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Building brand equity through industrial tourism

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ABSTRACT

As a consequence of rising operating and labor costs, numerous manufacturing companies in Taiwan have been closed or relocated overseas during the last two decades. Since 2003, Taiwan's government has advocated for the transformation of traditional factories into tourism-oriented facilities to increase the brand strength of the companies. As a result, industrial tourism has been boosted and many manufacturers in Taiwan are keen on establishing tourism factories; however, the association, if any, between offering industrial tourism and building a strong brand equity remains relatively unexplored. Thus, the present study sought to examine customers' perceptions of the value of a branded tourism factory through the concept of brand equity. More specifically, it was hypothesized that brand equity, which is composed of brand awareness, brand associations, and perceived quality, contributes to brand loyalty. Both qualitative and quantitative methods were employed in different phases of this study, including 1) questionnaires to identify industrial tourism factories with high brand awareness among consumers; 2) open-ended interviews regarding visitors' touring experiences to develop further questionnaires; and 3) questionnaires distributed to three food-oriented firms with similar levels of brand awareness. Analysis of the data from 312 valid questionnaires revealed that brand associations and perceived quality both positively and significantly predict brand loyalty. The results suggest that companies engaging in industrial tourism should focus on offering tourists interactive experiences to enhance brand associations and on ensuring a transparent operations process during tours to emphasize the high quality of whatever is being produced, thereby contributing to enhance brand loyalty.

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1. Introduction

Increasing global competition has placed great stress on many industries, especially traditional manufacturing industries. In earlier times, the demand for various products was always greater than the supply, so manufacturing companies only had to focus, in general, on increasing their production efficiency. However, after decades of technological advances that have accelerated production processes, supplies are now often higher than the corresponding levels of demand, forcing the various brands that exist in given markets to compete for potential customers' attention. As such, it has become increasingly difficult for customers to identify,

remember, and choose brands during purchase decision making. In addition, customers are growing more resistant to traditional forms of marketing such as print advertising and television commercials (Willmott & Nelson, 2003). Instead, consumers are increasingly seeking holistic, authentic, multisensory, and memorable experiences that are associated with the given product or service. Hence, there has been a rapid rise in the number of marketing efforts known as experience marketing, which attempts to establish a personal and meaningful interaction with the consumer (Schmitt, 1999; Tynan & McKechnie, 2009). In some sense, the memorable experiences produced by such marketing efforts effectively become part of the products in question, making them key aspects of the experience economy (Pine & Gilmore, 1999).

In order to enhance the revenues provided by customers' experiences as part of the experience economy (Pine & Gilmore, 1999), many factories have become involved in industrial tourism, which is also called industrial heritage tourism, by transforming

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their manufacturing factories into tourism factories. This type of tourist attraction includes manufacturing plant tours, company museums, company visitor centers, and brand parks, all of which serve as means by which a firm can open their factory doors to customers or visitors so that they can learn about the production process, product features, and company history (Mitchell & Orwig, 2002; Otgaar, 2012). For many marketing managers, establishing such tourism factories could be an effective marketing strategy as one visit is more valuable than one hundred commercials when guests relate their positive experiences to friends and relatives (Brumberg & Axelrod, 1995).

In Taiwan, many factories were closed or relocated overseas during the last two decades as a consequence of rising operating and labor costs and the competitive global environment. In 2003, the government of Taiwan's Industrial Development Bureau noticed this trend and established "The Project to Assist Manufacturing Industries in Developing Industrial Tourism" in an attempt to help traditional factories transform into tourism factories in order to build up industrial tourism, which can act in a multifunctional manner by allowing for both manufacturing and tourism and which, therefore, may successfully promote a given brand, making it stronger and more competitive (Industrial Technology Research Institute, 2013a).

As such, many manufacturers in Taiwan have become keen on establishing industrial tourism venues where they can provide opportunities for tourists to visit, be entertained, be educated, and get to know about the given brand and products. So far, 145 tourism factories have been set up throughout Taiwan (Industrial Technology Research Institute, 2013b). However, not all of these 145 industrial tourism sites are thriving. Some have been facing problems such as a lack of attractiveness to visitors or not receiving enough visitors to support their operating costs. Such problems can lead to situations in which these industrial tourism factories must struggle for survival, to say nothing of their actually achieving any monetary or nonmonetary benefits from their industrial tourism efforts. Therefore, considerable uncertainty still exists with regard to if and how brand equity can be promoted by the establishment of tourism factories, especially in today's intense and competitive market.

It seems that the purpose of tourism factories and the concept of brand equity are, in a sense, intertwined with each other, but there have not been many previous studies that have sought to address this interconnection. In particular, the concept of industrial tourism is a relatively new one in the realm of academia (Robinson & Novelli, 2005), in spite of industrial tourism itself being commonly practiced by many US and European firms. Most industrial tourism studies thus far, in fact, have been from the US perspective. Given the fact that culture plays an important role in brand equity (Blair & Chiou, 2013, 2014) and that, so far, very few studies have explored the marketing effects of industrial tourism in Taiwan, the association between offering industrial tourism and building a strong brand through brand equity remains relatively unexplored. Thus, the aim of this research was to examine customers' perceptions of the value of branded industrial tourism through the concept of brand equity. More specifically, it was hypothesized that brand equity, which is composed of brand awareness, brand associations, and perceived quality, contributes to brand loyalty.

It is necessary, therefore, to investigate the relationship between visits to industrial tourism sites and brand equity in order to assist in the development of industrial tourism in Taiwan. As such, the objectives of this study were as follows:

1. To examine if there are any differences relating to brand equity among tourists with different visiting experiences (i.e., travel

style, product-use experience, interpreter guidance experience, and brand orientation experience).

2. To investigate if visitors to industrial tourism sites will build upon their perceptions regarding brand equity from the lowest toward the highest levels as assessed by brand awareness, perceived quality, brand associations, and brand loyalty.

2. Literature review

2.1. Origins and development of industrial tourism

Industrial tourism can be traced back to Europe in the 1960s. At that time, many industries such as the textile, mining, steel, and other heavy industries faced structural imbalances, and some of them finally had to close down. Thereafter, many of the shuttered factories decayed with time and even turned into deserted, becoming what has been referred to as "industrial heritage" (Hospers, 2002). As time continued to pass, some people came to enjoy visiting these heritage sites to reminisce and have fun, and some factory owners simply seized on the chance to transform the given outmoded manufacturing industry into an industry based on serving the purposes of tourism, a phenomenon that would eventually be referred to as "industrial heritage tourism" (Edwards & Llurdés, 1996).

Later, as the concepts of brand marketing management began drawing the attention of more and more people, some of the owners of companies in various industries began to recognize that public relations were crucial to marketing. With that in mind, some opened up their industrial environments for tourists to see, strongly promoting industrial tourism in order to show their companies and company spirits to tourists, hoping that the tourists would then like their brands more and thus allow them to reap greater revenues (Edwards & Llurdés, 1996; McBoyle, 1996; Richards, 1996). Today, industrial tourism provides visitors with a place where they can feel and experience a brand's culture, gain knowledge about the details of products, have fun, and learn about the manufacturing process by participating in hands-on activities. In this way, they can get acquainted with and even be impressed by the given brand.

As such, industrial tourism has boomed in the last two decades, growing to encompass industries selling a wide variety of products, including food and beverages, clothing, appliances, automobiles, toys, pottery and glassware, sporting goods, etc (Mitchell & Orwig, 2002). A great amount of industrial tourism falls under the food and beverage category; for example, in Axelrod and Brumberg's guide, (1997) *Watch it made in the USA: A visitor's guide to the companies that make your favorite products*, it was reported that regarding 288 plant tours, 104 of the tours were in plants producing food and beverage products. In addition, there are more than 1500 wineries in the USA that provide wine tastings and tours for consumers.

2.2. Functions of industrial tourism

Extensive literature indicates that industrial tourism can provide a variety of advantages to a company that engages in it, including intangible benefits such as securing a good reputation, building up a relationship with the public, an improved brand image, creating a bond between consumers and the brand, and increased brand loyalty (McBoyle, 1994; Mitchell & Orwig, 2002; Otgaar, 2012; Rhees, 1993), as well as tangible benefits such as opportunities to display products, increased sales through both on-site and post-visit visitors, revenues generated from the sale of tickets for the industrial tours, etc. Moreover, these potential benefits are not limited solely to end users, but may also be shared, to

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