value places more emphasis on the description of substantial characteristics, such as location, public facilities, transportation and accessibility, environmental tranquility, features of the property (flat number, age, structure, and number of Pings), while the long-term change of price is affected by overall factors, such as natural, social, economic, and political conditions (Lin, 2006). Chau, Ng, and Hung (2001) believed that in addition to the tangible attributes, intangible attributes (namely, landscape, environment quality, accessibility, and goodwill) are also important factors that affect property value, particularly goodwill. Chau, Ng, and Hung also discovered that consumers are willing to pay high property price to those developers with goodwill, of which the average price premium of an apartment is 7%. Roulac (2007) further proposed that value, the new element of property value, consists of 3 dimensions, including brand, beauty, and utility, its verification displays that

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<sup>2</sup> Refer to brand definition by [American Marketing Association](#).

brand accounts for a rather high proportion of the overall property value, and the contribution degree of brand varies depending on different locations. The follow-up verifications support this view. For instance, Pfrang (2010) pointed out that the price of brand property is generally higher than those without a brand, by 7.5% to 15.1%. Rinchumphu, Eves, and Susilawati (2013) conducted typical price analysis over the listed construction developers and proposals in a Bangkok special region, Thailand, and discovered that the average sales price premium for property of construction developers is approximately 12.90%. Chu (2012) and Chen (2013), regarding the construction proposal of property in Taichung City, also found that the average price premium per house for old property (with a property age of about 10 years) is 15%.

Regarding the comprising elements of brands, Viitanen (2004) interpreted property brand value from the perspective of corporate operation, and proposed the concept framework of brands, including service, location, image, and performance. Viitanen argued that the comprising elements could replace location, an important attribute of traditional property. On the other hand, regarding the owners of property, brands play important roles, as the life cycle of property is long, to maintain their long-term interest, the function and value stability shall be maintained. There are many means for the owners of property to establish brands, namely, creating a brand out of the building itself or from other brands; property investment developers, facility service providers, users or land-

lords, are likely to establish their own goodwill or brands. The property owners could also establish a cooperation partnership with different departments (collectively referred to as a strategy alliance or alliance), to intensify the brand effect. In addition, Viitanen indicated that good brands are reflected by operation performance; while property value is the so-called brand premium; moreover, the services are related to the consumers' cognition value. Consequently, this study analyzes brand premium from it.

In addition, Roulac (2007) indicated that the comprising items of brands include, the building itself, architect, building contractor, landscape designer, building components, and site brand (country, state, region, district, community, neighborhood, street). For instance, a residence in Florida is superior in "state site brand" compared with other states, and Park Avenue in Manhattan, New York has more premium effect of "street site brand" than on Third Avenue. In fact, the site brand referred by Roulac is equal to regional features. As a result, the definition of brand is relatively broad, and in order to avoid confusion in boundary definition, the brands in this study are mainly operator brands.

#### *Shortcut And Benefits Of Brands- Strategy Alliance*

As previously mentioned, strategy alliance means that manufacturers cooperate to obtain multiple benefits. Its types have different standards; some researchers studied whether alliance partners are in the same industry and categorized the strategy alliance into same-

industry and cross-industry alliance, and vertical and horizontal alliance, according to the division of labor of the value chain (Huang and Yang, 2003: 61). Oum et al. (2004) defined the horizontal alliance as the voluntary, long-term, and contractual cooperation agreement among firms and companies, which does not relate to the establishment of a statutory organization; Esteban-Bravo and Lado (2011) interpreted the horizontal alliance from the perspectives of auto production and sales history, and believed that business partners jointly manufacture or develop, but market products individually. Firms are seen to ally with others, either with their suppliers or customers, to enhance their abilities to compete in environment that is characterized by rapid technological evolution, globalization, and progressively sophisticated competitors (Sambasivan et al., 2013). The strategy alliance mode in this study resembles the cross-industry alliance attributes.

Regarding the benefits of a strategy alliance, there are the market power theory, resource dependence theory, organizational learning theory, strategy selection theory, product complementarity, network externality, and transaction cost theory (Grant and Baden-Fuller, 2004, Oum et al., 2004), which core concepts could be categorized into 2 main axis, the transaction cost economics (TCE) and Resource-Based view (RBV) or the Knowledge-Based view (KBV) (Das and Teng, 2000 ;Heiman and Nickerson, 2002; Judge and Dooley; 2006, Li; Boulding and Staelin, 2010; Huang, 2012). From the viewpoint of system economics, due to market failure, the

enterprise applies alliances to reduce transaction costs, including contractual formulation, supervision, and execution costs (Williamson, 1985, 2008, Oum et al., 2004, Esteban-Bravo and Lado, 2011). Although TCE explains the market phenomenon of cooperation, emphasis is placed on the descriptions of costs, and RBV or KBV stress on the alliance process, and is based on resource or knowledge learning, and various cooperation modes are formed under different resource preference trends<sup>3</sup>, while the alliance effect depends on the adequacy and complementarity of resources (Das, 2000; Robson, et al., 2019). Although the resource-based theory explains the production process of a strategy alliance, Grant and Baden-Fuller (2004) believed that the key of an alliance is application, rather than obtaining resource, for this reason, the so-called knowledge accessing approach, as based on KBV, stresses that the application of knowledge would maintain a long-term stable relationship and assure elevation of value. Subsequently, Jiang (2011), Li, Qiu and Wang (2019) had similar views regarding organizational learning and innovative concept.

In addition, in terms of the terminal benefit of a strategy alliance, it is an important observation that operation performance or value will be checked after the cooperation obtain relevant knowledge or resources. Based on this, Oum et

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<sup>3</sup> Heiman and Nickerson (2002) studied the pattern of strategy alliance from the perspectives of transaction costs and knowledge and discovered that the type of knowledge transition affects the strategy pattern of corporate cooperation. For instance, problem resolution calls for knowledge management, while communication shall reduce the cognitive restraints of each side.

al. (2004) proposed the views of productivity and profitability to inspect the benefits of alliance through operation. The research on the strategy alliance of the global airline industry shows that the horizontal strategy alliance could enhance the productivity or profitability of enterprises, and when the level of cooperation intensifies, the productivity or profitability of manufacturers is higher. Follow-up research also verified that an alliance in distribution and other industries could elevate productivity. Secondly, as investors or shareholders, the creation of corporate value is the goal of a strategy alliance; another risk of cooperation is brand dilution, some research pointed out that the cooperation of different brands might result in confusion of brands for consumer. However, Esteban-Bravo and Lado (2011) studied whether a cross-industry alliance in automobiles would affect brand value, the result of which shows that brand value is not diluted due to alliance, and while it might affect the pricing strategy at the product manufacturing period, the brand premium could be reflected in the sales volume.

It is noteworthy that, the key to achieving the goal or performance of a strategy alliance is the level of cooperation or reliance relationship among manufacturers. Judge and Dooley (2006) studied the cooperation performance of manufacturers from the perspective of transaction cost, and discovered that the performance of alliance is negatively correlated with opportunistic behavior, which shows that, the less the opportunistic behavior is, the higher the benefit of the strategy alliance is; while opportu-

istic behavior is negatively correlated with the trustworthiness of manufacturers and contractual safeguards. Oum etc. (2004), Chu (2021), Russo and Cesarani (2017) and Robson, etc. (2019) also stressed the positive correlation between the cooperation level of manufacturers and productivity. These researches show the relationship and preconditions of strategy alliance and performance, which coincides with the theory of critical success factors by earlier researcher Whipple and Frankel (2000), namely, “trustworthiness” is the primary key to the success of a strategy alliance<sup>4</sup>.

### Case Study Method

This study aims to discuss strategy alliance and brand premium; as the strategy alliance for property is still at the burgeoning period in Taiwan, their patterns are not the same, and individual corporate governance policies are involved. As a result, the case study method is applied; where relevant information is obtained through secondary materials and survey methods, to further clarify the relationship among strategy alliance, brand, and property value.

Regarding case selection, the commonly seen patterns for corporate strategy alliance include, 1), product-oriented, namely, adding new elements to the products of a construction proposal through alliance, for instance, the construction proposal of “beautiful Taipei” between Kindom Construction Corp. and

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<sup>4</sup> Whipple and Frankel (2000) pointed out that the critical factors for success of strategy alliance include trust, senior management support, ability to meet performance goals, clear goals, and partner compatibility, among which trust is generally accepted as the most important.

the Commonwealth Publishing Group; 2), investment-oriented, namely, construction companies implement the reinvestment strategy through strategy alliance, for instance, the Sheraton Hotel invested in construction by Fong Yi Construction Co. in Hsinchu, namely, cooperation with the subordinate brand of Starwood Hotels, the strategy alliances of other construction companies are as shown in Table 1<sup>5</sup>. The W Hotel cooperation pattern, as employed by Prince Housing & Development Co. (Prince Housing), is the “permit management” contract, rather than the cooperation pattern used by ordinary hotels of the “franchise”, as a result, it is typical. Thus, the case study selects Prince Housing for analysis, which basic data explanation is, as follows.

*Strategy Alliance Between Prince Housing & Development Co. And Starwood Hotel*

Situated in Tainan, Prince Housing was established on Sept 20, 1973, which was mainly invested by Tainan Textile, Uni-president, Universal Cement Corporation, and other companies, and listed on April 24, 1991, with the paid-up capital of NTD 16.1 billion. To date, the company has established branches in Taipei, Taichung, and Kaohsiung, and their construction proposals cover all regions of Taiwan. The affiliated companies of Prince Housing include 4 groups, such as property construction, tourist hotels and residence leasing, BOT

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<sup>5</sup> This part is obtained from the senior supervising expert opinions of construction companies (interviewees B1, B2), published information of listed companies and media coverage.

business, and long-term investment. The annual turnover in 2022 was about NTD 12.51 billion, among which the revenue of construction departments accounted for the most, followed by tourist and hotel departments, with proportions of 83%, 13%, and 4%, respectively. The company consecutively received the Excellence Award for Construction in Taiwan from 2006 to 2017.<sup>6</sup>

In 2004, Prince Housing established the chartered company UPDC, together with Uni-president and other relevant enterprises, and jointly participated in the construction, development, and operation of the “BOT plan of municipal government transfer station”. This period was 50 years, as the date when the recordation of superficies was completed, and at the expiration of this period, it was transferred to the Taipei government. The BOT plan is a compound commercial building, and includes a highway passenger transfer station, department stores, and international sightseeing hotels, with a total investment of NTD 13.5 billion. Among the building, 8-31<sup>st</sup> floors are international boutique restaurants operated by the “Times International Hotel” (established in 2007) of Prince Housing. Prince Housing also introduced the “W Hotel” brand under Starwood Hotels. The hotel was opened in 2010, with a total of 405 guest rooms.

*Data Sources And Collection Method*

The secondary data source includes the official website of Prince Housing, the prospectus of listed companies, web-

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<sup>6</sup> The basic materials regarding Prince Housing are referred to in the prospectus and websites of listed companies.

sites of relevant property agents (mainly Sinyi Realty, Yungching, and 591 property lease and sale websites), official websites of the department of land administration, statistics website of the Tourism Bureau, and relevant media coverage.

To understand the effect of strategy alliance, and its impact on property brand value, this study further employs investigation and interview methods to obtain expert opinions. The interview method employs the pre-test method in the early stage to identify the suitability of interview questions, and sorts of interviewees through occupational types and seniority. The number of interviews refers to the advice of McCracken (1988)

and Yin (1993). There are 7 experts from the property industry selected for interviews in July 2014. The basic materials of the interviewees are as shown in Table 2. The interview outline mainly includes the motivation of a strategy alliance of the property industry, relevant costs, benefits, and administrative expenses, the impact of a strategy alliance on property marketing and operation performance, cognition of consumers, and the impact of strategy alliance on property value and corporate brands.

Finally, after the interviews, this study continues to track the hotel's operating income from 2011 to 2018 to confirm the long-term benefits of strategic alliances.

Table 1. List for strategy alliance types and cooperation partners of construction companies

Type	Construction companies	Cooperation partners	Construction proposals or individual case
Product-oriented	Swan Construction Co.	Eslite	Tamsui
	Kindom Construction Co.	Commonwealth Publishing Co.	Kindom Leader, Kindom Commonwealth, Kindom Zhongshan, Beautiful Jingan, Meili Xinjing, Beautiful Guilin, Jing Shang Jing, New World
	Chuan Hong Construction Co.	Kinokuniya Bookstore (Japan)	Ito City
	Fu Yu Construction Co.	Kinokuniya Bookstore (Japan)	Fu Yu Oriental Pearl in Hsinchu
	True Full Construction Co.	Tsutaya Bookstore (Japan)	True Full Forest
	Farglory Land	Yuan-Liou Publishing	Farglory Future Town



	Development Co.	Co.	
Investment-oriented	Prince Housing & Development Co.	Starwood Hotels	W Hotel, Taipei
	Fong Yi Construction Co.	Starwood Hotels	Sheraton Hsinchu Hotel
	Da Cin Development Co.	Mandarina Crown Hotel, Mandarin Oriental, Hong Kong operation and management	Mandarin Oriental, Taipei
	Huang Hsiang Construction Co.	Marriott Hotel Group Fujita Kanko Group (Japan)	Renaissance Taipei Shilin Hotel Gracery Taipei Hotel
	Yui Mom Construction Co.	Grand Formosa Group, Japan Ukai, catering group	Silks Place, Kaohsiung
	Li Rong Construction Co.	FIH Regent Group - Just Sleep, brand	Just Sleep, Kaohsiung

Table 2. Summary table of interviewees

Interviewees	Company or unit	Title	Seniority	Interview time
A-1	Foreign banks (expertise in property)	Manager	18 years	2014/7
A-2	Property agency	Assistant manager	22 years	2014/7
B-1	Construction company	Manager	20 years	2014/7
B-2	Construction company	Manager	20 years	2014/7
C-1	Property appraisal office	Appraiser	25 years	2014/7
C-2	Property appraisal office	Appraiser	10 years	2014/7
C-3	Property appraisal office	Appraiser	10 years	2014/7

Note: After the first phase of interviews, the second phase of this study uses 2011-2018 statistical data to confirm the effect of strategic alliances.

## Results and Analysis

As is known from previous literature, the patterns of a strategy alliance, and the effect of resources obtained or used will reflect in the operation performance or brand value. As a result, the following shall analyze the alliance mode of the strategy alliance between Prince Housing and Starwood Hotels, as well as the connotation of alliance resources and the premium effect and conduct comprehensive discussion.

### *Type And Objective Of Strategy Alliance*

The cooperation pattern between Prince Housing and Starwood Hotels is the same as the alliance between Times International Hotel, a subsidiary of Prince Housing (100% equity held by Prince Housing), and W Hotel, the brand of Starwood Hotels & Resorts, which pattern resembles the horizontal strategy alliance, also called the cross-industry alliance. The commonly seen modes for the combination of Taiwan hotels and internal chain brands include franchise or management contracts. Under the former mode, the hotel operators pay franchise fees to obtain a brand trademark and technical advisors, where finance and HR are independent; while under the latter mode of the management contract, the hotel is submitted to the chain company for management, including financial and HR planning. Moreover, the operators must pay management fees or profit dividends. It is noteworthy that Prince Housing participated in the planning and design of the W Hotel after establishing the Times International Hotel. The franchise means is not

employed, but the authorized management has the opportunity to gain experience more about professional knowledge of international hotel operation management. As a result, the goal of a strategy alliance has positioned toward the viewpoints of basic knowledge for learning and knowledge transfer, as well as obtaining brands. This is the governance mode for knowledge transfer or innovative learning, as illustrated by Jiang (2011), Grant and Baden-Fuller (2004) and Li, Qiu and Wang (2019). As described by Shi-hong Chuang, the executive director of the Times International Hotel over the goal of strategy alliance,

*“Prince Housing participates in the planning and design of W Hotel after the Times International Hotel is established. Times hotel does not employ franchise means, but Total Management to cooperate with the “fashionable” brand W Hotel of Starwood Hotels & Resorts. It aims to further learn the knowhow of international chain hotel operation management, so as to further explore the market.”*<sup>7</sup>

Under the goal of learning and knowledge transfer, the study found the operation performance of W Hotel and the property value of hotels, or the brand value of Prince Housing have been affected.

### *Effect Of Strategy Alliance*

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<sup>7</sup> Quoted from electronic version of House. China times 2011/02/16, pursuit of sightseeing opportunity by Prince Housing. <http://house.chinatimes.com/content-indexNews-content.aspx?NewsID=22513>

The implementation of a strategy alliance in this study is guided by the management of Prince Housing, consequently, with the same recognition and support of the policies of the management, in terms of trust degree, it is based on the management contract, and cannot value the trust relationship of cooperation manufacturers in the short term. However, the dependency degree of Prince Housing on the management of Starwood Hotels & Resorts can be deduced from the cooperation mode. With regard to setting of the goal of a strategy alliance, as mentioned above, Prince Housing intends to achieve knowledge transfer through cooperation, and in addition to the introduction of the H-Hotel brand, it is also hoped that, through the introduction of Total Management, the corporate teams are enabled to deeply understand, study, and apply the operation mode of international hotels. According to the opinions of senior property practitioners (see the following excerpt of interview content), the goal of the strategy is correct and effective, and could not only create property value, but has the benefit of brand marketing. This part can be verified from the operation mode of “copy W-Hotel”, the key projects of the follow-up promotion marketing strategy of Prince Housing.<sup>8</sup>

*“Builders cooperate with global brands in the Duhui district, Taipei, establish representative works, and become famous in the north, which not only creates value-added space*

<sup>8</sup> Newly promoted cases of Prince Housing, Prince Neihu Office Building, Prince Housing, Taichung, The Splendor Hotel Taichung under operation, advertisement and marketing resort to “copying the operation mode of W Hotel”.

*for the building in the future, but also leaves a credit topic for future proposal promotions in the north. It is a smart strategy.” (A1)*

In terms of hotel operation performance, as the Times International Hotel of Prince Housing has not accumulated brand recognition, the shortcut to Total Management is employed to obtain a hotel brand. If the cross-industry alliance achieves success, and reflect in hotel operation revenue, it will elevate the effect of property value. The interviewed property appraisers expressed that the cooperation between Prince Housing and W Hotel is a successful case in cross-industry alliance in Taiwan, and due to its complementary nature, it imposes positive impact on the W Hotel value. By comparison of the operation data of W Hotel in Taipei (see Table 3), the room occupancy rate reaches 80% in the 3<sup>rd</sup> year of operation (2019), which is higher than the average value of international hotels during the same period. Meanwhile, the rent and catering revenue grow rapidly, compared with 2011, and the overall operation revenue rate in 2013 reached 76.14%, and then the operating income has entered a stable state, which coincides with the views of property appraisers<sup>9</sup>. In fact, brands have positive impact on the property value of the hotel, and its profitability is related to the performance of the operation teams, visibility of the room booking system, brand recognition, and room occupancy rate (Chu, 2005). Although To-

<sup>9</sup>Tourism Bureau, MOTC published the operation performance of sightseeing hotels in Taipei for this June on July 21st, 2014, the room occupancy rate of W Hotel is 82%, the revenue per available room is NTD 8277, becoming the hotel with the best operation efficiency in Taipei.

tal Management requires high license fees and relevant expenses, the benefit exceeds the costs, and created the brand premium effect, as discussed by Das, Sen, and Sengupta (1998), Esteban-Bravo and Lado (2011) and Chu (2021).

*“Relevant cross-industry alliance in property (Prince Housing W- Hotel) is generally conducive to the property” (C1)*

*“Among the cross-industry alliance in properties in Taiwan, W-Hotel of Prince Housing is regarded as a successful case” (C2)*

*“If the cross-industry alliance is successful, and the effect of resource complementarity is achieved, the commodity value could indeed be elevated” (C3)*

In addition, the strategy alliance between Prince Housing and Starwood shows that goal setting and compatibility or complementarity among partner manufacturers have great significance; however, not all property alliances are successful, when compatibility is insufficient, the brand value of each other might be offset; for instance, in the beginning period, the dream-mall in Kaohsiung introduced famous British retail chain manufacturers, yet the brand features had a huge gap among the positioning of department stores in the cognition of the public, which weakened the cooperative advantages to the contrary<sup>10</sup>, thus, triggering the so-called brand dilution effect similar to that illustrated by Esteban-Bravo and Lado (2011). Instead, according to the general manager

of Prince Housing, the selection of a strategy alliance object mainly considers the commercial attributes of Xinyi District, as the brand image of W Hotel meets the main consumer preference in the municipal government business district, and cooperation is the result.

*“According to Hsieh, general manager of Prince Housing, the selection to cooperate with hotel operators mainly considers the commercial attributes of Xinyi District, as the brand image of W Hotel meets the main consumer preference in the municipal government business district, cooperation is the result”<sup>11</sup>*

Although relevant research emphasizes the importance of trust, on this basis, the correctness of goal setting, and compatibility or complementarity among partner manufacturers, is not only the important factor for the success of a strategy alliance but is also the key to show the brand premium or create property value. Regarding the partner of Starwood, in addition to obtaining high license fees and other benefits, the alliance has huge non-economic benefit. Although W Hotel itself is a famous brand, its visibility and popularity were not initially famous in Taiwan. Through the strategy alliance, the W Hotel brand under Starwood expands to new market areas and commercial opportunities.

*“W Hotel also takes the beachhead in Taipei, competing for commercial opportunities for high-end business travelers and wedding*

<sup>10</sup> The operation content for the dream-mall in Kaohsiung is obtained from the comprehensive opinions of interviewee B1.

<sup>11</sup> Refer to the electronic version of HouseFun 2012/11/25.

parties, which earn a lot of revenue.  
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“Due to the global popularity of W, it does not need to cooperate with Prince. The establishment of this enterprise alliance shows that there are mutually advantageous and complimentary effects. Only in this way could they assist each other, and the hierarchy matches. The hotel industry is definitely the

industry that property operators desire to enter most, as it is a closed industry, the other is the banking industry. Of course, it is closely related to the reinvestment preference of the president The Prince has special preference to the hotel industry. (B2) “

Table 3. Taipei W-Hotel operation performance in 2011-2018

Year	Gust room	Occupancy rate	Price	Rent revenue	Catering revenue	Total operation revenue
2011	4,050	59.66%	7,246	535,768,938	494,331,083	1,201,134,020
2012	4,860	74.43%	8,591	947,865,454	749,801,262	1,909,784,079
2013	4,860	80.28%	9,539	1,132,113,045	749,606,506	2,115,670,871
2014	4,860	81.81%	9,851	1,191,324,097	754,282,725	2,188,524,990
2015	4,860	79.77%	9,580	1,129,597,152	787,747,194	2,156,537,727
2016	4,860	76.91%	9,241	1,053,502,070	679,052,911	1,950,755,250
2017	4,860	78.63%	8,500	988,030,737	612,666,162	1,803,256,410
2018	4,860	80.22%	8,661	1,027,126,801	625,567,799	1,864,872,453

Source: Tourism Bureau (2019), Sightseeing statistics annals, Tourism Bureau

### Conclusion and Suggestions

Brands have premium effect on property value. Regarding property operators, the development of brands helps product pricing, promotes long-term performance of commercial property, and even commercializes the brand value given the opportunity, meaning selling to small or new developers. Thus, the development of brands has become an important strategy of property operators. The development of brands demands huge cost and long-time operation, thus,

how to achieve the same brand effect within a short time and intensify market competitiveness are the daunting challenges confronting operators. According to the strategy alliance theory, manufacturers could create brand premium through an alliance, which will impose positive impact on the operation performance of both parties. Relevant research mainly discusses other industries, while few discuss whether the property industry has the same effect. Therefore, this study discusses the strategy alliance, and its effect, between Prince Housing and Starwood through a case study, as

viewed by the strategy alliance and brand premium, with the emphasis on property analysis.

The result discovers that the strategy alliance has positive impact on the property value and operation performance, and the extent of the value impact is related to the alliance model (as shown in Figure 1). The learning or knowledge transfer alliance has higher brand premium; taking Prince Housing for example, the brand and operation management model of W Hotel not only enables the newly operated hotel to achieve a high growth rate and room occupancy rate within a short time, it also drives other property product promotions and marketing effects of Prince Housing, thus, it has multiple effects for increasing the hotel value and corporate brand premium. In addition, the hotel property

is a long-term asset that can generate stable cash flow. Regarding the partner Starwood, the market occupancy rate and visibility of W Hotel in the Asian market are also increased. Regarding the resource-depended cooperation model employed by other construction companies in the strategy alliance, the premium effect is related to the Complementarity nature of partner manufacturers. If the Complementarity is insufficient or unclear in positioning, although the cooperation might be conducive to the marketing strategy implementation in the initial period, the profitability and other economic benefits are not obvious, or even suspected, by clients. This result conforms to the knowledge transfer views by Grant and Baden-Fuller (2004), Jiang (2011) and Li, Qiu and Wang (2019).

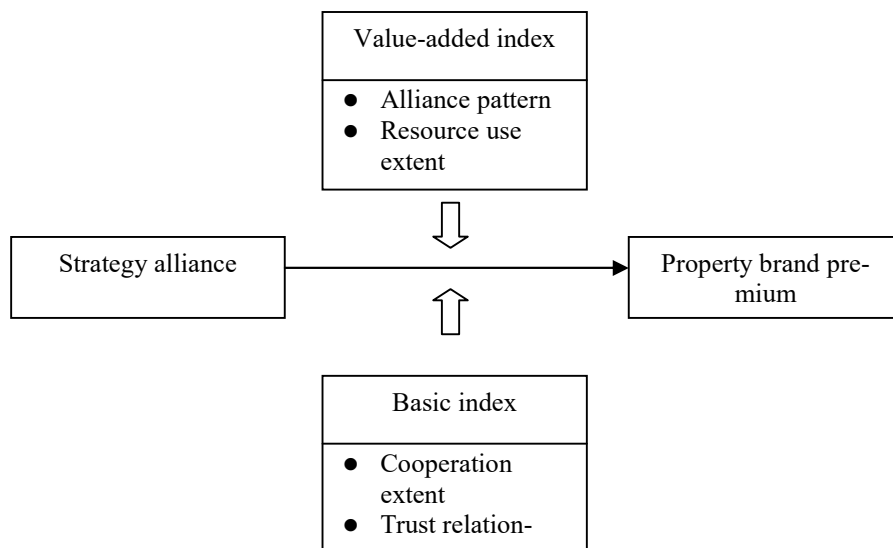


Figure 1: Strategy alliance and property brand premium structure

We suggest that property operators could refer to this study to establish a model for a strategy alliance and brand premium concept, adopt different strategy alliance models depending on different operation goals, and consider the costs of an alliance. After market information becomes adequate, follow-up researchers could employ the quantified analysis method to further appraise the effect of an alliance or discuss the key to the success of a property strategy alliance.

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