

Building of strong brands with emphasis on branding of tourism destination

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Abstract: The topic of this paper is the research of professional journals, reference books, published papers as well as study of best practice of building the strong brands. The key question is how to define a strong brand, from which values the strong brand has been formed and which factors create strong brands. The main point of interest is the branding of tourism destination and how are the standard modern branding strategies useable for it. Destinations brands have very specific characteristics, they are based on historical name of the location and are usually public property. This paper deals with the question which branding factors are most important for the strong brand of tourism destination. As an example had been evaluated two successful destinations Austria and Upper Austria and their approach to branding management. The research will be used as the basis of analysis of other destinations in dissertation „The marketing of tourism services with the accent of destination branding“.

Keywords: tourism, brand, destination, branding management

JEL classification : M31, Z32, Z33

1 Introduction

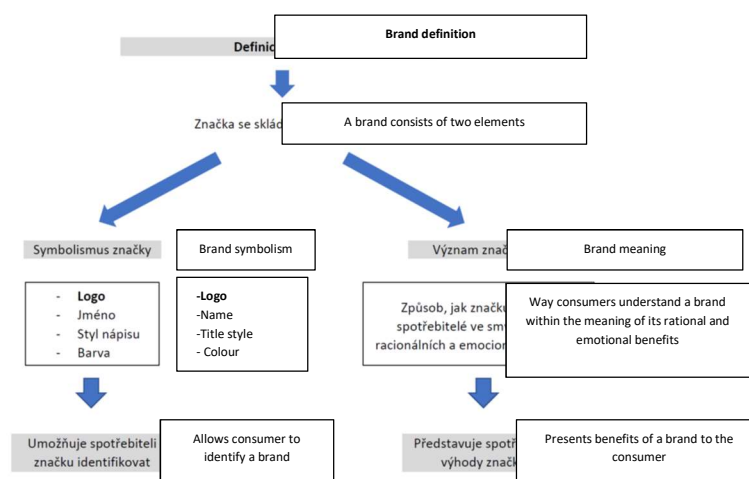
The need for branding has been influenced by the globalisation and internationalisation of markets, strong competition and social changes emphasizing environmental and social responsibility of actors. Virtually everything on the market is branded, these days. A strong brand is a prerequisite for competitiveness and success in any industry, including tourism in case of destinations. Building a strong brand is a strategic process with a long-term perspective and a continuous one, as the brand must respond to ongoing changes. The main objective of building a strong brand is to position the product in the market, differentiate it from competitors and gain market share. Experienced marketing managers know that building a strong brand is not just about a graphic symbol and a verbal slogan. The brand must embody trust, reputation and a certain excellence.

2 Tourism brand and destinations

According to the American Marketing Association (AMA), a brand is a name, title, symbol, graphic image, or combination that identifies the product of an entity distinguishing it from a product of another entity, i.e., a its competitor. It is not enough just to create a word slogan or a graphic symbol; a brand must embody trust, reputation and a certain excellence. Vysekalova (2020) reflects on the brand as a part of the corporate identity stating that “the logo is a part of the brand” in relation to the importance of the logo for corporate identity. For her definition of a brand see figure 1.

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Figure 1 Brand definition



Source: Her own elaboration according to Vysekalová, J., Mikeš, J., Binar, J. (2020). *Image a firemní kultura – 2. aktualizované a rozšířené vydání*. Praha: Grada Publishing a.s., s. 53

Keller (2007) deals with two views of a brand – a view of a customer and a view of an organization:

A brand provides **the customer** with information allowing him/her to make a quick decision, saves time and energy spent on searching for a suitable product and reducing the risk of buying a wrong product. A brand informs about the manufacturer, the quality standard and the product characteristics. A customer expects “his/her” brand to meet his/her requirements and gives trust, sometimes even loyalty, to the brand.

A brand allows **an organisation** to differentiate (differentiate itself from its competitors) and diversify the product (creating quality and price levels of brands). It also enables legal protection of unique product characteristics (e.g., local product, intellectual rights). The brand is a competitive advantage, it signals a quality standard when a satisfied customer chooses the product again and the organisation can better anticipate and plan its activities in the market. It is a marketing tool for communicating with customers, but also with partners, suppliers and the general public. A strong brand is a source of financial security and return (in some industries, the value of the brand may represent a high percentage of the organisation's assets, exceeding the value of tangible assets, or the organisation may only own the brand while the products themselves are manufactured by another company).

Strong brands are an important part of international marketing and strengthen an organisation's position in the global marketplace. Machkova (2015) even speaks of strategic *international brand management* of a brand as a major prerequisite for an organisation's success in international markets: “International marketing must rely on a very good knowledge of the target groups in foreign markets and must meet the prerequisites: Matching the organisation's capabilities and competencies with the brand image, defining main benefits and advantages of the product and brand for a given market, meeting expectations of customers in the market and their perceptions of the country of origin and the relationship with foreign brands, clearly communicating the brand's advantages over competitors, communicating real product features and being credible.”

International marketing and building a position in foreign markets is among core strategies of tourist destinations, with foreign visitors being the chosen target group in most cases. Palatková (2011, p. 11) specifies destinations as units of international tourism: “Destinations are defined as regional, internationally (globally) competitive, strategically managed units of supply in the international market.” Furthermore, Palatková (2006, p. 16) defines a destination as a system: “A destination is represented by a bundle of various services concentrated in a particular place or area, which are provided in relation to the tourism potential (attractiveness) of the place or area.” Bieger (1996) also understands a destination as a system and identifies linkages between service providers, the destination management organization and external influences such as natural and political environment and markets. There are other various concepts of destination definitions. For example, the geographical concept that “a destination is a geographical space chosen by visitors as their tour destination” Bieger (1996, p. 74), or the concept of destination as a tourism product, i.e. the marketing concept: “a destination as a tourism product is an object of purchase, sale and consumption” Királová (2003, p. 18). We can use marketing to influence the market, the behaviour of visitors and to implement a brand strategy.

The destination brand is usually the name of the geographical area that the destination represents. The name of the country where the destination is located is very often itself a strong brand, e.g., Austria with its strong association and visitor expectations of high-quality service, environment and offer. There is a certain degree of a strategy of targeting customer expectations associated with the country of origin of the product *made in...*, *country of origin*.

3 Brand value

The concept of brand value is not unambiguous for it has actually two dimensions:

The concept of brand equity, based on the customer's perspective of *customer-based brand equity*, expresses the added value a product receives when it is “branded” with a strong brand, i.e. how much influence the brand has on repeating purchases and whether the customer will choose our branded product over a competitor's product in the future. The value of a brand is directly related to its awareness and prevalence in the market, to the **sources of brand equity**, i.e. the **brand awareness and knowledge of the brand** among customers, and to the perception of the brand by customers, i.e. the **brand image**. At first customers must know and trust the brand and, to be loyal to the brand, if possible, in order to choose the product over competitors and purchase it repeatedly.

Brand value, from the perspective of the organisation the *brand value*, reflects the capitalisation of the brand and the financial valuation in an event of a sale or acquisition. A strong brand is part of the company's capital, albeit in an intangible form, yet very often with a high value in the market; therefore, brand building is seen as a long-term investment. “From the business point of view, brand value is the value of all future returns generated by the brand and its benefits.” De Pelsmacker (2003, p. 67).

Every year, rankings of the world's most valuable brands are published. The most often cited ones include the Kantar BrandZ global ranking² by the London-based analytical consulting firm KANTAR Group. The Kantar BrandZ Most Valuable Global Brands 2022 report identifies brand as a highly valuable asset to organisations, making up on average 29% of an organisation's total value, and can be as much as 50% of value with strong brands. The top 100 most valuable brands in the world in 2021 represent a sum of US\$8.7 trillion in financial terms.

Looking at branding in the tourism industry, we commonly see branded hotels, airlines, transport companies and various service providers. There is a strong competition in the travel market and branding is a tool, as in other industries, to differentiate and monetise the added value of the brand. The focus on customer, gaining customer attention and loyalty apply more in the tourism industry than anywhere else. Travelling and holidays are emotional issues, customers have high expectations and a lot of choice. In case of hotels, airlines, etc., acquisitions, mergers and ownership changes take place, and from the point of view of organisation *brand value* plays an important role in these business transactions. In 2021, TUI Group, one of the leading tourism companies, sold its ownership interest in the properties of the RIU premium hotel chain, reportedly due to the need to optimise assets and focus on brand strategy, service and optimisation of sales³.

In case of tourist destination branding, brand equity is understood mainly from the point of view of customers and it is a core element of destination marketing. The brand of a tourist destination is usually identical with the name of the location. For example, the “I Love NY” brand is owned or managed by a local tourism organisation, a destination company, most often a tourist association, “shareholders” of which are both from the public and private sectors. Destination brands are usually not for sale, or at least no such a case has ever been reported. **A strong destination brand increases the added value of the tourism services offered in the destination. The whole location benefits from its strength, including its inhabitants and private sector businesses.**

A strong destination brand often supports the attractiveness of the place itself. Investors, employees and residents perceive a strong brand and find the place attractive both for living and doing business. A strong destination brand is often a part of the positioning and regional development strategy of locations and regions within territorial units. The visual appearance of the destination brand - the logo - if it becomes iconic, as is the case of “I love NY”, can be a source of revenues for the place and the tourist association in the form of lending rights and its use for a fee and for merchandising.

² <https://www.kantar.com/inspiration/brands/what-are-the-most-valuable-global-brands-in-2022>

³ <https://www.tuigroup.com/de-de/medien/presseinformationen/ag-meldungen/2021/2021-07-30-tui-group-verkauf-immobilienportfolio-an-familie-riu-abgeschlossen>

4 Strategic brand management

The strategic brand management starts with deciding whether our product will be branded. It is assumed that it is, because there are very few specific commodities on the market that do not need a brand, e.g., raw materials such as oil, wheat, large single-unit machines or weapons. Everything else that has gone through the process of production or value-added processing needs to be differentiated from competitors by marketers. **The brand management strategy answers the question, how do we build a strong brand and how do we measure and enhance brand equity?** Returning to the brief statement by Kotler and Armstrong (2021, page 253) „Products / goods are made in the factory, brands are created in minds of customers.“, we will look at *brand equity* from the customer's perspective. This approach is also closer to the issue of tourist destination branding.

What is a strong brand and what factors do create a strong brand? A brand strength is based on customer opinion; customers have a high awareness of the brand, know it well, perceive it and have positive, strong and unique associations in their minds. **A strong brand is a combination of brand factors** that provide a range of benefits to the customer, the organization, and consequently the location and the society in general Aaker (1996, p. 9) creates a model of brand equity based on five factors: 1. Brand loyalty, 2. Brand awareness, 3. Perceived quality, 4. Brand association, 5. Protected assets such as visual and verbal symbols, trademarks, licenses, and in this model he demonstrates benefits of the brand to the customer and the organization.

4.1 Strategic brand management methods

According to Keller (2007, p. 72), strategic brand management involves the design and implementation of marketing programs and activities to build and manage brand equity. The strategic management process itself is defined in the following four steps:

1. Brand positioning means finding a proper position of the brand in the minds of customers, it is necessary to determine the target market, define the main competitors and know what the product has in common with the competitors and how they differ from each other on the other hand.

To determine the target market, we use **market segmentation** by demographic and geographic aspects. Also from a behavioural perspective, what the customer thinks about the product and what is the product's benefit, value to them. The competitive analysis defines organizations, product category affiliation and differentiation within that category. In relation to differentiation, **the concept of USPs (unique selling propositions)** is used.

In case of tourist destinations, market segmentation and the USPs method are a part of the destination strategies. The product of the destination is offered and provided by a chain of interrelated services provided by various organisations and the destination brand bears the name of the location. The destination, usually as a geographical historically shaped space, has its distinctive features “predestined” within the competition (a significant historical monument or a natural unique phenomenon). In the positioning phase, a proper knowledge of the market and customers, as well as the tourism potential of the destination that differentiates it from its competitors, is a key.

The core brand value serves as a basis for positioning, it is a set of abstract associations that characterise the brand. The **mental map** portrays all the associations and responses to the brand, the core value of which consists of about 5-10 most important aspects. Keller (2007, p. 188) further talks about the **brand mantra**, a short verbal expression of the essence of positioning and the core values of the brand. The Urlaub in Österreich brand is one of the pillars of the activities of the National Tourism Organisation Österreich Werbung. Building and nurturing the Urlaub in Österreich brand is the main tool this organisation applies in fulfilling its mission to maintain and strengthen Austria's position as one of the world's top tourist destinations. The brand's mantra is expressed in the short message *Die Marke "Urlaub in Österreich" bringt Österreichs Glanzpunkte zum Leuchten, i.e. the brand "Holidays in Austria" lets the best of Austria shine through*. Holiday in Austria fulfils wishes and expectations to find and renew harmony with the outside world and with oneself, to find the power of the vitality, simply “*Spüre das Leben*” *Live your life*.⁴

The core values of a tourist destination brand should appeal to and win over not only employees and tourism stakeholders in the locations but also residents. Residents are the best “marketers” of their city or region. For this synergic reason, a destination brand is also very often the marketing brand of the location, as a place to live or do business, Morgan, Pritchard, Pride (2002, p. 4) describe **place brands** from a holistic approach. Example from practice include

⁴ <https://www.austriatourism.com/marke-urlaub-in-oesterreich/>

linking of the Upper Austria tourist destination brand with the branding and communication of the Federal State of Upper Austria, starting in 2020⁵, with the aim of creating a unified brand for Upper Austria, the so-called *Oberösterreich als Standortmarke*, which will be one of the key tools to build its position as a modern and dynamic federal state. The brand will be used in various fields (education, culture, science, economy, sport, etc.). There is a manual available that companies and organisations will use for **co-branding**, see Figure 2. A manual for co-branding of the official emblem and logo has been created for the needs of the federal government.

Figure 2 - Co-branding of the emblem of the Federal State of Upper Austria and the logo of the destination Upper Austria



Source: <https://www.oberoesterreich-tourismus.at/marke.html>

2. Planning and implementation of marketing programs and brand is a continuous and long-term process with the aim of building as much brand awareness and familiarity as possible, creating and maintaining positive brand associations, and thereby gaining as many loyal customers as possible. The result is high *brand equity* from the customer's point of view.

When introducing a new brand, a **brand identity** must be created by selecting the appropriate elements for visual and verbal brand identification. This is the whole set of elements starting from the name, logo, symbols, slogans and jingles, packaging and elements for online communication, usually elaborated into so-called *corporate identity* of manuals, guidelines and binding rules for the use of elements, or a combination of them. Several important criteria should be considered when creating elements, Keller (2007, p. 245) lists 6 criteria: memorability, meaningfulness, popularity, accuracy, adaptability and the possibility of protection (legal protection - trademarks). **Tourist destinations usually choose the name of the location as the basis of their brand identity.**

Cooperation with VIP, stars and celebrities is a successful and essentially proven marketing tool for tourist destinations to increase *brand equity* from the point of view of customers. If a prominent and popular celebrity is spending holiday somewhere, this place becomes an attractive destination. An example of this is the Sommerfrische concept in the Salzkammergut region of Upper Austria, which has been operating since the mid-nineteenth century, when the imperial family, and later artists, politicians and prominent businessmen such as Gustav Klimt, spent their summer months here. We can also mention the marketing tool of **organizing cultural, sporting and social events in the destination**. Mass events are often a brand in themselves and they attract media attention for the destination (increase awareness and knowledge of the brand) and increase the market share of the destination (brand) by generating arrivals and overnight stays and strengthen the position of the destination on the international market, if the event is of an international nature, such as the Prague Spring music festival, Formula 1 racing etc..

3. Measuring, maintaining and enhancing brand value aims to provide a comprehensive picture of the brand from the customer's perspective and to express the evolution of the brand over time for decision-making by organisations and brand marketers on strategy and measures to maintain and enhance brand value. Keller (2007, p. 417) talks about the **brand value chain**: the brand value definitely depends on customers and he sees the beginning of creating, maintaining and increasing brand equity in implementation of marketing tools, i.e. investments in the brand and in customer opinion (awareness, associations, attitudes, relationship), which influences market performance (market share, profitability, added value of the price) and ultimately the capitalization of the brand for the organization (share price).

⁵ <https://www.oberoesterreich-tourismus.at/marke.html>

For a tourism destination, measuring brand value as a financial *valuation* is a theoretical option. A destination brand seen as a trademark is usually not for sale. What is relevant and desirable is to measure, maintain and enhance the value of the brand from a customer *brand equity* perspective. **The customer-guest is the most valuable asset for a destination.**

The market performance of a brand can be interpreted through statistical indicators of visitor arrivals, overnight stays and visitor spending in the destination. Secondary effects whose performance is monitored include prices of overnight stays and services in the destination, employment and business activity resulting from tourism and macro-economic benefits e.g. contribution to the GDP of a region or country. Tourism destination visitor statistics are globally aggregated by the UNWTO World Tourism Organization from 196 countries, which publishes regular data compilations on a monthly basis or in the form of yearbooks or compendia over long periods, such as the *Compendium of Tourism Statistics, Data 2016 - 2020, May 2022 Edition*.

Destination companies usually have a so-called *marketing information system*, in which they monitor and evaluate the statistics and data see above, i.e. *quantitative data*. However, it also includes *qualitative data* obtained from market and trend studies, marketing surveys, visitor surveys and visitor satisfaction surveys. The marketing information system is an essential tool for the strategic management of the destination, and hence the destination brand. **If a destination is building a strong brand, it periodically identifies the sources of brand value/equity, i.e. customer awareness and knowledge of the brand and customer perception of the brand, i.e. its image**

As a practical example we can mention the destination of Upper Austria. Oberösterreich Tourismus GmbH, the destination company of the Federal State of Upper Austria, carried out a follow-up study in the markets of Austria, Germany, Czech Republic and the Netherlands in autumn 2021, *Image und Bekanntheit Oberösterreich Oktober/November 2021*, Brand Awareness and Brand Image of Upper Austria and asked the question why holiday in Upper Austria yes and why not. The results of the study have been compared with the results of a pilot study from autumn 2016, which was conducted on the occasion of the development of a new strategy including re-branding.

4. Enhancing and maintaining brand value is a strategy that considers how to create, maintain and enhance brand value in a broader context and perspective under certain situations and circumstances. In companies, this typically involves the choice of a **product vs. brand matrix for product lines and possibly a brand portfolio or brand hierarchy**. The aim is to gain more market segments and market share in a given industry. An example in the travel industry includes the hotel chain called Holiday Inn Worldwide, which is divided into other hotel chains for various market segments by different accommodation categories: The Crown Plaza brand as the premium category, Holiday Inn the mid-traditional category and Holiday Inn Express the more convenient and cheaper category. Globalization and new technologies have brought challenges and opportunities for building global brands. **The strategy of global branding** is typical of technology, pharmaceutical and telecommunications companies.

5 Conclusion

A strong brand has benefits both for the organisation and the customer. In modern terms, building a strong brand is oriented towards the customer's view of *brand equity*, expressing what benefits and advantages a strong brand has for the customer, what value the brand has from the customer's point of view. *Brand value*, expressed in financial terms, is a part of the assets of organizations, and in case of very strong brands, the value of this intangible asset may exceed the value of tangible assets. The annual global rankings of the brand value of companies are published by specialised agencies and thus also reflect the strongest market position of these companies in the industry. Tourism destinations do not appear in these rankings. Building a strong destination brand has important specifics.

Tourism destinations concentrate a chain of services over a varying size of territory, in which various entities that may be brands themselves, such as accommodation establishments, exercise their interests. As a rule, the brand of a destination is usually the name of the location. The destination company is responsible for its building. The aim of building a strong destination brand is to gain the greatest possible familiarity and the most favourable image with customers, i.e. the highest possible value in terms of customer *brand equity*, so that they choose to spend holiday in that particular destination. The *brand value* in the financial terms is not typical of a destination. However, a strong destination brand can contribute to the brand value of service providers in the destination and make them more confident in pricing their services. Licensing revenues for the use of the destination brand for business activities can generate significant financial returns for the destination company.

What is a strong brand and what factors make up a strong tourism destination brand? As with other products, it is a brand knowledge or awareness, brand associations, perceived quality of the destination product and brand loyalty. In

practice, it can be traced and assumed that the most important factors in the process of building a strong destination brand are brand awareness and perception, i.e. brand image. These factors can be significantly influenced by the destination company through the proper *positioning* and marketing strategy. In particular, by working with the tools of the marketing mix, it can influence various target groups at different times and thus market the destination more than once, since the destination, unlike other products, is an object of purchase, sale and consumption. In practice, it can also be observed that perceived quality as a factor of a strong brand is understood and used strategically by successful destinations such as Austria or Switzerland, even though it is a very complicated process and is essentially a political decision and social agreement. The quality of all services from various providers cannot be directly influenced and guaranteed. However, the destination company and the self-governing bodies of the territory can very effectively create both positive and restrictive tools for managing the quality of the destination. The influence of communication technologies and the existence of a number of online evaluation portals, where the perception of quality is created by the customers themselves virtually live, should be taken into account. The question is the degree of objectivity. The loyalty factor is applicable within the product portfolio of a destination, some destinations can be offered to one customer several times, for example for a family trip and later for a romantic holiday. However, this factor has its limits, especially for customers, who like to discover as many destinations as possible and do not return to the same place. A deeper study of individual factors, understanding and finding the most important ones, or the best combinations of them, to be a successful destination is the subject of further research.

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