

ROLE OF WORD-OF-MOUTH WITHIN THE CBBE COMPONENTS AND BRAND LOYALTY OF ARUGUM BAY AS TOURIST DESTINATION: A STUDY AMONG LOCAL TOURISTS

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Abstract

The major objective of the study is to understand the role of word of mouth through brand salience and brand image as customer based brand equity components in the creation of brand loyalty of Arugam Bay as tourist destination among local tourists. Brand salience, brand image are used as independent variables and the brand loyalty is used as dependent variable. A survey questionnaire method was used as data collection technique. Convenient sampling technique was used to draw respondents. 120 respondents were drawn from the visitors at Arugum Bay. Collected data was analyzed using regression and correlations. The mediating role of word of mouth was analyzed using the method suggested by Baron and Kenny (1986). Findings reveals that brand salience and brand image of Arugum bay create the word of mouth among the local tourist visiting Arugum Bay. In the case of mediating role, the word of mouth is well mediating within the brand equity components. Thus, destination marketers need to focus on the brand salience and brand image of Arugum Bay rather than trying to create word of mouth for this destination.

Keywords: Brand equity, word of mouth, Arugum Bay, Brand image, Brand salience

1. Background of the Study

Sri Lanka tourism is growing progressively with the huge assistance of the government of Sri Lanka. East coast of Sri Lanka consists of many attractions and large number of potential and re visitors pay a visit to the attractions in the areas. Destination marketing organizations need to focus on the branding strategies to promote an attraction as tourist destination.

According to Sri Lanka Tourist Board, Arugum Bay is one of the top ranking surfing point in the world attracting many local and international tourists enabling them to enjoy the attraction.

According to the tourism strategic plan 2017-2020 of Sri Lanka tourist board, Sri Lanka is working on the tourism destination planning and to make them sustainable through facilitating the destination management. This will help allocate resources easily and minimize the cost. Further, Sri Lanka has a strategic plan for the new tourism development and feasibility and consideration and hence, the study on the role of word of mouth may help to find opportunities to develop further the Arugum Bay as strategic destination in Sri Lanka. This is also to note here that the destination brand as Arugum Bay has not been much studied well in the Sri Lankan tourism arena especially with brand loyalty.

Sun and beaches is found to be a niche tourism destination for tourists arriving to the country. Strategic plan also finds the MICE and medical tourism as niche. Therefore, it is worthy to study the brand salience, brand image and its word of mouth for Arugum Bay which is one of the beach where surfing takes place. Thus, it is very important to promote the Arugum Bay as one of the niche in Sri Lanka for tourists. Therefore a study on brand salience, brand image and brand loyalty is necessitated and how the word mouth is playing within these components of brand equity. In the tourism marketing today, destination brand loyalty is vital and it is linked to organizational performance (Jraisat et al., 2015). Hence, the research questions are whether the brand salience and brand image of Arugum Bay leading to brand loyalty mediating through word of mouth. This will help promote further the Augum Bay as a niche in the destination marketing of Sri Lanka. Sun and beaches have been mentioned as niches in the strategic plan of Sri Lanka tourism. This study further adds value to the significance in the way that it focuses on the domestic markets which has been mentioned as one of the important market in the Sri Lanka tourism strategic planning 2017-2020.

2. Review of Literatures and Hypothesis Development

A brand is important asset for any organizations. Brand is always with huge intangible value for organizations irrespective of the size of the firms in any industry and hence brand is always prioritized (Lehmann *et al.*, 2008). Customer based brand equity (CBBE) is defined as “*the differential effect that brand knowledge has on consumer response to the marketing that brand*” (Keller, 2013). This definition has three parts such as differential effect, brand knowledge and consumer response to marketing. A brand is having a positive customer based brand equity when consumers react more to the brand and become more familiar with the particular brand (Keller, 1993). Consumers will also accept the brand extension without any hesitations. Hence, Keller (1993) points out that customer based brand equity takes place when consumers have positive brand associations. Akroush *et al.*, (2016) conducted a study to examine the relationship between service quality dimensions and destination loyalty. This study supports that these dimensions of tourism service quality positively contribute to the destination image and in turn, destination image positively contributes to the destination brand loyalty. A study conducted by Pike *et al* (2010) on customer based brand equity for Australia as a long haul tourism destination in an emerging markets includes brand salience, perception of quality, brand image and brand loyalty. Although brand salience, perception of quality, brand image and brand

loyalty are the components of the brand equity, Konecnic (2010) finds that perceived brand salience, brand image and perceived brand quality cause a destination brand loyalty.

In order to examine the relationship between the variables and to see the mediating effect, it is necessary to examine the variables under study and establish the relationship between dependent and independent variables. These are explained below.

Brand Salience

Keller (1993) explains the perceived brand salience as the recalling a brand when a product category is given to the consumer and hence, it is a subset of brand awareness. Guido (1998) explains the brand salience that “it is associated with an item which stands out from its environment”. This means that the brand is thought by buyers. In other words, brand salience is called as top of mind brand (Romaniuk and Sharp, 2004). There was a study on the Consumer-based brand equity for Australia as a long-haul tourism destination in an emerging market conducted by Pike et al., (2010) used brand salience as one of the dimension of the brand equity. Pike et al (2010) further emphasized that brand salience for a destination is a strength that will enable the destination brand to persist in the mind of target consumers and increase the brand awareness. If a brand is with salient features, that brands will positively be evaluated by consumers (Romaniuk and Sharp, 2004). Brand salience is also important for destination brands. When a destination brand is with brand salience, it will be thought by tourists when travelers have more options to be considered for visiting. Therefore, destination brand salience will give a guidance during the selection of destination brand (Hankinson, 2005). Brand salience for a destination will definitely generate the word of mouth for Arugum Bay and leads to brand loyalty of Arugum Bay. This infers that brand salience at a higher level for a destination of Arugum Bay will generate word of mouth. Thus, the researcher hypothesizes that

H₁ : Brand salience of Arugum Bay will positively contribute to the word of mouth about Arugum Bay

Brand Image

Brand image is one of the key dimension of customer based brand equity. Brand image is the general perception of the brand and this will be created through marketing activities in order to influence the consumer behavior (Zhang, 2015). Establishing an image for a product or service is very vital task for marketers in order to influence the perception of the goods and services (Zeithaml and Biner, 1996). Destination marketer needs to establish the image of the destination that will help position the destination brand well in the mind of tourists (Molina et al., 2010; Hosany et al., 2007). This is because, the destination image will have influence on the choosing behavior of tourists (Beerli and Martin, 2004). Consequently, this will help destination marketers to be successful in the destination marketing (Hosany et al. 2007).

When a destination is positioned, there may be enhanced image that will generate positive word of mouth for the destination. Hence, the researcher hypothesize that

H₂: Brand image of the Arugum Bay positively contribute to the word of mouth among local tourists.

Word of Mouth and Brand Loyalty

Word of mouth is also a form of customer loyalty. This is one of the personalized transmission of experience to other party and be considered as one of the trustworthy source (Swan and Oliver, 1989). Many studies have been conducted and detailed that the interpersonal communications are identified as influencing on the tourism industry (Reza et al., 2012). Further, a study conducted by Morgan et al (2003) reiterates that negative word of mouth largely affects the destination image and that leads to dissatisfaction of visitors. Reza et al., (2012) also find that tourists with satisfaction would convey their experiences with prospective customers.

Oliver (1999) defines loyalty as “*a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing...*” When a customer buys a brand repeatedly the customer is believed to be loyal to the particular brand (Odin et al., 2001). Therefore, it is important to have a brand loyalty for a product since marketers do not want to promote the brand to the customers (Aker, 1991). Oppermann (2000) emphasizes that brand loyalty is one of the key component of customer based brand equity but there was no much more researches in the destination marketing. Brand loyalty is said to be a success driving force of a business and it is an indicator of business success (Sun et al., 2013). Destination marketers should also attempt to see the success factors of their destination brand loyalty and how it is formed for their destination (Gursoy et al., 2014). Destination brand loyalty is one of the important elements of the tourism strategic marketing and has a link to the reputation of the destinations (Jraisat et al., 2015).

In the case of Arugum Bay as a tourist destination, destination marketers need to study about the Arugum Bay’s brand loyalty in order to formulate and implement marketing strategies and be successful in the destination marketing. When a destination is with higher brand loyalty, word of mouth referrals of the destination are also in force (Faullant et al., 2008). This infers that the destination brand loyalty can be seen with visitation of tourists and word of mouth to the potential and existing tourists (Pike et al., 2010). Therefore, word of mouth generated from the destination brand salience and destination brand image can be a cause for the destination brand loyalty. Thus, the researcher hypothesizes that

H₃: The word of mouth of Arugum Bay positively leads to Arugum Bay brand loyalty.

3. Methodology

The study was quantitative in nature. The research was conducted in Arugum Bay among local tourists who were visiting Arugum Bay beach. Convenience sampling technique was adopted for 120 local tourists. This was because of the fact that local tourist who arrived at the Arugum Bay could not be limited in numbers.

Questionnaire was used as instrument for data collection. The questionnaire consists of personal information and five point likert scale for each item of each variable under study. Statements in the questionnaire for each variable were adopted from previous studies. Items for brand salience, brand image and for brand loyalty were adopted from Boo et al. (2009) and Konecnik and Gartner (2007). Items for word of mouth was adopted from Bodo (2009).

Factor analysis was used for data reduction purpose. All communalities had more than 0.5 and all items were taken into considerations. The data were fed into SPSS and correlation and multiple regression analysis were used at data analysis techniques.

4. Results and Discussion

Pilot study was conducted among 30 local tourists who were at Arugum Bay beach. Reliability analysis was done in order to see the internal consistency and it shows that the Cronbatch's alpha value of 0.93 which is more than 0.70. The characteristics of the visitors are given in Table 1 below.

Table 1 Demographical Characteristics

Characteristics	No. of Respondents	%
Sex		
Male	78	65%
Female	42	35%
Age		
16-25	32	27%
26-40	52	43%
41-60	28	23%
Above 60	8	7%
Educational Qualifications		
< GCE OL	11	9%
GCE OL	14	12%
GCE AL	43	52%
Bachelor Degree	38	32%
Postgraduate	4	5%
Visiting Time		
First time visitors	33	28%
Previously visited	87	72%

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Of 120 respondents 65 percent was male and 35 percent was female. 43 per cent of the respondents for the questionnaire were with the age between 26 – 40. Other rest of the respondents belongs to the categories of 16 -25, 41 – 60 and above 60 years of age. As far as number of visits to the Arugum Bay is concerned, 72 per cent of the tourists gave the answers to the questionnaire were previously visited to this destination and other rest of 28 per cent were the first time visitors to the Arugum Bay.

Factor analysis was carried out in order for the data reduction. The communalities of items in the questionnaires were with more than 0.5 and hence, all items were taken for analysis. Further, the KMO values and variances of each variable given in Table 2.

Table 2 Variance and KMO Values

Variables	Variance	KMO
Brand salience	66.69	0.637
Brand image	71.47	0.696
Brand loyalty	55.43	0.698
Word of mouth	72.55	0.657

KMO statistics given in Table 2 are more than 0.5 and it shows that sampling adequacy and data can be used for factor analysis. The variances for brand salience, brand image, brand loyalty and word of mouth are 37%, 71%, 55% and 72% respectively. This also shows that the data collected for this study is well represented.

Table 3 Correlation Matrix

	BS	BI	BL	WOM
BS Pearson Correlation	1			
Sig. (2 tailed)				
N	120			
BI Pearson Correlation	.730**	1		
Sig. (2 tailed)	.000			
N	120	120		
BL Pearson Correlation	.680**	.580**	1	
Sig. (2 tailed)	.000	.000		
N	120	120	120	
WOM				1
Pearson Correlation	.914**	.857**	.598**	
Sig. (2 tailed)	.000	.000	.000	120
N	120	120	120	

Table 3 shows the correlation values between dependent and independent variables. There are positive significant associations between Arugum Bay brand salience and word of mouth and Arugum Bay brand image and word of mouth at 0.01 level at $p < 0.05$. In order to get the impact of these variables brand salience and brand image on the word of mouth of Arugum Bay, multiple regression analysis was performed. The extraction of the regression results are given in Table 4.

Table 4 Regression Results

Predictable variable	Beta	<i>p</i>	<i>t</i>	VIF
Brand salience	0.618	0.000	15.442	2.144
Brand image	0.405	0.000	10.117	2.144

Note: $F_{2, 117} = 610.081$, $p < 0.05$, R Square = 0.913, Adjusted R Square = 0.913

Table 4 explains that results of the multiple regression. The R square value is 0.913 which is significant at 5 per cent level with the probability value less than 0.05. This shows that 91.3% of the variation of the word of mouth is explained by brand salience and brand image of the Arugum Bay. Further, adjusted R Square 0.913 indicates that the model has accounted for 91.3% of the variance in the criterion variable. Multicollinearity problems were also checked with the Variation Inflation Factor (VIF) which is falling between 1 to 10 and hence, it is concluded that there is no serious multicollinearity problem.

According to the results of the multiple regression analysis, word of mouth about the Arugum Bay is influenced by brand salience ($t = 15.442$, $p < 0.05$) and by brand image ($t = 10.117$, $p < 0.05$). The first factor that highly contribute to the word of mouth is brand salience ($\beta = 0.618$, $t = 15.442$).

The brand salience of the Arugum Bay is made up of the top of mind brand that is when asking about the beach to the local tourists, they are able to pronounce Arugum Bay which is very famous among the local tourists. In the case of Arugum Bay's image, tourists are keen to look at the attributes of the destination and its match with tourists' personality and self-image. Since it is very famous, others are also thinking highly about the particular tourists visited this destination.

Therefore, destination marketers of Arugum Bay may focus on the brand salience and brand image of the Arugum Bay that will definitely help generation of the word of mouth. In the case of mediating variable word of mouth, it has positive relationship with brand loyalty of Arugum Bay ($\beta = 0.598$, $t = 8.099$). This shows that tourists are conveying their ideas that they generated through brand salience and brand image to other friends and family. This creates the brand loyalty for Arugum Bay.

This infers that Arugum Bay is the preferred destination for tourists who is paying a visit to Arugum Bay and visitor is advising other people to visit this destination and the visitor is having intention to visit this destination in future too.

The hypotheses developed for this study were supported well. This is given in Table 5.

Table 5 Hypotheses Testing

Hypotheses	Standard coefficient	Hypothesis testing
H1: BS → WOM	0.618 (15.442)	Supported
H2: BI → WOM	0.405 (10.117)	Supported
H3: WOM → BL	0.598 (8.099)	Supported

Note: $p < 0.05$, $n = 120$

Mediation Effect

The mediating effect can be seen after adopting four steps procedures (Baron and Kenny, 1986). As a first step, the relationship between two independent variables and mediating variable will be examined. In the second step, the relationship between mediating variable and dependent variable will be investigated. At the third step, the contribution of independent variables to the dependent variable need to be seen. Finally, mediating variable is considered as one of the independent variables and be investigated of the contribution to the dependent variable. This analysis is given in Table 6.

Table 6 Mediating Effect

Independent Variable	Word of Mouth		Brand Loyalty	
	Model 1	Model 2	Model 3	Model 4
Brand salience	0.618 (15.442)		0.546 (5.587)	0.960 (5.832)
Brand image	0.405 (10.117)		0.183 (1.869)	0.454 (3.509)
Mediation effect				
Word of mouth		0.598 (8.099)		-0.669 (-3.068)
R ² (Adj. R ²)	0.913 (0.911)	0.357 (0.352)	0.478 (0.469)	0.517 (0.505)
Changes in R ²				0.039 (0.036)
F	$F_{2, 610.081}$	$F_{1, 65.587}$	$F_{2, 53.564}$	$F_{2, 41.415}$

In Table 6, the model 1 indicates that brand salience and brand image of Arugum Bay is significantly contributing to the word of mouth of the destination. As per the model 2, word of mouth about the Arugum Bay is influencing on the Arugum Bay brand loyalty ($R^2 = 0.357$, $p < 0.05$). The third model shows that brand salience and brand image of the Arugum Bay is significantly contributing to the brand loyalty of the Arugum Bay. The final model indicates that when the mediating variable word of mouth is added as one of the independent variable, the effect of brand salience ($0.546 \rightarrow 0.960$) and brand image ($0.183 \rightarrow 0.454$) on the brand loyalty of the Arugum Bay is increasing revealing the clear mediation of word of mouth. Further, the R^2 is also increasing from 0.478 to 0.517 and therefore, adjusted R^2 is also increasing by 0.036.

5. Conclusion, Managerial Implication and Limitations

The objective of the study is to understand the role of word of mouth within the customer based brand equity elements such as brand salience, brand image and brand loyalty of Arugum Bay as tourist destination among local tourists. This study finds that brand salience and brand image of Arugum Bay create the word of mouth among the local tourist visiting Arugum Bay. In the case of mediating role, the word of mouth is well mediating within the brand equity components. Therefore, destination marketers need to focus on making brand salience and brand image of the Arugum Bay and that will in turn generate word of mouth about Arugum Bay. This further enhance the brand loyalty of Arugum Bay. This is because of the fact that brand salience is a strength of the brand awareness of the tourist destination (Bianchi and Pike, 2011) and hence, brand salience need to be further established and will expressly lead to word of mouth of Arugum Bay. Brand image is also important to generate the word of mouth of the Arugum Bay among local tourists. In other words, destination marketers can further invest on the creation of brand salience and building up the image of the Arugum Bay that will definitely generate word of mouth and enhance the brand loyalty.

In order to create the brand salience of Arugum Bay, destination marketers need to look at what brand attribute of the Arugum Bay will easily influence on the tourists behavior. The choice of the destination by tourists is actually stimulated by relax and sensory gratification (Trembath, 2008). Relaxing environment and other enjoyments at Arugum Bay have to be promoted to among local tourists so that the destination Arugum Bay can be thought when people think of tourist attractions. Moreover, tourists need clean surrounding and clear beach, establishing resorts for tourists and special events should also be ensured to the people visiting the Arugum Bay. When the destination has improved facilities that will enhance the brand salience and also build brand image of the Arugum Bay.

This study is helpful to the policy makers of the Sri Lanka tourism in the way how the brand loyalty for Arugum Bay tourist destination is created and what the role word of mouth is playing within the customer based brand equity components. Further, destination marketers need to promote the Arugum Bay among the people outside of the East coast region. Accordingly, destination marketers can plan for strategic marketing of Arugum Bay. Resource allocation is an important to develop destination and therefore, how marketing resources can be apportioned to the Arugum Bay that leads to the Arugum Bay brand loyalty.

This study also supports to the Sri Lanka Tourism strategic plan in which the domestic tourism has been given an importance. Further studies need to focus on the customer satisfaction of the Arugum Bay including all facilities since there is a need for mapping of attributes which cause the experience and familiarity which is making up tourists satisfaction and brand salience Arugum Bay. This study can further extended to the international tourists as well.

The major limitation of the study is sample. Only 120 respondents were drawn among large number of local tourists. Thus, there may be a requirement to further confirm the results of this study.

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