

## **LITERATURE REVIEW OF THE RELATIONSHIPS BETWEEN COMPONENTS OF CUSTOMER-BASED BRAND EQUITY FOR DESTINATION**

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### **ABSTRACT**

This paper is aimed to review the literature relating to brand, destination, destination brand and customer-based brand equity for destination; then construct a proposed model of the relationships between components of customer-based brand equity for a tourism destination. Much literature and empirical studies in the tourism sector have shown that: (1) destination brand awareness has significant positive effects on destination brand image, destination perceived quality and destination brand loyalty; (2) destination brand image has significant direct positive impacts on destination perceived quality and destination brand loyalty; (3) destination perceived quality has direct positive influence on destination brand loyalty. Finally, this paper presents some suggestions for future research.

**Key words:** customer-based brand equity; destination brand awareness; destination brand image; destination perceived quality; destination brand loyalty

### **1. INTRODUCTION**

Since its debut in the late 1980s, brand equity has been an important concept in marketing management and it has been considered as an important factor making competitive advantages in markets (Al-Azzam, 2013). Although the literature on this topic is largely fragmented (Buil et al., 2013), brand equity can be divided into two main different perspectives: financial and customer-based (Keller, 1993). From the financial perspective, brand equity is considered as the monetary value of a brand to the firm (Simon & Sullivan, 1993). From the customer perspective the focus of (present study focuses on this perspective), brand equity (also known as customer-based brand equity) is based on the evaluation of consumer response to a brand name (Chang et al., 2008). Compared to the brand equity based on the financial perspective, the brand equity based on customers is more supported by scholars. If the brand does not have meaning to the customer, there are no other definitions that are truly meaningful (Cobb-Walgreen et al., 1995).

Customer-based brand equity studies are not only limited to products, but have also been expanding to the tourism field in recent years. There have been studies on customer-based brand equity to destination (e.g. Konecnik, & Gartner, 2007; Boo & et al., 2009; Pike et al., 2010; Myagmarsuren & Chen, 2011). Compared with study of customer-based brand equity to products, the study of customer-based brand equity to destinations is less in quantity and time of

appearance (the first study regards customer-based brand equity brand to destination is done by Konecnik & Gartner, (2007)). One of the main causes is due to the concept, views of destination and the destination brand are quite complex, they also are driven by many factors. Therefore, the objective of this research is to synthesize the theoretical basis of the brand, destination, destination brand, customer-based brand equity and its application to destination; thereby building proposed models of the relationship between the components of customer-based brand equity for destination which base on synthesis of theory and results from previous researches.

## **2. LITERATURE REVIEW**

### **2.1 Related Concepts**

#### *2.1.1 Brand, destination and destination brand*

Brand is a concept that is referred to regularly and more continuously than ever in academia and in practice in recent years. According to Kotler (1997, p. 443), brand is defined as “a name, term, sign, symbol, or design or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors.” Brand includes two main functions. Functional information is to differentiate its products from products of competitors and legal functions is to protect the legitimate rights of individuals (organizations).

Regarding to destination, it is a complex and multidimensional concept, and is recognized under different aspects. From the traditional view, destinations are considered as well-defined geographical areas, such as a country, an island or a town (Hall, 2000). With this view, destinations are usually divided by the barriers of geography and politics, without attention to the travelers' preferences or functions of tourism industry. However, recent definition of destination expands to involve a perceptual concept of destination that can be interpreted subjectively by travelers, depending on their travel itinerary, cultural background, goal of visit, educational level and past experience (Mohamad, 2012). For instance, a German business traveler can consider London as a destination, while Europe may be the destination for a leisure Japanese traveler who spends a tour at six European countries in two weeks. Another example, a cruise ship can be a destination for some travelers, whilst other travelers on the same cruise may consider the ports visited during the trip as their destination (Buhalis, 2000). From this perspective, the destination can be viewed as a place where people travel to and stay for a while to experience the certain features or absorbing characteristics (Leiper, 1995); where the facilities and services are designed to meet the travelers' needs (Cooper et al., 1998); is an integration of all the products, services and experiences locally offered for guests (Buhalis, 2000).

Although the destination is recognized as a product and from there brand of destinations are also formed (Prichard & Morgan, 1998); however, there are certain obstacles when determine the brand of destination as compared with a product (service). The tourist destinations are related to many factors such as accommodation, tourist attractions, tourism policy, and the tourism industry (Cai, 2002), as well as the name of a destination almost predetermined by the current name of the location (Kim et al., 2009). Therefore, the definition of destination brand is dispersed in theory. One of the most cited definitions for destination brand is that introduced by Ritchie & Ritchie (1998). According to Ritchie & Ritchie (1998), destination brand can be a name, symbol, logo, word mark or other graphic that both identifies and differentiates the place; furthermore, it conveys the promise of a memorable travel experience that is

uniquely associated with the place; it also serves to consolidate and reinforce the pleasurable memories of the place experienced. Destination branding processes play a significant role in governmental efforts to achieve a competitive advantage in the tourism market (Aziz et al., 2012); and destination branding purposes to strengthen the uniqueness of a tourist destination, and reinforce forming and developing positive images and then show positive images to target markets (Baker & Cameron, 2008).

### *2.1.2 Customer-based brand equity and its application for destination*

Customer-based brand equity is defined based on knowledge, preference and association of customers with regards to brands. According to Farquhar et al. (1991), brand equity is the incremental utility or value added to a product by its brand name. Keller (1993, p. 2) argue that brand equity can be as “the differential effect of brand knowledge on consumer response to the marketing of the brand”. According to Aaker (1991, p. 15) defined brand equity as “a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to firm’s customers”. Aaker’s (1991) definitions is one of the most cited definitions by many following researchers because it expressed full appreciation of customers to the brand and particularly help customers understand easily. Bases on this concept, Aaker (1991) has proposed perceived quality, brand awareness, brand association and brand loyalty are the four main components of customer-based brand equity.

Although from a theoretical perspective there is still a lot of debate as to whether customer-based brand equity can be applied from the product to the tourist destination or not because this concept becomes quite complex, elusive when connected it with a destination (Konecnik & Gartner, 2007); there have been empirical studies on customer-based brand equity which have been applied to tourism destinations. The first research applies to the customer-based brand equity model put into practice for a tourist destination made by Konecnik & Gartner (2007), followed by studies of Boo et al. (2009); Konecnik & Gartner (2010); Pike et al. (2010); Myagmarsuren & Chen (2011), etc. When applying customer-based brand equity into tourist destinations, most studies have adopted Aaker’s (1991) model, then applying it that involves four components: destination brand awareness (destination brand salience), destination perceived quality, destination brand image and destination brand loyalty. Based on theory and results from the previous actual researches, this paper constructs suggested model of the relationships between the components of customer-based brand equity for a tourism destination with components as mentioned above.

## **2.2 Research concepts**

**Destination brand awareness.** Brand awareness is defined as “the ability of the potential buyer to recognize and recall that a brand is a member of a certain product category” (Aaker, 1991, p. 61). Brand awareness involves brand recall and brand recognition. Brand recall implies when consumers see a product category, they can recall a brand name correctly, and brand recognition implies consumers have the ability to recognize a brand when they get some cues (Chi et al., 2009). In the tourism sector, destination brand awareness is defined as the strength of the brand’s presence in the customer’s mind (Konecnik & Gartner, 2007; Boo et al., 2009); and in other studies (e.g. Pike et al., 2010; Bianchi & Pike, 2011; Pike et al., 2013), the strength of the brand presence in the customer’s mind is named as destination brand salience. Thus, destination brand awareness has been used interchangeably with destination brand salience in the present study. Brand awareness is recognized as a key component of a brand’s effect in hospitality and tourism (Boo et

al., 2009); and as a tourist destination needs to be successful, it has to initially get the awareness of tourists (Milman & Pizam, 1995). The objective of destination marketing is aimed at raising awareness of a destination by building a unique brand (Jago et al., 2003).

**Destination brand image.** Brand image is defined as “perceptions about a brand as reflected by the brand associations held in consumer memory” (Keller 1993, p. 3). In the tourism sector, brand image has been considered as the reasoned or emotional perception consumers attach to specific brands (Boo et al., 2009). Although the destination brand image (is also shortly called destination image) is interested in wide research, there is no unique and commonly accepted approach to its conceptualization (Konecnik & Gartner, 2007). Destination image can be an individual's mental representation of knowledge (beliefs), feelings, and global impression about an object or destination (Myagmarsuren & Chen, 2011); is an interactive system of thoughts, opinions, feelings, visualizations, and intentions toward a destination (Tasci et al., 2007); etc. Building brand image is an important element in the creation of a destination-branding model (Boo et al., 2009).

**Destination perceived quality.** Perceived quality is defined as a customer's perceptions of the overall quality or superiority of a product or service with respects to its intended purpose (Aaker, 1991). Individual experiences, special needs, and situations of consumption may affect subjective evaluation of the quality of the customer (Yoo et al., 2000). Perceived quality cannot be objectively determined as it is a perception but also as it is subjective judgment of what is significant for the customer involved (Aaker, 1991). In tourism and hospitality, destinations perceived quality is concerned with consumer's perceptions of the quality of a destination's infrastructure, hospitality service, and amenities such as accommodation (Pike et al., 2010); and it is the key element of customer-based brand equity when applied to a destination (Konecnik & Gartner, 2007).

**Destination brand loyalty.** Brand loyalty has been defined as “the attachment that a customer has to a brand” (Aaker, 1991, p. 39). Brand loyalty is a key source of customer-based brand equity. In general, brand loyalty has been considered either an attitude or behavior. Behavior loyalty represents repurchase behavior (Chi et al., 2009). Attitudinal loyalty refers to the tendency to be loyal to a focal brand, which is demonstrated by the intention to buy the brand as a primary choice (Yoo & Donthu, 2001). In tourism and hospitality, attitudinal loyalty refers to a tourist's intention to revisit the destination and recommend it to others (Myagmarsuren & Chen, 2011; Pike & Bianchi, 2013) and is mentioned a result of multidimensional cognitive attitudes toward a specific destination brand (Back & Parks, 2003).

### **2.3 Relationship between research concepts**

#### **2.3.1 Relationship between destination brand awareness, destination brand image and destination perceived quality**

Consumers' awareness of the brand leads to their attitudes such as brand associations (brand image) and perceived quality. The start of the process of building brand equity is growing brand awareness. Consumers must have awareness of a brand first, and then have a set of brand associations (brand image) (Buil et al., 2013). In the tourism sector, destination awareness is one of the main perceptual indicators of tourist behavior (Woodside & Lysonski, 1989). Konecnik (2010) pointed out having the relationship between destination brand awareness with brand image. Similarly, in some studies (e.g. Pike et al., 2010; Myagmarsuren & Chen, 2011), they suggested a positive impact of destination brand awareness on brand image in their proposed research models. Moreover, although the relationship between

destination brand awareness and destination perceived quality has not been considered in tourism literature; in marketing literature, the customer's awareness and associations that lead their perception of the quality of the brand (Keller, 1993); and brand awareness is significant as an antecedent to perceived quality (Buil et al., 2013). Similarly, perceived quality for a destination brand are likely to be enhanced by brand awareness in proposed models that were suggested by Myagmarsuren & Chen (2011). The empirical results (e.g. Konecnik, 2010; Pike et al., 2010) confirmed that there is a positive relationship of brand awareness on destination perceived quality. Besides, Aaker & Keller (1990) mentioned that the higher awareness and better the image are, the higher brand loyalty is to consumers. In tourism and hospitality, the empirical evidences in study by Pike & Bianchi (2013) have shown that there is directly positive impact of destinations brand awareness on destination brand loyalty. Thus, the following hypotheses are proposed:

H1: Destination brand awareness has a significant positive direct effect on destination brand image

H2: Destination brand awareness has a significant positive direct effect on destination brand loyalty

H3: Destination brand awareness has a significant positive direct effect on destination perceived quality

### *2.3.2 Relationship between destination brand image, destination perceived quality and destination brand loyalty*

In marketing literature, Keller (1993) indicated that the customer's awareness and associations (image) lead their perception of the quality of the brand. In the study done by Konecnik (2010), the result shows that there is a positive relationship between destination brand image and destination perceived quality. Similarly, the empirical studies (e.g. Myagmarsuren & Chen, 2011; Aliman, 2014) demonstrated a positive and direct impact of destination brand image on destination perceived quality. In addition, in the tourism sector, destination image is an important factor influencing tourists' attitudes toward the destination (Veasna et al., 2013). The results from the studies (e.g. Boo et al., 2009; Pike et al., 2010; Bianchi et al., 2011; Aliman, 2014) confirm that destination brand image has a positive impact on brand loyalty destination. Moreover, the literature review has shown that perceived quality represent the antecedent step leading to brand loyalty (Keller & Lehmann, 2003). In the tourism sector, the empirical evidences in many studies (e.g. Boo et al., 2009; Pike et al., 2010) have shown that there is positive and direct impact of destinations perceived quality on destination brand loyalty. Based on the literature review and empirical evidences, the following hypotheses are proposed:

H4: Destination brand image has a significant positive direct effect on destination perceived quality

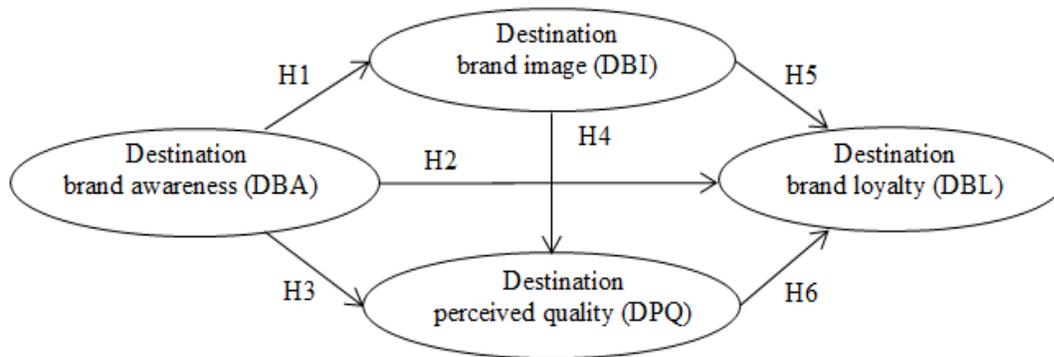
H5: Destination brand image has a significant positive direct effect on destination brand loyalty

H6: Destination perceived quality has a significant positive direct effect on destination brand loyalty

### *2.4 Conceptual framework and research hypotheses*

Based on a review of the literature regards research concepts and their relationships as mentioned above, a conceptual framework and hypotheses are illustrated in Figure 1.

Figure 1. Conceptual framework



### 3. CONCLUSION AND FUTURE RESEARCH

Customer-based brand equity is a key concept for the modern organization and is an interesting academic topic in recent years. Although there are many models measuring customer-based brand equity, Aaker's (1991) model is one of the most applied models. Aaker's (1991) model was not only applying to products but also was gradually being examined in the field of tourism, especially for destination. Based on theory and practical research results, the present study formed the proposed model of the relationships between the components of customer-based brand equity for tourist destination. In particular, (1) destination brand awareness has significant positive effects on destination brand image, destination perceived quality and destination brand loyalty; (2) destination brand image has significantly direct positive impacts on destination perceived quality and destination brand loyalty; (3) destination perceived quality has direct positive influence on destination brand loyalty.

This study stops short of building suggested models of the relationship between the components customer-based brand equity. Hence, the study consists of some limitations; and on these limitations, the paper suggests some directions for future research. Firstly, future research continues to build scales for research concepts. Building measuring scales can adopt, compile from previous studies, then conduct testing to establish official scales for each specific destination. Secondly, continuing to test the proposed model for a specific destination, and then compare the result with the results of previous researches and the theory.

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