



Research Paper

The influence of destination competitiveness on customer-based brand equity

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ABSTRACT

Previous research suggest that an increase in customer-based brand equity (CBBE) can lead to greater competitiveness of the brand by influencing consumer behavior through the greater possibility of brand selection, increased brand loyalty, reduced price sensitivity, and a willingness to pay more for the brand. However, there are also studies to support the view that certain destination competitiveness attributes can be the antecedents of a destination's CBBE. This study seeks to explore the possibility that certain attributes of destination competitiveness which are considered 'functional attributes' can influence a destination's CBBE. Results from the path analysis of the proposed research model using SEM indicated that the component of functional attributes of destination competitiveness is indeed the precursor of destination competitiveness.

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1. Introduction

According to Pike and Mason (2011), branding is regarded by many researchers as an important tool to increase the competitiveness of a tourist destination and there have been a number of studies supporting the position that effective destination branding leads to greater destination competitiveness. However, there are also studies that make the argument for the reverse causation effect, i.e. higher competitiveness can lead to an increase in customer-based brand equity (CBBE) for the destination. This points to the likelihood that destination competitiveness is possibly made up of two components consisting of: (1) 'functional attributes' (more tangible and measurable) which is the antecedent of CBBE, and (2) 'abstract attributes' (more psychological and less tangible) which in turn is influenced by CBBE.

This study aims to provide an explanation for the relationship between the constructs of CBBE and destination competitiveness, and to explore the possibility that the destination competitiveness component 'which is made up of *functional attributes*' is the precursor of CBBE. The main objectives of this study are:

- To identify the functional attributes of destination competitiveness.

- To provide the theoretical underpinnings for the classification of the functional attributes of destination competitiveness.
- To determine the influencing role of the functional attributes component of destination competitiveness on CBBE.

The sample for this study was chosen from international tourists who have visited and stayed at least one night in the Malaysian cities of Kuala Lumpur, Penang, Melaka, Kota Kinabalu, and Kuching. These destinations were selected because they are among the most popular tourist destinations in Malaysia in terms of tourist arrivals.

2. Literature review

2.1. Competitiveness of tourism destinations (comparative and competitive advantage)

Crouch and Ritchie (1999) developed a conceptual framework on tourism destination competitiveness which was based on Porter's (1980) model of 'five forces' of competition (consisting of new entrants, suppliers, buyers, competition, and substitutes) and Porter's (1990) 'diamond' of national competitive advantage (featuring the four main determinants of national competitive advantage such as factor conditions, demand conditions, related and supporting industries, and firm strategy, structure, and rivalry). According to Crouch and Ritchie (1999), the five forces of new entrants, suppliers, buyers, competition, and substitutes can be considered to be the micro-competitive environmental factors affecting the intensity of competition faced by

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the company in the industry. The determinant factors of firm strategy, factor, demand, and supporting industries listed in the diamond of national advantage, meanwhile, can be used to determine a nation's competitiveness as a tourism destination. However, the same determinant factors listed in the diamond of national competitive advantage can also be used to compare the competitiveness of a destination at the regional, state, or city levels.

Enright and Newton (2004) expanded on the conceptualization of destination competitiveness of Crouch and Ritchie (1999) by introducing a wide range of business-related factors within the components of supporting factors and resources, destination management and qualifying and amplifying determinants; and a number of tourism-specific factors (tourism attractors) within the component of core resources and attractors. Using Hong Kong as the selected destination for their study, Enright and Newton (2004) evaluated the relative importance and relative competitiveness of both the tourism attractors and business factors of the destination. As a follow-up to the initial study in Hong Kong, Enright and Newton (2008) conducted another study on two other Asia-Pacific destinations, Singapore and Bangkok, to determine if competitiveness attributes have the same relative importance in different locations, and whether the findings from one destination can be replicated in other places. The results of this follow-up study indicated that all the attractors listed in the survey were regarded to possess a certain level of importance, thereby giving stronger support to Crouch and Ritchie's (1999) model of destination competitiveness.

2.2. Destination branding

Destination branding is defined as the set of marketing activities that: (1) support the creation of a name, logo, word, mark or other graphics that readily identifies and differentiates a destination, (2) consistently convey the expectation of a memorable travel experience that is uniquely associated with the destination, (3) serve to consolidate and reinforce the emotional connection between the visitor and the destination, and (4) reduce the consumer search costs and perceived risk (Blain, Levy, & Ritchie, 2005). The challenges in branding a tourism destination are mainly due to the 'complexity of the decision making process' of tourists because the tourist destination product is often considered to be intangible and risky (Cai, 2002 p. 721). A service product such as a tour package is considered intangible and risky because, unlike tangible goods, the customer is not able to sample the product before he purchased it and his purchase decision is mainly dependent on the image he possessed of the destination.

According to Blain et al. (2005), the brand promise of a destination is extremely important to potential tourists as it provides an assurance of a pleasant and memorable visitor experience in their upcoming vacation. Furthermore, a destination with a high level of positive brand awareness will indicate to visitors that their expectations for their vacation experience will be met while, at the same time, their perceived monetary, social, and safety risks in traveling to the destination will be reduced (Berry, 2000).

2.3. Customer-based brand equity for destinations

A model for the creation of brand equity for a destination was conceptualized by Konecnik and Gartner (2007). This supports Cai's (2002) argument that destination image is the focal point in destination branding. Gartner (1994) argued that there are three components of a destination's image, which are known as the cognitive, affective, and conative components. The cognitive image is related to the awareness level of a destination: what a person knows of the place. The affective image refers to the image that triggers certain emotions felt by a person about the destination. The conative image is the component that makes a person act on the knowledge and feelings

they have about the destination, such as to make the a decision to visit the place.

Pike (2007) adapted the work of Aaker (1991, 1996), and Keller (1993, 2003), to conceptualize consumer-based brand equity for destinations as a series of effects such as brand salience, brand associations, brand resonance and brand loyalty. Pike (2007), Pike and Mason (2011), and Bianchi, Pike, and Lings (2014) concluded that their findings support Keller's (1993) arguments that the CBBE hierarchy can be used to evaluate past performance as well as to predict the probability of future successful outcomes. As branding supports marketing communications, Keller (1993) believes that communications strategies should stress on creating positive brand salience and brand associations. A number of studies argued that in order to increase brand resonance, it is important to link the destination's attributes to the needs of the traveler, while a destination's ability to deliver the brand promise will lead to greater brand loyalty (Pike, 2007; Gartner & Ruzzier, 2011; Nam, Ekinci, & Whyatt, 2011; Usakli & Baloglu, 2011; Lim & Weaver, 2014).

2.4. Destination brand vs. destination image

A review of literature on destination marketing showed that there is some disagreement on whether destination brand and destination image are similar or different to each other. Some researchers feel that destination branding is closely related to destination image (Pritchard & Morgan, 1998, 2001; Lim & Weaver, 2014), while others argue that image is not the same as branding even though a destination brand is developed through its image (Cai, 2002; Jensen & Korneliusson, 2002; Govers, 2003). It is generally agreed, however, that image and brand are concepts that are inter-related, and image is a vital component in the development of destination brands.

Echtner and Ritchie (1993) discovered that destination image can be measured using attributes along the 'functional/psychological' characteristics continuum. Examination of the summary of the destination image attributes compiled by Echtner and Ritchie (2003), as presented in Table 1, revealed that a number of the functional image attributes such as tourist sites/activities, national parks/wilderness activities, beaches, scenery/natural attractions and nightlife are also used by Enright and Newton (2008) in their study to quantitatively measure destination competitiveness under the attribute of core resources and attractors.

As destination image is influenced by those attributes which are also used to measure destination competitiveness, and since destination image can be considered to be a pre-existing concept from which a destination brand is derived (Pike, 2009), it can be argued that destination brand equity can be the antecedent as well as the result of destination competitiveness. Therefore, it is logical to assume that the destination competitiveness component of 'functional' attributes (which are more tangible and measurable) such as tourist sites, national parks, and beaches can be a precursor to customer-based brand equity.

3. Development of hypotheses and research framework

Based on the literature review, a number of hypotheses and a research framework (see Fig. 1) were developed.

As destination image is influenced by those functional attributes that are also used to measure destination competitiveness, and since destination image can be considered to be a pre-existing concept from which a destination brand is derived (Pike, 2009), we postulate that functional attributes precede a destination's CBBE. Thus

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