

# THE BRAND EQUITY OF TOURISTIC DESTINATIONS – THE MEANING OF THE VALUE

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**Abstract:** *In today's global economy, each place competes with other places for economic benefits. Destination has become a product that has to be promoted and sold in the most advantageous terms. The work below is an analysis of "brand equity" concept for touristic destinations, as found in the specific literature. Destination brands differ from product brands, major distinction being given by their stability/ instability. Brands of products are stable; this constant is maintained by the use of quality standards. Even in case of services, situation can be controlled, as quality standards could be perpetuated by a franchise system. Destinations are not depending on a single person, who decides, but a variety of them, economic agents, businesses, institutions and local population that can create/print form and structure changes of the destination.*

*The concept de brand equity applied for touristic destinations, is something relatively recent. The dimensions of a brand for touristic destinations are: awareness, image, loyalty, quality and value. All these dimensions build the branding equity of a destination. There is interdependency, between quality, image, loyalty and value. In order to determine the perception in regards to the quality of tourism services in Romania, in 2010 a comprehensive study was done among the inhabitants of Oradea city. Through this study we have pursued several objectives: to assess the importance of service characteristics, performance evaluation of tourism services in Romania, tourism personnel evaluation, in terms of evaluation and performance, perception of the quality-price ratio for Romania, compared with other tourist destinations. We call on the exploratory study conducted, as the value of the dimension- destination of the brand equity is given by the price-quality ratio. Using an explorative study on the market of Oradea city, it was highlighted the connection between perception of touristic services, estimation price-quality (value) and the loyalty potential of the foreign clients in proportion with the Romanian tourists, consumers of the Romanian touristic products.*

**Keywords:** *brand equity, destination, tourism, survey, Oradea*

**Code JEL:** *M21, M31*

## **1. Introduction in the „brand equity” of a destination:**

In relatively recent works, branding was treated as an essential subject (Aaker 1996), (Aaker and Joachimsthaler 2000), (Kania 2001). Modern branding appeared in the XIXth century and includes legal instruments as: logos, campaigns, identity systems, personality and the links between them. In tourism, branding is understood as being

“(…) a unique combination of product characteristics and added values, both functional and non-functional, which have taken on a relevant meaning which is inextricably linked to the brand, awarenesses of which might be conscious or intuitive.(Morgan 1998: 140)”

Destination branding is even more recent. Among the first books that were exclusively dedicated to this subject, we mention *Destination Branding* (Morgan, Pritchard and

oger Pride:2002), and also the published works in special number of the Journal of Brand Management (Hall:2002), (Harrison: 2002) and (Morgan, Pritchard and Piggott: 2002). When talking about touristic destinations, brand equity is still a vague concept. The theoretical delimitation of this subject is still subject of changes. Brand equity is the process of not only establishing the characteristic of a brand, but also establishing the value of that characteristic. It comes from the financial evaluation literature of the 1990s (Barwise 1993). Aaker and Joachimsthaler (Aaker and Joachimsthaler 2000), both had an important contribution to the theoretical substantiation of brand equity. They launched the idea that the value of a brand is given by the: awareness of the brand, perceived quality of the brand, brand associations and loyalty for the brand. Hankinson completed the theory of brand value, by adding the concept of *brand network*, where the destination brand has four functions: (1) as a communicator, when the brand “represents a mark of ownership, and a means of product differentiation manifested in legally protected names, logos, and trademarks”; (2) as a perceptible entity “which appeal to the consumer senses, reasons, and emotions; (3) “brands as value enhancers,” that leads to the concept of brand equity; and (4) “brands as relationships, where the brand is built with personality and establishes a form of relationship with the consumer. (Hankinson 2004: 110–111), (Blain, Stuard and Ritchie 2005: 329).

Using the brand is one of the primary forms of product differentiation. The question is to what extent branding as part of marketing strategy can be used to create brand equity for a touristic destination that is not yet known, virtually the same time seeking notoriety and differentiation. There are opinions that say that this is possible. (Room 1992:13–21)

For a consumer, brand evaluation is simple. Brand equity value is given by the difference in price between a generic product and an equivalent one that “has a name”. This

reference to generic products is increasingly difficult, as almost all generic products do not exist anymore. In regards to the touristic destinations, the brand equity evaluation method requires changes, as the comparison “on the shelves of a store” is not possible. In case of tourism destinations, the indicators used for assessing brand equity is: the number of tourists who choose a destination, the volume of expenditure made in that destination and the length of stay.

## **2. The dimensions of tourism destination brand**

The experiential factor marks a significant difference between products and destinations. A destination cannot be tried, seen before purchase and consumption, therefore the idea of having a guarantee is excluded. The touristic product of a destination product is experiential by nature and it differs for each customer because of the internalization of the experience.

Novelty is essential to differentiate destinations. Tourist trip requires differences between place of residence and destination, among other destinations and chosen destination. This is why, in many promotional messages, the novelty is found even in the title or slogan. (Pride 2007)

A destination must be different from many points of view to worth the time and the money, but the novelty cannot be simply declared, it must be demonstrated -“novelty cannot simply declared, it must brand equity earned” (Cai, Gartner and Munar 2009: 54)

Novelty given by the destination is recognized in the perception of the consumers - consumers must be aware of the differences between their residency and other destinations.

The dimensions of “destination brand” are different than the product brand, although mainly follows the same steps. Theorists and practitioners support the idea that places are being branded the same as products and

services are. Kotler extended the concept of brand from products to destinations.

Konecnik and Gartner (Konecnik and Gartner 2007: 400–421) have proposed four dimensions that can be applied to destinations: **awareness, loyalty, image and quality**. Tasci, Gartner and So (Tasci, Gartner and So 2007) have added another one, **the value**, which we consider to be appropriate.

Different consumer segments evaluate each of these dimensions in different and significant ways.

- **Awareness** is an essential dimension of the brand. It is the first step in building brand equity. A place can be known in a certain context before it can be considered a potential destination. Goodall (Goodall 1993) identified four levels of awareness of a place: knowledge, familiarity, top of mind and dominant. Dominant has here the meaning of the spotlight for various reasons, it is what is called a "hot spot" and may be positive or negative in nature.

- **The image** is the dimension that attracted the most attention of researchers, there are a considerable number of articles on this subject. Initially it was thought that the image can substitute for the other dimensions of the brand, but this opinion has remained isolated. The roots of the brand are reflected in the destination image studies initiated since the 1970s (Hunt 1975)

Creating a brand does not mean branding, though it's the base of the brand-building. Building the image is one step closer to the brand, but what still lacks is the **brand identity**. (Cai 2002)

**Loyalty** is given by repeat visit or repeat purchase.

- **Quality** is a subjective term, but can be operationalized through a series of scales. As an independent dimension (and not subject to image), it has been studied by many researchers (Fick and Ritchie 1991); (Murphy, Pritchard and Smith 2000). Quality is assessed from consumer's perspective, in fact the quality perception is evaluated.

Quality is a key dimension of brand equity of a product and maintaining it is mandatory, this rule extends to the tourism destination as well. Establishing and maintaining a quality level for a destination requires controlling all products and services "supplied" by the destination and this is something very difficult to realize. On a tourist destination, the quality can be ensured only in regards to the common objectives such as museums, reservations etc. but it is perceived in regards to accommodations and individual services. The brand is a guarantee of quality (of a certain quality). Consumers expect and are willing to pay extra for the peace of mind that a brand is providing them. "At the Same Time, visitors can also expect to pay a premium for this assurance of quality and reduction of perceived risk." (Blain, Stuarda and Ritchie 2005: 330)

- The brand equity **value** is the most recently studied dimension and is seen as part of quality, **reflected in the price paid for a product**. The importance of price in the evaluation of BE was recognized by several researchers (Echtner and Ritchie 1993). However the price is not synonymous with quality. Value does not refer to quality or price, as much as it refers to favorable or not-favorable price-quality ratio. For example, a services package can be seen as valuable, not at the expense of the high quality services, but at the expense of quality-price ratio. Consumer segments related to mass tourism focus more on value, understood as "fair value for the money".

Operationalizing the dimensions by a scale of measurement is a necessary precondition in order to isolate the dimensions of the destination.

### **3. Research methodology and results**

The research was conducted in two stages: March-April 2010 and March-April 2011.

The first phase was conducted in March-April 2010 on a sample of 1060 people from the population of Oradea city. The sampling method chosen was the stratification method

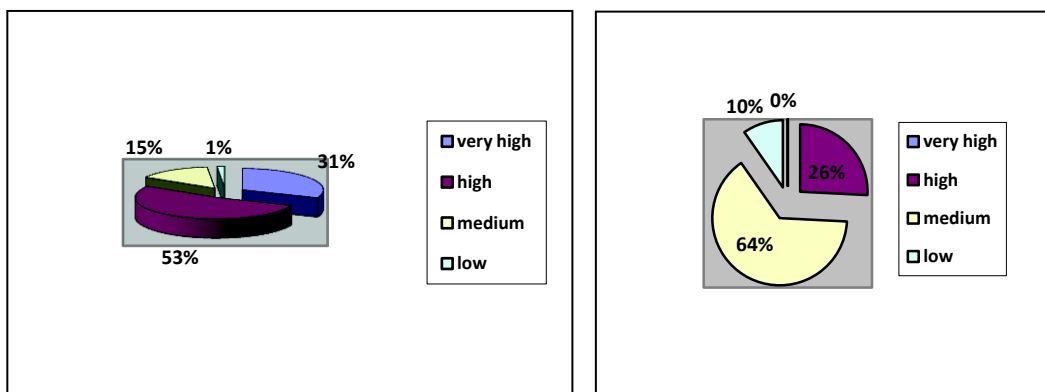
(with a margin of error of 3%) and the used criteria was the age. After the criteria the distribution was chosen, as follows: 150 people aged 18-24 years, 234 people aged 25-34 years, 208 people aged between 35-44 years, 192 people aged 45-54 years, 152 people aged between 55-64 years, 124 persons aged between 65-80 years. There were investigated persons who benefited of accommodation at least once during the period 2007 - until the time of the survey. The purpose of the research was to investigate Oradea's population level of satisfaction in regards to the quality of tourist/guest services and the quality of tourism personnel services in Romania, and the results were presented in the paper "Guest services quality assesment in tourism, using an attributes scale" (Ban and Popa 2010)

The second stage of the research was conducted between March-April 2011 on a sample of 62 people, consisting of foreign tourists present in Oradea and the surrounding area, therefore active consumers of tourism services in Romania. The distribution of the sample, based on age criteria is as follows: four persons aged

between 18-24 years, 6 persons aged between 25-34 years, 20 people aged between 35-44 years, 22 people aged between 45-54 years, eight persons aged 55-64 years, two persons aged 65-80 years.

The investigation on the price level perception of Oradea's population, has produced the following results: more than half (52.6%) believe that the level of prices in Romanian tourism is high, while a percentage of 31.1% believe that the prices are prohibitively high. Summing up the percentages, 83.7% believe that the level of prices in Romanian tourism exceed far beyond what consumers are willing to pay. Only a percentage of 14.7% believe that prices are right, at a medium level, while only 1.6% of the respondents believe the Romanian tourism prices are low.

Unlike the Romanian people, a percentage of 64.5% of the foreign tourists consider that the prices of tourism services in Romania are at a medium level and only 25.8% consider that the prices are at a high level. No foreign tourist investigated in this research considered that the price level is **very high**.



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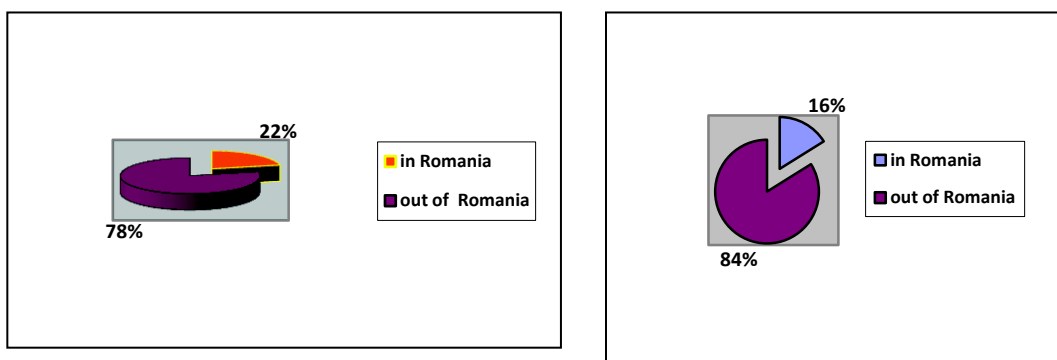
**Figure 1 (a) Opinions of Oradea's population in regards to the prices of tourism services**  
**(b) Views of foreign tourists in regards to the prices of tourism services in Romania**

Any assessment of cost is directly or indirectly in relation to the perceived value of the product. Regarding the option for their

future vacation destination, it is not surprising the relatively small percentage of those who chose Romania, but the fact that the values

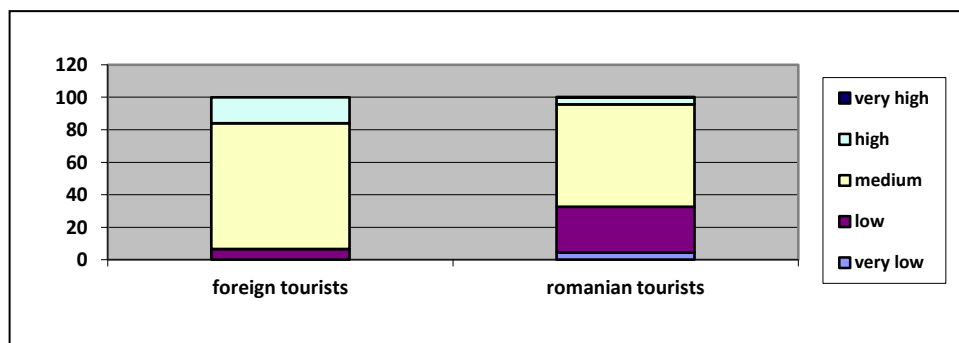
recorded for Oradea’s population and foreign tourists are close. The premise was that many more Romanians would choose Romania. By using the SPSS software, was verified the type of link that exists between the desire of the foreign tourists to return to Romania (loyalty required by the brand equity) and

their evaluation of the quality of tourism services in Romania. A positive correlation was identified, with a very high level of significance, which supports the idea that the choice of a tourism destination is based on the perceived quality of tourism services of that particular destination.



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**Figure No. 2 (a) Opinions of Oradea `s population on future holiday destination choice (b) views of foreign tourists iin regards to their next holiday destination choice**



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**Figure 3. Oradea inhabitants’ opinions in regards to the quality of tourism services in Romania and of foreign tourists’ opinions on the quality of tourism services in Romania**

#### 4. Conclusions

The increase of the brand equity of a destination is a natural goal. The dimensions of the brand of a tourism destination are: awareness, image, loyalty, quality and value. These dimensions are building the brand equity of a destination. Between quality,

image, loyalty and value there is interdependence.

The exploratory study performed on Oradea’s market highlighted the link between perceived quality of tourism services, “value for money” assessment of tourism services (the value) and the potential of customers’

loyalty. The results of the study conducted on foreign tourists have shown that a perception of high or very high quality of services is directly related to the option of visiting Romania and hence a perception of a medium or low quality of tourism services is related to the intention of choosing another destination. The percentage of those who wish to return to Romania is low, only 16%.

The perception of poor quality tourism services is also related to the big picture, as the countries in Central and Eastern Europe are associated with inconsistent quality, poor service of bad quality, poor quality of accommodation (Hall, 1999).

The effort of changing the reality of tourism services in Romania has to be supported by the effort of changing the image-umbrella of an entire geographic region.

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