The role brand equity on developing tourism industry

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CHRONICLE	ABSTRACT
	During the past few years, there have been growing interests in developing tourism industry in developing tourism economy. This paper presents an empirical investigation to study the effects of different factors including brand awareness, quality perception, brand associate and brand loyalty on developing tourism economy. The proposed study was accomplished in city of Karaj located in province of Alborz, Iran. The study designed a questionnaire consist of 27 questions designed in Likert scale and distributed it among 400 randomly selected people who visited this city during the year of 2012. Using Spearman correlation, they study confirmed that there were some positive relationship between brand awareness and tourism economy ($r=0.434$, Sig.=0.02), a positive relationship between quality perception and tourism economy ($r=0.198$, Sig.=0.008), a positive relationship between brand associate and tourism economy ($r=0.261$, Sig.=0.000) and finally there was a positive and relationship between brand loyalty and tourism economy ($r = 0.302$, Sig. = 0.05). In addition, the implementation of stepwise regression model has indicated that brand awareness played essential role on tourism economy followed by brand loyalty and quality perception.

1. Introduction

Tourism is one of the most important factors in the productivity of developing economy with significant multiplier effects on economic activity (Sinclair, 1998; Smeral, 2003; Lee & Back, 2010). There are various studies to learn more about the impact of developing tourism and the effect on country's economy. Oh (2005), for instance, studied the contribution of tourism development to economic growth in the Korean economy. Chunying (2013) performed a study on the delivery of city branding advertisements in China. Brida et al. (2008) investigated possible causal relationships among tourism expenditure, real exchange rate and economic growth. Katircioglu (2009) empirically

revisited and investigated the tourism-led-growth (TLG) hypothesis in the case of Turkey by using annual data from 1960–2006 and rejected the TLG hypothesis for the Turkish economy.

Brida and Risso (2010) studied the relationships between tourism and economic growth by examining the South Tyrolean economy applying the Johansen cointegration test to obtain a cointegrated vector among the relevant variables and the Granger causality test to investigate causality. They reported that in South Tyrol, tourism reinforced long-run economic growth but economic growth did not reinforce tourism. In their study, impulse response analysis indicated that a shock to the number of tourists and RP produces a continuous and sustained positive effect.

Lee and Chien (2008) examined the issue of whether regime changes had broken down the stability of the long-run relationships between tourism development and real GDP in Taiwan over the period 1959–2003. They empirically investigated the co-movements and the causal relationships among real GDP, tourism development, and the real exchange rate in a multivariate model. They reported that the causality between tourism and economic growth was bi-directional. The international and cross-strait political change, economic shocks, and the relaxing of some tourism control and policies could break down the stability of the relationships between tourism development and economic growth.

Building a brand in tourism industry plays important role for development of this sector (Netemeyer et al., 2004; Buil et al., 2008; Liao, 2006). Atilgan et al. (2005) examined the practicality and application of a customer-based brand equity model, based on Aaker's well-known conceptual framework of brand equity (Aaker, 2009). The study applied structural equation modelling to study the causal relationships between the dimensions of brand equity and brand equity itself. It appropriately measured the way in which consumers' perceptions of the dimensions of brand equity influenced the overall brand equity evaluations. They collected the data from a sample of university students in Turkey. The study concluded that brand loyalty was the most influential dimension of brand equity but they found weak support for the brand awareness and perceived quality dimensions.

In this paper, we present an empirical investigation to find the important factors influencing tourism economy in Iran. This paper is organized as follows. We first present details of the proposed study in section 2. Section 3 presents our findings and concluding remarks are given in the last to summarize the contribution of the paper.

2. The proposed study

This paper presents an empirical investigation to study the effects of different factors including brand awareness, quality perception, brand associate and brand loyalty on developing tourism economy. The proposed study was accomplished in city of Karaj located in province of Alborz, Iran. The study designed a questionnaire consists of 27 questions designed in Likert scale. The population of the survey includes all people who recently visited this city. The sample size is calculated as follows,

$$N = Z_{\alpha/2}^2 \frac{p \times q}{e^2},$$
(1)

where N is the sample size, $p = 1-q$ represents the probability, $z_{\alpha/2}$ is CDF of normal distribution and finally ε is the error term. For our study we assume $p = 0.5, z_{\alpha/2} = 1.96$ and e=0.05, the number of sample size is calculated as N=384. We have distributed 400 questionnaires among the participants. Cronbach alpha for toursim economy, brand awareness, quality perception, brand associate and brand loyalty are calculated as 0.64, 0.75, 0.83, 0.86 and 0.79, respectively.

2.1. Personal characteristics

In our survey, 78.7% of the participants were male and 21.3% of them were female. Fig. 1 demonstrates other characteristics of the participants. According to Fig. 1, most participants had

university educations and they were mostly middle-aged people. Next, we present details of our findings using Spearman correlation ratio.
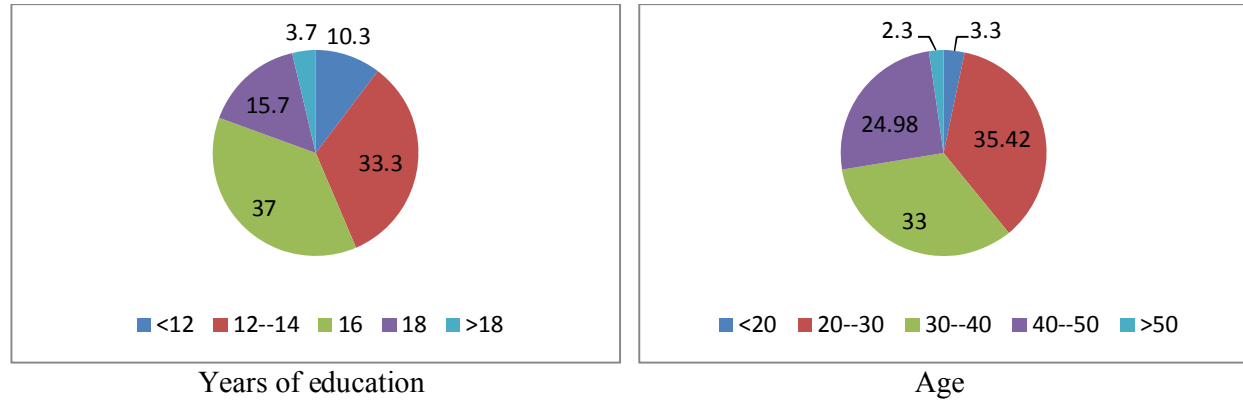

Years of education

Age

Fig. 1. Personal characteristics of the participants

3. The results

In this section, we present details of our findings on testing the effects of brand awareness, quality perception, brand associate and brand loyalty on tourism economy based on Spearman correlation ratio. Table 1 demonstrates the results of the implementation of Spearman correlation.

Table 1
The results of Spearman correlation

Hypothesis	r	Sig.		Result
1. Brand awareness influences positively on tourism economy.	.434	.002	.05	Confirmed
2. Quality perception influences positively on tourism economy.	.198	.008	.05	Confirmed
3. Brand associate influences positively on tourism economy.	.261	.000	.05	Confirmed
4. Brand loyalty influences positively on tourism economy.	.302	.04	.05	Confirmed

As we can observe from the results of Table 1, brand awareness maintains the highest correlation with tourism economy followed by brand loyalty, brand associate and quality perception. Next, we present details of stepwise regression analysis. Table 2 shows the results of some basic statistics.

Table 2
The summary of basic statistics on stepwise regression model

Model	Correlation	Determination coefficient	Adjusted determination coefficient	Standard error
1	.314	.113	.103	6.57862
2	.398	.189	.175	6.47343
3	.352	.234	.218	6.386898

1. Brand awareness
2. Brand awareness, Brand loyalty
3. Brand awareness, Brand loyalty, Quality perception

The results of Table 2 indicate that there were three independent variables for the proposed regression model. Table 3 shows details of the stepwise regression model.

Table 3
The summary of stepwise regression model

Variable	β	Standard coefficient error	Standard coefficient	t-value	Sig.
Intercept	52.243	4.981		13.286	.000
Brand awareness	.547	.298	.387	2.335	.003
Brand loyalty	.523	.265	.341	2.128	.000
Quality perception	.497	.241	.309	2.028	.019

Based on the results of Table 3 we can express the following regression equation,

$$\text{Tourism economy} = 52.243 + 0.547 \text{ Brand awareness} + 0.523 \text{ Brand loyalty} + 0.497 \text{ Quality perception} + \varepsilon. \qquad (1)$$

As we can observe from the results of Eq. (1), brand awareness is the most important factor, which influences on tourism economy. In other words, one percent increase on brand awareness could contribute more than half a percentage on tourism economy. This means that the national media could contribute to boost the industry through introducing more about the features of a society, entertainment places, etc. Brand loyalty is the second most important factor influencing tourism economy. Finally, quality perception is the last important factor, which influences on tourism economy. In other words, an economy with good quality product and services could help contribute more on economy.

4. Conclusion

In this paper, we have presented an empirical investigation to find the impact of brand awareness, quality perception, brand associate and brand loyalty on tourism economy in one of Iranian cities named Karaj located in province of Alborz. The proposed study has implemented Spearman correlation test as well as stepwise regression analysis and the results have indicated that brand awareness plays essential role on tourism economy followed by brand loyalty and quality perception.

Acknowledgement

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