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# Investigating attitudes towards three South American destinations in an emerging long haul market using a model of consumer-based brand equity (CBBE)

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## HIGHLIGHTS

- We test a model of consumer-based brand equity (CBBE) for three South American holiday destinations.
- We analyse Australian tourists' attitudes towards Chile, Brazil and Argentina.
- These countries are not well known or compelling holiday destinations for Australian tourists.
- Promotional activities should focus on awareness and image building among Australian tourists.

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## ABSTRACT

Despite the importance of destination image in market competitiveness, and the popularity of the field within tourism literature, there remains a dearth of published research examining travellers' perceptions of destinations in South America. This manuscript addresses this gap by testing a model of consumer-based brand equity (CBBE) associated with three South American countries; Chile, Brazil and Argentina. The introduction of direct air links and a free-trade agreement in 2008 has led destination marketing organisations (DMOs) in these countries to increase promotional efforts in the Australian market. This study shows that the CBBE model is an appropriate tool to explore consumers' attitudes in the long-haul travel context. The findings provide DMOs of the three countries studied, with benchmarks against which to compare the impact of future marketing communications in Australia. The results provide increased transparency and accountability to stakeholders, such as South American tourism businesses and Australian travel intermediaries.



## 1. Introduction

Developing and sustaining competitiveness is the quintessential goal for destination marketing organisations (DMOs) worldwide. Intense competition for destination visitors has been highlighted at a global level, with two thirds of all international travellers visiting only 10 countries (see Morgan, Pritchard, & Pride, 2002). At a national level, such as in the USA, an estimated 20,000 cities, 3400 counties, 126 America's Byways and 12,800 National Historical Districts compete for consumer attention (Baker, 2007).

Although extensive destination competitiveness research has been undertaken (e.g., Dwyer & Kim, 2003; Ritchie & Crouch, 2003), very few studies have considered travellers' perceptions of destination brands in the South American region (De Moya & Jain, 2013). It has long been acknowledged that the image that consumers hold of a place is related to the tourism viability of the destination (e.g., Hunt, 1975). At the national level, achieving positive destination branding and competitiveness can be particularly difficult, as has been reported in studies conducted on Eastern Europe (Davidson, 1992; Hall, 1999), sub-Saharan Africa (Brown, 1998), Jordan (Hazbun, 2000; Schneider & Sönmez, 1999), Ethiopia (Shanka & Frost, 1999), Turkey (Martínez & Alvarez, 2010; Okumus & Karamustafa, 2005), and Cameroon (Kimbu, 2011). The macro destination of interest in this study is South America, where

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international tourism competitiveness has been impeded by a range of issues such as military dictatorships, war, illegal drugs cartels, terrorism, economic instability and high crime rates (Burton, 1995; Ritcher, 1992; Ryan, 1993; Santana, 2000).

In the 1990s South America emerged as a potential tourism destination for long-haul developed markets, with Brazil, Argentina and Chile as the main players in the region (Sobral, Peci, & Souza, 2007). The transition to democracy, the consolidation of economic blocks, the growth of trade with major world markets, the improvement of basic public services, and massive investments in infrastructure, contributed positively to the development of tourism in these South American markets (Santana, 2000).

Research investigating brand attitudes held by consumers of destinations in South America is important for a number of reasons. First, many countries in the region have returned to democratic government and are increasing investments in tourism developments. Second, travel demand to the region is growing rapidly, with an increase in arrivals of 10% in 2012 representing the strongest expansion in the world (WTO, 2012). Third, despite recognising the need for research investigating demand for travel to Latin America 40 years ago (e.g., Jud & Joseph, 1974), there has been a lack of progress in tourism research addressing this issue (Rezende-Parker, Morrison, & Ismail, 2003). As a consequence, there is limited information available to guide the expanding South American tourism industry. Fourth, while destination image is a commonly researched topic in the tourism literature, there remain very few published studies investigating perceptions of South American destinations (e.g., Pike, 2002, 2007). Fifth, despite substantial differences in language, infrastructure, climate, topography, history and culture among the South American countries, previous research suggests that they are largely undifferentiated by many international travellers (e.g., Rezende-Parker et al., 2003; Shani, Wang, Hudson, & Gil, 2009). Sixth, national tourism stakeholders in the 12 separate South American countries are showing an increased willingness to cooperate with each other, for example MARKTUR 2011; the first pan-Latin American tourism industry conference. In addition, forthcoming mega events in Brazil, such as the 2014 football World Cup and the 2016 Olympic Games, will increasingly draw global attention to the region.

This paper contributes to the literature on long-haul destination brand loyalty and the development of tourism in the region by a) evaluating the suitability of a CBBE model for three South American countries as long-haul destinations for Australian travellers, b) testing the relationships among the proposed dimensions of destination CBBE, and c) providing benchmarks of the perceptions and attitudes that Australian travellers have of Chile, Argentina and Brazil; countries that are increasingly considered as long-haul destinations by Australians. Recent academic interest in emerging markets has resulted in at least two calls for research examining emerging markets; special issues of the *International Journal of Leisure and Tourism Marketing* (Destination branding in emerging markets), and the *Journal of Hospitality and Tourism Management* (Expanding the knowledge base on emerging markets), to be published in 2013.

Two important initiatives in 2008 were responsible for the emergence of the Australian market for South American destinations. Qantas launched a direct air service between Santiago and Sydney, and Australia signed its first Latin American free-trade agreement with Chile (Fraser, 2009). Since 2008, Chile, Argentina and Brazil have all commenced new promotional strategies aimed at Australian travellers. These are mentioned in a statement by Tourism Chile (LATAM, 2012, p. 5, 12):

> Australia is a growth market for us and one which will continue to build… We are coming to Australia in response to demand from Australian wholesalers and travel agents now seeking more and different information about how to package and sell travel opportunities to more of South America.

According to the Australian Bureau of Statistics (ABS, 2013), short term international departures by Australian residents more than doubled over the past decade, with the top 10 most visited destinations showing triple digit growth between 2002 and 2012 (see Table 1). In 2002 the most frequently cited reasons for travel were holiday (43%), visiting friends and relatives (25%) and business (16%). By 2012 the relative proportions had changed to 57%, 23% and 10% respectively. Following the 2008 global financial crisis, growth in outbound travel by Australians has been attributed to the Australian Government's economic stimulus packages of 2008 and 2009, the introduction of low cost air carriers, and the strong Australian dollar. In 2012 the median length of time spent overseas was 15 days (ABS, 2013).

Table 2 highlights the increasing departures to South America destinations by Australian travellers, albeit coming from a small base, and still representing a small percentage of total outbound travel.

Overall, the aim of this study is to test a model of consumer-based brand equity (CBBE) in the context of an emerging long-haul market. The remainder of this article is organised as follows: The next section reviews the literature on destination branding and antecedents of attitudinal brand loyalty. We develop specific hypotheses drawing on the consumer-based brand equity (CBBE) model (Aaker, 1991, 1996; Keller, 2003). This is followed by a detailed description of the research methodology and the findings of the study. The manuscript concludes with a discussion of the implications of the research.

## 2. Literature review

The consumer-based brand equity (CBBE) hierarchy promoted by Aaker (1991, 1996) and Keller (2003) has attracted increased attention from tourism researchers over the past decade, as a means to measure the effectiveness of branding. The CBBE framework has been applied and tested in a variety of tourism contexts including: wineries (Lockshin & Spawton, 2001), hotels (Cobb-Walgren, Beal, & Donthu, 1995; Kayaman & Arasli, 2007; Kim, Jin-Sun, & Kim, 2008; Kim, Kim, & An, 2003), restaurants (Kim & Kim, 2005), conferences (Lee & Back, 2008) and airlines (Chen & Tseng, 2010). Since 2001, CBBE studies on destination branding have included country destinations such as Slovenia (Konecnik & Gartner, 2007), Malaysia (Man, 2010), Korea (Kim, Han, Holland, & Byon, 2009), Mongolia (Chen & Myagmarsuren, 2010), and a regional Australian destination (Pike, 2007). While most studies model CBBE from the perspective of travellers, Pike and Scott (2009) reported host community brand equity for a state capital.

**Table 1**
Short term Australian resident departures.

| Destination | 2002 | | 2007 | | 2012 | |
|---|---|---|---|---|---|---|
| | '000 | % | '000 | % | '000 | % |
| New Zealand | 597.3 | 17.3 | 902.0 | 16.5 | 1103.3 | 13.4 |
| Indonesia | 241.7 | 7.0 | 282.5 | 5.2 | 911.8 | 11.1 |
| United States of America | 299.1 | 8.6 | 479.0 | 8.8 | 863.6 | 10.5 |
| Thailand | 168.9 | 4.9 | 374.5 | 6.9 | 622.3 | 7.6 |
| UK | 318.3 | 9.2 | 428.4 | 7.8 | 489.1 | 6.0 |
| China | 136.9 | 4.0 | 284.5 | 5.2 | 381.1 | 4.6 |
| Fiji | 128.3 | 3.7 | 200.4 | 3.7 | 332.5 | 4.0 |
| Singapore | 149.2 | 4.3 | 221.5 | 4.1 | 306.5 | 3.7 |
| Malaysia | 109.5 | 3.2 | 181.2 | 3.3 | 259.4 | 3.2 |
| Hong Kong | 140.5 | 4.1 | 206.5 | 3.8 | 229.4 | 2.8 |
| All other countries | 1171.3 | 33.8 | 1901.8 | 34.8 | 2720.9 | 33.1 |
| **Total** | **3461.0** | **100.0** | **5462.3** | **100.0** | **8219.8** | **100.0** |

Source: Adapted from ABS (2013).