

**【Conceptual Research paper】**

## **Models of brand equity – a transfer from the production to tourism settings and their application**

Basic parameters of a successful destination brand

Marica Mazurek\*

### **(Abstract)**

The study provides insight into the theory of brand equity models, which are predominantly used for non-tourism settings and the discussion of the applicability in tourism destinations. The contribution of this article is to try to think out of the box and use some principles of branding and brand measurement also in tourism destinations, at least to be able to understand some different concepts. The results of research and study revealed that the brand equity research in tourism destinations is still underdeveloped and only some of studies discussed models suitable in tourism settings, which confirmed a need for further research of models of brand equity in tourism destinations.

**Keywords:** Models of brand equity; Brand equity measurement; Competitive advantage and innovations

### **1. Introduction**

Branding as one of possible way of the competitive advantage improvement of destinations has been studied during the last decade and even earlier (after 2<sup>nd</sup> World War in production settings) by academics or by practitioners (DMOs, governmental or private marketing and planning bodies, etc.) Branding belongs to the topic popular especially due to its internal meaning and strength, which could be expressed by branding equity. Howard Schultz, the founder of Starbucks mentioned that “the most powerful and enduring brands are built from the heart. They are real and sustainable. Their foundations are strong because they are built with the strength of the human spirit, not an ad campaign” (<http://www.ultraupdates.com>).

The importance of self-expression and emotional attachment, which is embedded in brands, enables to boost competitiveness of tourism destinations, especially by stronger attachment and loyalty and so called kinship of destination. These components build a structure of models of branding. Brand equity measurement and application of models is emerging and the academics became more curious how the existing practices and models are applicable and if they are applicable in real settings and what is the benefit of their use or application for destinations and communities. This question became even more striking due to the fact that the future of marketing will be a battle of brands (Pike, 2005).

#### **1.1. Methodology and Goals**

In order to be able to understand brands, principles of branding and brand equity creation and measurement, the aim of the paper is to explain how the principles of brand models and brand equity have been constructed in production and transferred into tourism concepts. Several models have been specifically used in production settings and specific models have been constructed for tourism settings; however, their applicability or measurement of brand equity has still not been fully explored. The most important argument, which has influenced this type of conceptual search is the question if really a brand fulfills the brand promise and if the brand equity models should be created from the supply side or demand side or both sides (more versatile) and especially which elements should a successful brand (and model of brand equity) contain in order to fulfill it. For this reason our methodology will follow the specific goals of research:

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\* MSc, PhD. candidate University of Matej Bel Banska Bystrica

- a) make review of different chosen set of brand models (common, even suitable for production, and tourism destinations)
- b) set up criteria for their comparison (supply side, demand side, both sides - versatile, production and tourism settings)
- c) determine crucial items (dimensions) for each group of models
- d) create own model comprising the demand and supply side perspective and combining both sides in order to fulfill the promise of a tourism destination
- e) discuss and explain the principles and methods of measurement of brand equity and implementation constraints

The study has been based on a research of selected academic literature dealing with branding, models of brand equity, brand management in production and in tourism settings, comparison of different approaches to brand models and discussion about these differences. The goal of this study was to combine together the existing knowledge on brand equity measurement and selected brand equity models. These models have been chosen especially due to their possible implementation in tourism destination setting. The choice of models is selective and there exist several different models of brand equity, which were not included. However, we claim that the models used in this research are suitable for the comparison and the explanation of principles of functioning in tourism destinations. A selection of models of brand equity was based on former research dealing with brand equity concepts and the fact that the concept of customer-based brand equity has been developed at highly qualitative level by the studied authors as Aaker, Keller, Cai, Boo, Busser and Baloglu (2009) model, etc.

The study could be used as an exploratory conceptual research for further measurement and implementations of specific concepts in tourism destinations and become a source of inspiration for developing of methods of brand equity measurement in tourism regions, destinations or tourism generally. The goal is not to discuss specific examples or cases, but to compare the models and their concepts, discuss their applicability (strengths and weaknesses) and find among those models some useful and inspiration components for tourism managerial practice.

## **2. Literature review**

### **2.1. Brand equity**

Brand equity as a source of wealth and “added value” has emerged enormous interest among tourism marketers and academics despite of the fact that brand equity is rooted in financial disciplines, for instance in the accounting. Thode and Maskulka (1998) defined positive brand equity in financial content as corresponding to a situation when “the producer is able to sell their product at a price above the commodity (bulk) price and the premium price can be attributed to the bond itself.” Additionally, Wood (2000) pointed out that “the brand construct has proliferated into multiple meanings. Accountants tend to define brand equity differently from marketers, with the concept being defined both in terms of the relationship between customer and brand (customer-oriented definition), or as something that accrues to the brand owner (company-oriented definitions).” Dual approaches to the brand equity creation and perception of brands inferences the construction of models of branding.

Brand equity creation could be perceived from two paradigm angles – the neoclassical and the relational. Neoclassical approach in marketing is based on the micro-economic perspective with a predominant function of marketing mix tools. However, in this period of time, the relational paradigmatic approach to branding is becoming more popular in the most successful marketing strategies. In order to support this statement, Ambler (1997) distinguished “the underlying discipline of the marketing mix or neoclassical paradigm is microeconomics, whereas the relational paradigm is about people and draws its substance from the other social

sciences.” A shift from classical marketing and branding theory to the place marketing and branding by offering the relational and network marketing paradigms and alternative branding perspectives (relational branding) have demarcated a contemporary development of marketing and the growing importance of brand equity function even in tourism destinations.

Pritchard and Morgan (1996) suggested that a successful brand builds an emotional link between product and consumer and that “mood marketing” is a useful method of destination branding; where brand saliency is created through the development of an emotional relationship with the consumer through highly choreographed and focused communication campaigns.” The emotional attachment to tourism destinations can be fulfilled via attitudes, attributes of a place, especially through the sophisticated management of a tourism system in a place (place branding and management), management of brand attributes (natural environment, history, culture, heritage as well as services offered in a tourism destination and their quality). Several authors as Pyo, Mihalik & Uysal (1989) underlined a multidimensional character of the motivation of tourists seeking an experience and the emotional attachment in tourism destinations.

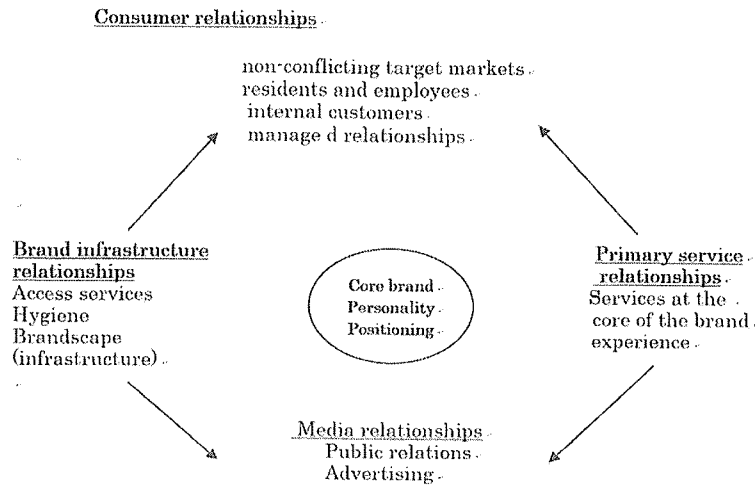
For this reason, it is important to evaluate in branding a historical potential, heritage, character of destinations (city, town, rural place, coastal or mountainous destinations). The role of history and culture in branding of places has been supported also by academics Go and Govers (2009) who described in their the 3-gap place branding model based on the idea of the 5-gap service quality analysis model by Parasuraman et al. (1985) in the Place identity (Anchor) section the importance of authenticity and history, culture and religion for successful place branding strategies. Experience, imagery and emotional bonds are the results of the implementation of culture, history and heritage into the branding strategies of destinations.

The emotional bonds and motivation are formed on a demand side; however a tourism destination’s desire is to create favorable conditions and to motivate and attract more visitors. Hence, as has been mentioned by Kozak (2003), on the supply side, the trip is not a single product; it is made up of components supplied by a variety of organizations with different objectives. For this reason, the process of branding and branding equity creation could be a really peculiar, and the author added that “all these elements make a contribution to the tourists’ cumulative experiences with the vacations”. The attributes as a part of brand equity may influence the emotional attachment, attitudes, brand loyalty, and the awareness as one of the most influential factors of the brand strength jointly with the brand attributes. A complexity of destination product in tourism destinations consists also from a local community and the representatives of public and private sector. Important is a mutual co-operation of these entities and especially the co-operation with the community and local people. This process is crucial for a successful branding process and the participation of local community influences better authenticity and mutual co-operation and co-creation processes. It is a process of improvement of mutual relationships among brand creators, community (setting of a brand, a place) and the brand users (visitors, customers), which influences a loyalty growth.

Based on a relational network of a brand and place branding concept (Hankinson’s place marketing and branding concept, Scheme 1), a success of branding and brand equity depends on the coexistence and co-operation of brand creators (supply side) and brand users (demand side) and a congruence of their perceptions of attitudes and attributes offered by a tourism destination. Building a destination brand and creating of brand equity requires a fulfillment of an expected experience and promise. The above discussed ideas were expressed in a definition of brand as a “name, symbol, logo, word or other graphic that both identifies and differentiates the destination, furthermore it conveys the promise of a memorable travel experience that is uniquely associated with the destination, it also serves to consolidate and reinforce the recollection of pleasurable memories of destination experience” (Goeldner et al., 2000, p. 653). The most important in this definition is the idea of a promise, which needs to be explained and especially to understand a necessity of a holistic approach to branding

process. A holistic approach to branding enables to implement a holistic view of all important attributes, e.g. tangible (utilitarian and environmental), intangible (symbolic) and experiential (based on Keller, 1993).

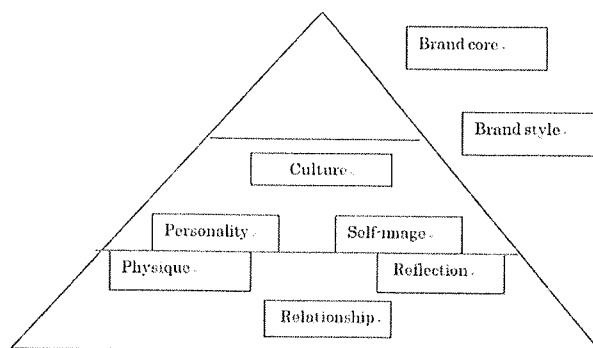
Scheme 1: The relational network brand



Source: Hankinson, G, 2004.

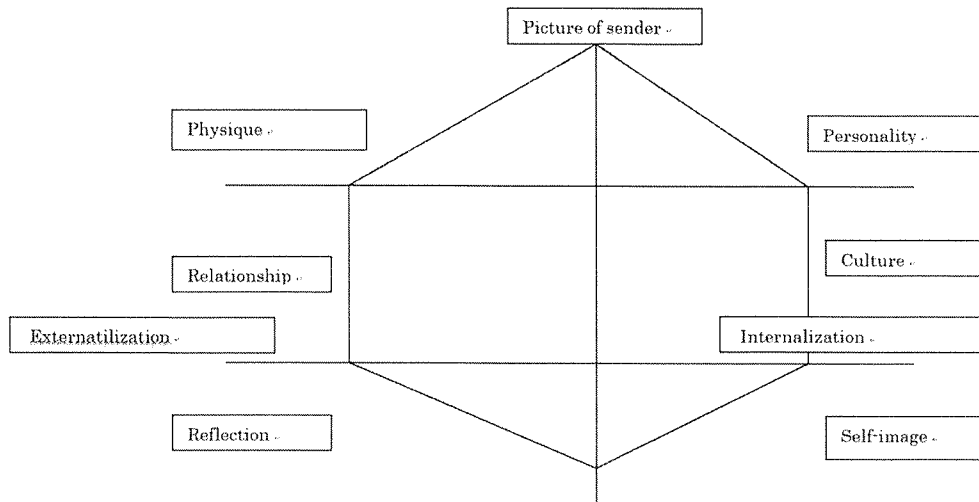
The models of brand management (identity, equity, and brand architecture), constructed by Aaker (1991), Kapferer ((2004), and Keller (1993), contain main principles of branding based on methods of benchmarking. For this reason, the most useful strategies and tactics for data collection have become a priority of branding researchers. To create these strategies or tactics, two main approaches are familiar in branding – management of brands (supply side) and consumer culture and brands (demand side); however, another familiar approach involves mixing of both in order to achieve a congruency. For instance, Kapferer’s model (Scheme 2, 3, and 4) includes six facets: physique, personality, relationship, culture, reflection, and self-image. Consumers perceive a destination from a bottom-up perspective. Scheme 6 explains the logistic of brand management and brand perception. Consumers perceive first the tangible character of a destination; however, before a visit, they create attitudes and beliefs. Consumer’s image is created by the organic image (knowledge about a destination from different source, and media), or the induced image (promotional and marketing activities). Crucial for trustful image creation is a principle of respecting the brand core identity. Brand and image building needs to stem from the brand core identity, and the image has to be created before the identification of the brand core identity (Kapferer, 1995). This fact influences congruency of destination image (represented by a brand) and self-image (a consumer’s perception and feelings during a visit).

Scheme 2: The Brand Pyramid and the Identity Prism



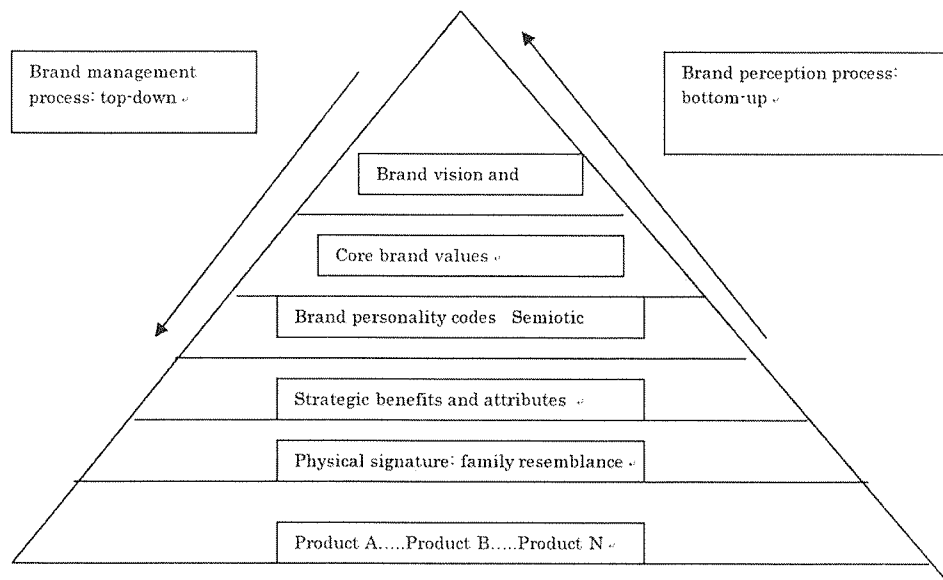
Source: Kapferer, J. N., 1995.

Scheme 3: The Brand Pyramid and the Identity Prism



Source: Kapferer, J. N., 2004.

Scheme 4: The brand system

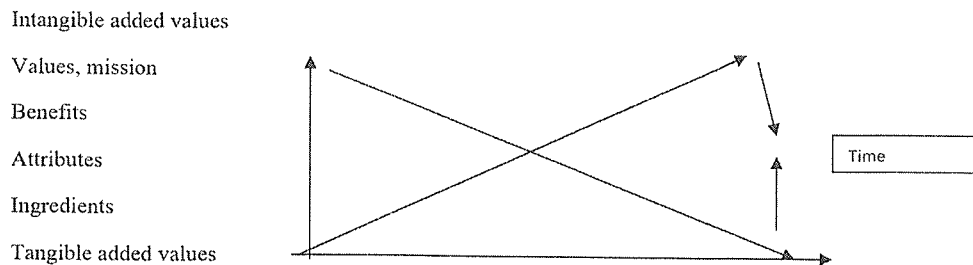


Source: Kapferer, 2008.

The Kapferer's brand prism model (Scheme 3) contains an emerging salient component (physique) – the tangible added value. Physique contains the characteristics of a destination, its qualities. Kapferer (2008) stressed the importance of material benefits even for the image-based brand. Physique is the backbone of the brand with its representative qualities. In addition, it has a tangible character and means the icon of a destination. The problem with brands, representing physical facets, can be in their weak functional added value caused by the intangible character of services. In a service sector as tourism, the intangible character of services originates a case wherein many brands start as ideas and not as tangible added values. For this reason, in tourism branding based on the emotional connection to a destination, stronger factor as the physique, would be for visitors the emotional attachment and experiences.

The two-legged concept, described by Kapferer (2008), confirms the importance of emotional branding, creation of pleasant attitudes, image, and the appreciation of attributes of a tourism destination. Figure 1 illustrates the concept of brands as two-legged value consisting of intangible and product values. This concept supports the idea that effective branding of tourism destination has to be grounded on the emotional content and the intangible values are primary sources of brands.

Fig. 1: The two models of brand building



Source: Kapferer, J. N., 2008.

Some authors claim that experiences can be managed as products (Zeithaml & Bitner, 2003), which supports the importance of experiences for both – consumers and tourism destination marketers. Kapferer’s model enables to understand the principles of brand identity building and its components, for example culture and history, which influence the uniqueness of a destination.

A fact that tourism is predominantly a service sector, has implications for branding and the impact of relationships among the service providers and consumers. The inner relationship with a brand is expressed in the self-image of the brand user. The brand identity prism model contains the ideas and relationships, which are useful for explanation and comparison of models of consumer brand equity, their efficiency, and efficacy. In addition, the model confirms the importance of relational marketing and explains the construction of a brand. In order to understand how consumers decide and where their decision is rooted emerges a need for the competitive environment. Measurement of brand equity and the implication of brand equity models dealing with the consumer based equity needs to implement a decomposition approach (discussed by Aaker and Keller). The following discussion will highlight some main principles of these models and their conceptual base, their strengths and weaknesses and possibilities of the implementation of some of their characteristics into tourism settings.

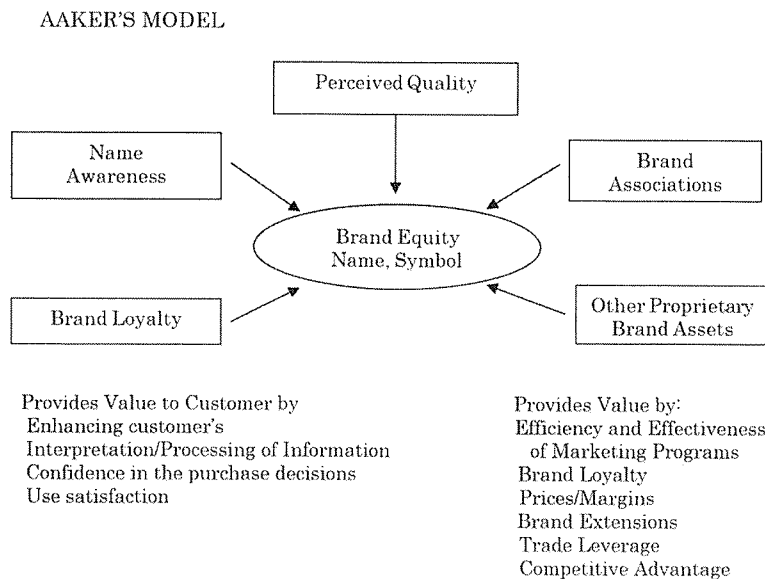
## 2.2. The Aaker’s and Joachimstahler’s model of consumer brand equity

The importance of brand identity building with a core and extended identity has been confirmed also by Aaker. Aaker (1991) is one of few academics dealing with models of brand equity who combined the concepts of consumer perception (awareness, brand associations, and perceived quality) with the consumer behavior (brand loyalty).

The author grouped 12 dimensions of brand identity into four perspectives: “brand-as product (product scope, product attributes, quality/value, users, and the country of origin), brand-as-organization (organizational attributes, local versus global), brand-as a person (brand personality, brand-customer relationship), and brand-as-symbol (visual imagery/ metaphors and brand heritage)” (Keller & Kotler, 2006). Aaker’s model is considered the most generally accepted model, and represents the demand and supply side of branding with a strong managerial and marketing impact.

Aaker (1991) discussed the difference between the classic brand management model and the brand leadership model, where in the second type of model a brand equity principle is rooted in the strategic, visionary approach. The first version of the model (Scheme 5) was created by Aaker and later developed by Aaker and Joachimstahler (2000). The model is based on a systematic analysis of branding and a strategic vision, which are important for systematic and pragmatic models. Brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary assets (patents, trademarks, and channel relationships) are five assets of the model. Aaker (1991) defines brand equity as “a set of brand assets and liabilities linked to a brand, its name and symbol that add or subtract from the value provided by a product or service to a firm and/or to that firm’s customers” (p.15).

Scheme 5: Managing Brand Equity



Source: Aaker, D. A., 1991.

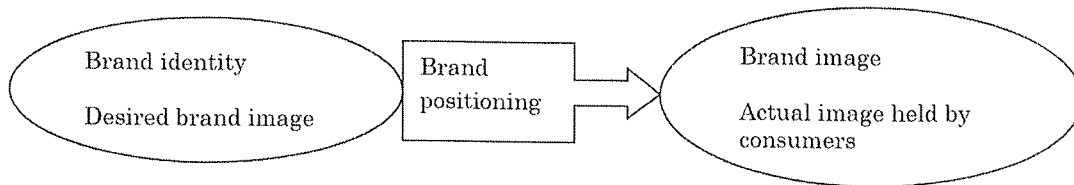
Brand loyalty measures the consumer’s commitment or attachment to the brand and refers to repeated purchases or visits to a destination. Some authors define brand loyalty from the attitudinal or behavioral perspectives, where a former means commitment to some specific value of the brand and the latter refers to a preference for a specific product or service. Brand loyalty increases chances of a target market to be competitive by the strengthening of components of brand equity (Aaker, 1991, 1996). It is the only one component of this model, which cannot exist without a personal experience or use. For this reason, brand loyalty is one of the most important components of brand equity. Awareness, associations, and perceived quality (customer’s subjective opinion) are not so strictly based on personal experiences with a brand.

Brand awareness is consumer’s ability to recall a brand. The strongest factors influencing awareness and recall involve product and service quality, and brand associations (the set of information and characteristics known about brand). The level of awareness stretches from mere recognition to brand dominance. Aaker (1991, 1996) distinguishes two factors associated with brand awareness – brand recognition and brand recall, where the latter means to retrieve a brand from memory. Perceived quality is rooted in subjective evaluation of quality by a consumer. A gap between quality of tourism products, services, and perceived quality originates a decreased trust, popularity of a destination, and means a decrease of competitiveness.

The reason to buy a product or visit a destination is incorporated in brand association, and customers express through their positive attitude their relationship to a brand. Aaker (1991, 1996 b) added that the most influential

brand equity's components, which are part of brand associations, are brand personality and organizational associations. Positioning is a tool used in competitive destinations and its powerful character stems from the creation of strong associations and differentiation (Aaker, 1992).

Figure 2: Managerial and consumer-based approach presenting the role of brand positioning



Source: Aaker, D.E., 1996.

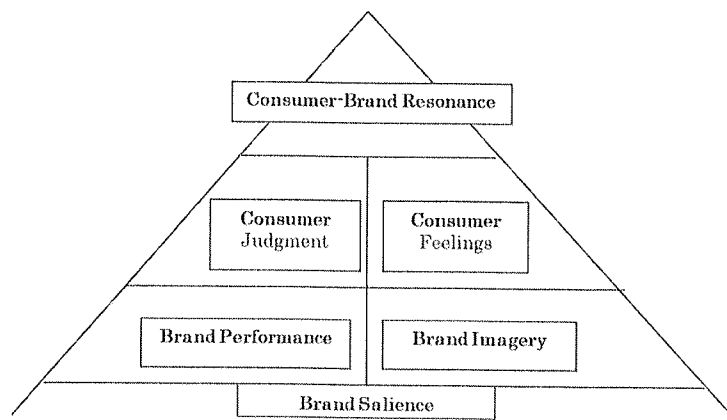
The strongest bond with brand associations involves brand awareness, especially through the implementation of names, symbols, slogans associated with tangible physical attributes or intangible attributes of tourism destinations. Hankinson and Cowling (1993) matched the consumer's physical needs with the functional attributes and the psychological needs with the symbolic values of a brand. For this reason is important to create strong brands fulfilling the brand promise and enabling to combine the managerial and consumer-based approach (versatility in the use) with a strong commitment to fulfill the expectations of visitors.

### 2. 3. Keller's customer-based brand equity model (CBBE)

Keller confirmed in this model the Aaker's idea of combining physical and imagery components in order to create a strong and rich brand. Aaker and Jacobson (2001) explained that emotional needs are satisfied by emotional concerns and utilitarian needs by rational concerns. Keller's model is less versatile as Aaker's and Joachimstahler's model because it is based on a consumer's behavior and a managerial (marketing and management) approach.

These concepts of Keller's model are based on the theory of planned behavior (Ajzen, 1985, 1987, 1991) and the theory of reasoned action (Fischbein & Ajzen, 1975). Keller originated three types of models - Brand Positioning Model (identifying the differences and point of parity of products), Brand Value Chain Model (suitable for financial settings), and Brand Resonance Model. For our research interest, Customer Based Brand Equity Model (CBBE) or the Brand Resonance Model (Scheme 6) will be explained.

Scheme 6: Keller's CBBE model

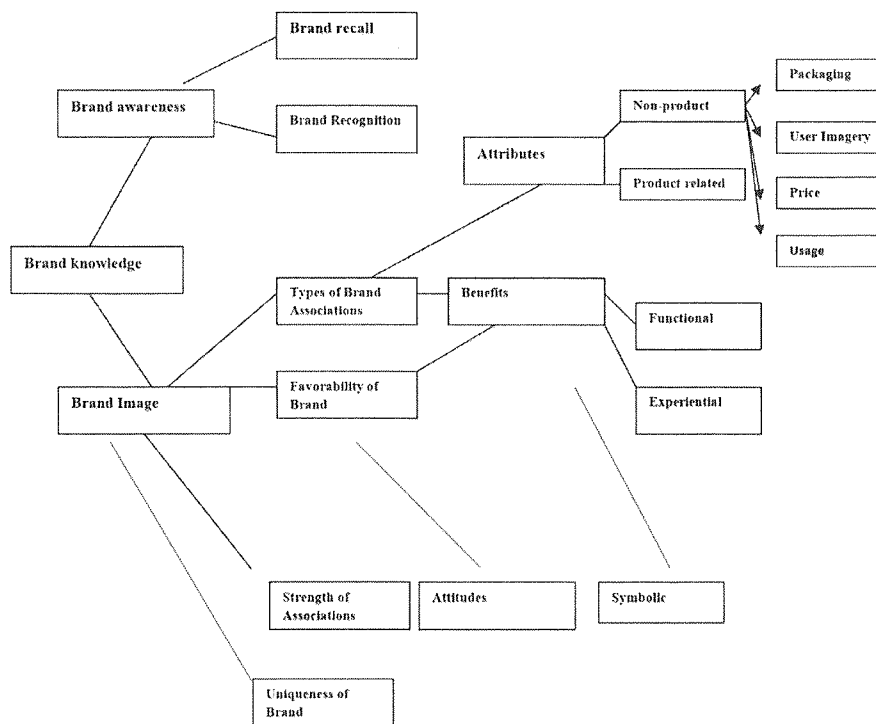


Source: Keller, K.L. (2003).



The model was primarily constructed for production setting, but some principles and concepts are also flexible for tourism destinations. Three major characteristics shape the model – brand knowledge, brand awareness, and image. All three concepts have been transferred from a cognitive psychology (associative network memory models). A major idea concerning strength of branding, is that minds of consumers are the most powerful weapon (Keller (1993), i.e., the brand knowledge is presented by thoughts, feelings, images, perceptions, and attitudes. Knowledge of brands and consumers’ response is a determinant of the customer-base brand equity. The origin of knowledge and its impact on consumer behavior is an influential factor. Heding et al. (2009, p. 88) explained that in cognitive psychology, “knowledge in memory consists of nodes and links and is structured into associative networks...the nodes vary in strength; some associations are stronger than others.” Recognition of brand knowledge consisting of brand image and awareness, classification of brand associations, attributes, attitudes, brand recall, is important source of information for consumers, as has been presented in the Scheme 7.

Scheme 7: Dimensions of brand knowledge



Source: Keller, K.L., 1993.

Keller stressed the importance of image and brand awareness in his model; however also other factors are influential. For example, in order to understand the imagery, a demographic and psychographic characteristic of consumers is required. Performance building block contains service effectiveness. The evaluation of historical, heritage potential is rooted in the imagery. Important source of data is the evaluation of attitudes and attributes and the image of a destination. Burmann et al. (2009, p. 393) claimed that “the level of benefit provided to buyers by the brand corresponds to the amount of brand strengths ascribed to the brand”, which means that the brand strength is crucial for the creation of a strong brand equity.

Except “Brand knowledge” as one component of a strong brand, Keller (2002) agreed that differentiation, positioning, and a response of consumers to marketing are decisive factors for creation of strong brands. Differentiation and positioning belong to the recognized influential factors of competitive strategy by Porter (1980). Another important factor of a strong brand is a consumer response to marketing. Keller (2001)

underlined that in the first phase of model preparation is crucial to recognize brand identity, especially the relationship of a customer to the brand associations and a search for meaning of brand in the minds of customers. The brand knowledge creation scheme contains steps, which enable to recognize attitudes of consumers and to evaluate attributes and benefits (functional, experiential, and symbolic). Functional attributes represent the tangible character of a tourism product whereas the emotional (symbolic) attributes fulfill social and personal needs of consumers and create self-esteem (Keller, 1993; Hankinson & Cowking, 1993; de Chernatony & McWilliam, 1989). The feelings about a brand and emotional aspects are embedded in the experiential attributes.

Keller's CBBE model and especially brand ladder building follows a vertical and horizontal division with a bottom-up direction. Division of the model into two horizontally and vertically separated parts explains the approach to the creation of brand equity and the approach applied to the brand equity building. The right side of the pyramid contains the emotional characteristics (imagery, feelings). The rational characteristics (judgments, performance) are predominant on the right side of the pyramid. The bottom – top approach determines a priority of primary search for brand awareness through the salience identification. Model consists of six building blocks – brand salience, brand performance, brand imagery (foundation for the construction of the three remaining building blocks – consumer judgments, consumer feeling and consumer-brand resonance).

Salience measures the effectiveness of brands (consumption, purchase), which means a probability to be chosen by a consumer (Kotler & Keller, 2006; Keller, 2001). Awareness, recognition, and recall are the most important factors of salience and create a deep awareness in the minds of a target market. Depth and breadth of awareness enables a creation of salient brands allowing customers to recognize and recall easier a brand. The salient brand resides in a mind in the top position, in the right time and place (Keller, 2001). Mathieson and Wall (1982) explained in their sequential model of consumer decision making how the awareness is created in the process of decision. Meaning of a brand is embedded in the imagery or image building from more intangible components. The use of brands by different people evokes different meaning for various social groups based on demographic and psychographic factors. Image and brand associations, consisting of attributes, benefits, and brand attitudes, are basic concepts of a model. The character of attributes influences the brand imagery creation, i.e., the tangible attributes as scenery, history, heritage, which could be easily captured in customer's memories. The intangible attributes are, for instance, the atmosphere of a place, a character of the environment, services, quality of infrastructure. The implementation of symbolic attributes, such as the atmosphere of a place (ambience), is crucial; however a peculiar character of symbolic attributes and their uniqueness complicate the process of communication in branding. A success of branding influences the richness of symbolic experiences (Gnoth, 1998). The importance of symbolic attributes also means a stronger protection against copying of brands.

For this reason, image has an enormous impact on the success of branding despite the fact that image is not branding...it is only one step closer to branding and brand equity creation. Image, consisting of a variety of dimensions (cognitive, affective), has been identified by Henderson (2000) as construct of the knowledge, feelings, beliefs, opinions, ideas, expectations and impressions about a tourism destination. Brand image is closely interrelated to the feelings dimensions of a destination as a part of the CBBE model, for example, the feeling of security, social approval, etc. and is associated with the recognition of brand by consumers. The evaluation of quality and satisfaction with services belong to the building block "judgments" as well as the differentiation and the evaluation of credibility of brand. Quality and satisfaction with services are evaluated from the consumer's perspective, which means a subjective approach based on different criterion as for instance a quality of services measured by specific standards constructed by service providers.

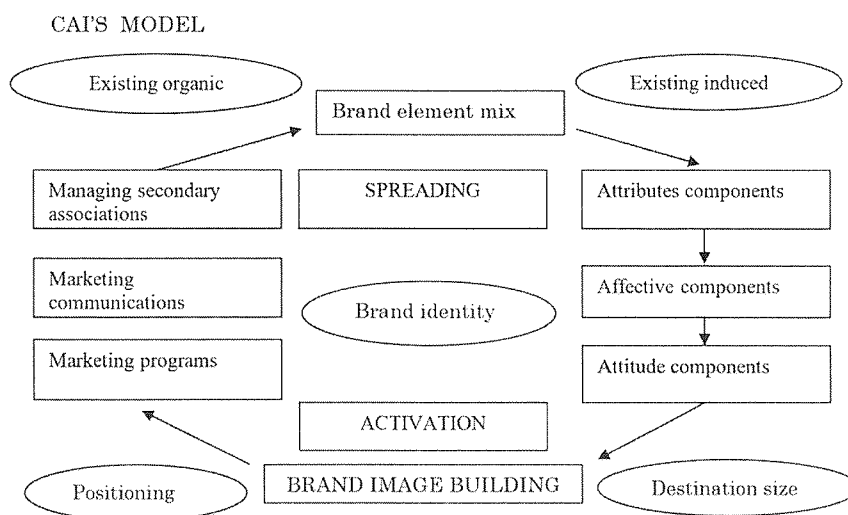
The final steps in building a model of consumer-based brand equity reveal the responses of customers to brand meaning and a creation of brand loyalty between the customer and creator of brand (a tourism destination and its entities). The most sensitive indicator of the consumer's loyalty and attachment is the consumer-brand

resonance, which contains the affiliation to the community (kinship), attachment to brand (attitude to the brand). The final step of the attachment and relationship to brand is the engagement with a brand through a personal involvement. It means to become involved in the supporting groups, fun clubs of a particular brand in a tourism destination. The most important requirement for the brand resonance fulfillment is a situation when a congruence of the expectation has been achieved (Keller, 2001).

## 2.4. Cai's destination brand model

Cai's model of destination branding (Scheme 8) is merging the branding concepts from a perspective of brand creator (tourism destination) and user (customers). Cai agreed with William and Palmer (1999, p. 737) that "brand image is a pivotal aspect of a marketing strategy for a destination".

Scheme 8: A model of destination branding



Source: Cai, L., 2002.

Model of cooperative branding, known as Cai's model, is blending some formerly created concepts of the image projection based on the studies of academics as Hunt (1975), Baloglu and McCleary (1999), Echtner and Ritchie (1993), Gartner (1989), Crompton (1979), Fekeye and Crompton (1991), Dann (1996), Gunn (2001), and others. Despite the image is a crucial factor in destination branding, it is not sufficient for a success in branding. The difference between the creation and branding image means a dual epistemological approach, which influences a deeper understanding of branding and brand equity.

Cai (2002) stated that "the model considers destination branding as a recursive process that revolves around the central axis formed by brand element mix, brand identity, and brand image building" (p. 736). Spreading and activating of model's elements in the clockwise direction logically explains the supply side (left side) and demand side (right side) of brand equity and brand image creation as two-dimensional process (organic, induced image) or three-dimensional (organic, induced, composite). The author, similarly as Kapferer, Aaker, Keller, Hankinson and Melin admitted the importance of brand identity in branding, especially the application of the psychological theory of Adaptive Control of Thought (Anderson, 1983) based on the interconnection of brand identity and image. The idea is rooted in the interconnection of nodes (information) in verbal, visual, or abstract form as a network, which serves as the ignition for activation in the external environment. The most effective approach to strengthening and activating of linkages is through the brand image building.