Building brand equity through industrial tourism

Hsueh-wen Chow a, Guo-Jie Ling a, I-yin Yen b,*, Kuo-Ping Hwang c

a Graduate Institute of Physical Education, Health & Leisure Studies, National Cheng Kung University, No. 1, University Road, Tainan City 701, Taiwan
b Department of Leisure Management, I-Shou University, No. 1, Sec. 1, Syuecheng Rd., Dashu District, Kaohsiung City 84001, Taiwan
c Department of Transportation and Communication Management Science & Institute of Telecommunications Management, National Cheng Kung University, No. 1, University Road, Tainan City 701, Taiwan

ABSTRACT

As a consequence of rising operating and labor costs, numerous manufacturing companies in Taiwan have been closed or relocated overseas during the last two decades. Since 2003, Taiwan’s government has advocated for the transformation of traditional factories into tourism-oriented facilities to increase the brand strength of the companies. As a result, industrial tourism has been boosted and many manufacturers in Taiwan are keen on establishing tourism factories; however, the association, if any, between offering industrial tourism and building a strong brand equity remains relatively unexplored. Thus, the present study sought to examine customers’ perceptions of the value of a branded tourism factory through the concept of brand equity. More specifically, it was hypothesized that brand equity, which is composed of brand awareness, brand associations, and perceived quality, contributes to brand loyalty. Both qualitative and quantitative methods were employed in different phases of this study, including 1) questionnaires to identify industrial tourism factories with high brand awareness among consumers; 2) open-ended interviews regarding visitors’ touring experiences to develop further questionnaires; and 3) questionnaires distributed to three food-oriented firms with similar levels of brand awareness. Analysis of the data from 312 valid questionnaires revealed that brand associations and perceived quality both positively and significantly predict brand loyalty. The results suggest that companies engaging in industrial tourism should focus on offering tourists interactive experiences to enhance brand associations and on ensuring a transparent operations process during tours to emphasize the high quality of whatever is being produced, thereby contributing to enhance brand loyalty.

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1. Introduction

Increasing global competition has placed great stress on many industries, especially traditional manufacturing industries. In earlier times, the demand for various products was always greater than the supply, so manufacturing companies only had to focus, in general, on increasing their production efficiency. However, after decades of technological advances that have accelerated production processes, supplies are now often higher than the corresponding levels of demand, forcing the various brands that exist in given markets to compete for potential customers’ attention. As such, it has become increasingly difficult for customers to identify, remember, and choose brands during purchase decision making. In addition, customers are growing more resistant to traditional forms of marketing such as print advertising and television commercials (Willmott & Nelson, 2003). Instead, consumers are increasingly seeking holistic, authentic, multisensory, and memorable experiences that are associated with the given product or service. Hence, there has been a rapid rise in the number of marketing efforts known as experience marketing, which attempts to establish a personal and meaningful interaction with the consumer (Schmitt, 1999, Tynan & McKechnie, 2009). In some sense, the memorable experiences produced by such marketing efforts effectively become part of the products in question, making them key aspects of the experience economy (Pine & Gilmore, 1999).

In order to enhance the revenues provided by customers’ experiences as part of the experience economy (Pine & Gilmore, 1999), many factories have become involved in industrial tourism, which is also called industrial heritage tourism, by transforming...
their manufacturing factories into tourism factories. This type of
tourist attraction includes manufacturing plant tours, company
museums, company visitor centers, and brand parks, all of which
serve as means by which a firm can open their factory doors to
customers or visitors so that they can learn about the production
process, product features, and company history (Mitchell & Orwig,
2002; Otgaar, 2012). For many marketing managers, establishing
such tourism factories could be an effective marketing strategy as
one visit is more valuable than one hundred commercials when
guests relate their positive experiences to friends and relatives
(Brumberg & Axelrod, 1995).

In Taiwan, many factories were closed or relocated overseas
during the last two decades as a consequence of rising operating
and labor costs and the competitive global environment. In 2003,
the government of Taiwan's Industrial Development Bureau
noticed this trend and established "The Project to Assist
Manufacturing Industries in Developing Industrial Tourism" in an
attempt to help traditional factories transform into tourism fac-
tories in order to build up industrial tourism, which can act in a
multifunctional manner by allowing for both manufacturing and
tourism and which, therefore, may successfully promote a given
brand, making it stronger and more competitive (Industrial
Technology Research Institute, 2013a).

As such, many manufacturers in Taiwan have become keen on
establishing industrial tourism venues where they can provide
opportunities for tourists to visit, be entertained, be educated, and
get to know about the given brand and products. So far, 145 tourism
factories have been set up throughout Taiwan (Industrial
Technology Research Institute, 2013b). However, not all of these
145 industrial tourism sites are thriving. Some have been facing
problems such as a lack of attractiveness to visitors or not receiving
enough visitors to support their operating costs. Such problems can
lead to situations in which these industrial tourism factories must
struggle for survival, to say nothing of their actually achieving any
monetary or nonmonetary benefits from their industrial tourism
efforts. Therefore, considerable uncertainty still exists with regard
to if and how brand equity can be promoted by the establishment of
tourism factories, especially in today's intense and competitive
market.

It seems that the purpose of tourism factories and the concept
of brand equity are, in a sense, intertwined with each other, but there
have not been many previous studies that have sought to address
this interconnection. In particular, the concept of industrial tourism
is a relatively new one in the realm of academia (Robinson &
Novelli, 2005), in spite of industrial tourism itself being commonly practiced by many US and European firms. Most in-
dustrial tourism studies thus far, in fact, have been from the US
perspective. Given the fact that culture plays an important role in
brand equity (Blair & Chiou, 2013, 2014) and that, so far, very few
studies have explored the marketing effects of industrial tourism in
Taiwan, the association between offering industrial tourism and
building a strong brand through brand equity remains relatively
unexplored. Thus, the aim of this research was to examine cus-
tomers' perceptions of the value of branded industrial tourism
through the concept of brand equity. More specifically, it was hy-
pothesized that brand equity, which is composed of brand aware-
ness, brand associations, and perceived quality, contributes to
brand loyalty.

It is necessary, therefore, to investigate the relationship between
visits to industrial tourism sites and brand equity in order to assist
in the development of industrial tourism in Taiwan. As such, the
objectives of this study were as follows:

1. To examine if there are any differences relating to brand equity
among tourists with different visiting experiences (i.e., travel
style, product-use experience, interpreter guidance experience,
and brand orientation experience).
2. To investigate if visitors to industrial tourism sites will build
upon their perceptions regarding brand equity from the lowest
level toward the highest levels as assessed by brand awareness,
perceived quality, brand associations, and brand loyalty.

2. Literature review

2.1. Origins and development of industrial tourism

Industrial tourism can be traced back to Europe in the 1960s. At
that time, many industries such as the textile, mining, steel, and
other heavy industries faced structural imbalances, and some of
them finally had to close down. Thereafter, many of the shuttered
factories decayed with time and even turned into deserted,
becoming what has been referred to as “industrial heritage”
(Hospers, 2002). As time continued to pass, some people came to
enjoy visiting these heritage sites to reminisce and have fun, and
some factory owners simply seized on the chance to transform the
given outmoded manufacturing industry into an industry based on
serving the purposes of tourism, a phenomenon that would even-
tually be referred to as "industrial heritage tourism" (Edwards &
Llurdes, 1996).

Later, as the concepts of brand marketing management began
drawing the attention of more and more people, some of the
owners of companies in various industries began to recognize that
public relations were crucial to marketing. With that in mind, some
opened up their industrial environments for tourists to see,
strongly promoting industrial tourism in order to show their
companies and company spirits to tourists, hoping that the tourists
would then like their brands more and thus allow them to reap
greater revenues (Edwards & Llurdes, 1996; McBoyle, 1996;
Richards, 1996). Today, industrial tourism provides visitors with a
place where they can feel and experience a brand’s culture, gain
knowledge about the details of products, have fun, and learn about
the manufacturing process by participating in hands-on activities.
In this way, they can get acquainted with and even be impressed by
the given brand.

As such, industrial tourism has boomed in the last two decades,
growing to encompass industries selling a wide variety of products,
including food and beverages, clothing, appliances, automobiles,
toys, pottery and glassware, sporting goods, etc (Mitchell & Orwig,
2002). A great amount of industrial tourism falls under the food and
beverage category; for example, in Axelrod and Brumberg’s guide,
(1997) Watch it made in the USA: A visitor’s guide to the companies
that make your favorite products, it was reported that regarding 288
plant tours, 104 of the tours were in plants producing food and
beverage products. In addition, there are more than 1500 wineries
in the USA that provide wine tastings and tours for consumers.

2.2. Functions of industrial tourism

Extensive literature indicates that industrial tourism can pro-
vide a variety of advantages to a company that engages in it,
including intangible benefits such as securing a good reputation,
builing up a relationship with the public, an improved brand
image, creating a bond between consumers and the brand, and
increased brand loyalty (McBoyle, 1994; Mitchell & Orwig, 2002;
Otgaar, 2012; Rhees, 1992), as well as tangible benefits such as
opportunities to display products, increased sales through both on-
site and post-visit visitors, revenues generated from the sale of
tickets for the industrial tours, etc. Moreover, these potential ben-
efits are not limited solely to end users, but may also be shared, to

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