

Chapter 3

Destination Competitiveness: An Antecedent or the Result of Destination Brand Equity?

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ABSTRACT

Numerous studies suggest that an increase in a destination's brand equity can lead to greater competitiveness of the destination by influencing consumer behavior through the greater possibility of destination selection, increased destination loyalty, and a willingness to pay more to visit the destination. However, some studies seem to lend support to the reverse causal argument: that certain destination competitiveness attributes can be the antecedents of a destination's brand equity. This chapter posits that destination competitiveness can be classified into two components: (1) "functional attributes" being the antecedent of destination brand equity and (2) "abstract attributes" that is actually influenced by destination brand equity. A Delphi-survey was conducted to assist in the classification of competitiveness attributes into the components of either functional or abstract attributes. Subsequent tests confirm the mediating effect of destination brand equity in the relationship between the functional and abstract attributes.

DOI: 10.4018/978-1-5225-7253-4.ch003

INTRODUCTION

Many countries in the developing world such as the South-East Asian nations of Thailand, Indonesia, and Malaysia are heavily dependent on tourism receipts as a major source of foreign revenue. Tourism and its related activities are often used as a catalyst for economic growth and development for many cities and towns located in this region and can also be used for poverty reduction and the improvement of living standards for many of their residents. The economies of many countries are heavily influenced by tourism-related spending by both incoming and domestic tourists. Tourism is the one of the main revenue earners in Malaysia and other developing nations, and the industry is a key-driver for social and economic development through job creation and investment in new infrastructure.

Governmental agencies are keen to develop urban tourism to assist in the creation of cities and regions as engines of economic growth. Due to urban expansion, cities have become strategic centers of growth, innovation, and creativity, and therefore it is essential to ensure their long-term sustainability (Paskaleva-Shapira, 2007). Urban tourism is one of the fastest growing tourism sectors, and it has been used in developing countries as a driver for the development of their cities.

In order for tourist destinations to provide satisfying and memorable experiences to tourists in a profitable and sustainable manner, there need to be a better understanding of the role of branding on destination competitiveness. While branding has generally been recognized as an important strategy to improve competitiveness, there have been insufficient research on the impact of branding on a destination's competitiveness and travel behavior, especially with regards to urban destinations in developing nations like Malaysia.

Branding is regarded as an important tool by destination management organizations (DMOs) among the many methods that are used to increase the competitiveness level of the destinations by highlighting various factors to differentiate their country, state, or city from competing destinations. Destinations which possess a positive brand equity and strong competitiveness attributes will have an advantage over their competitors in attracting more visitors who will probably stay longer and will have a tendency to spend more on tourism related services when they are in the destination.

The "Malaysia: Truly Asia" branding campaign which was launched in 1999, has successfully positioned Malaysia as a multi-racial one-stop destination offering the best of Asia's three main cultures of the Malays, Chinese, and Indians, (Tourism Malaysia, 2010). Although the campaign has been a successful one for the country, Kent and Walker (2000) and Clifton (2014) argued that an umbrella branding strategy for both country and cities might not be the most effective way to market urban destinations, as attributes associated with the country might not necessarily be suitable for a city. For example, visitors to Kuala Lumpur might tend to associate

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