

Mediating Effect of Stakeholder Roles on the Relationship between Destination Branding and Competitive Advantage in Kenya

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Abstract

Stakeholders such as local communities and service providers have long been engaged in tourism planning, however, there is rare insights into stakeholder collaboration in destination branding (Pike and Page, 2014). This study examines whether stakeholder roles: Leadership, Brand Association, Brand Uniqueness, Co-creation and Perceived quality have a significant role as a mediating variable, between destination branding and competitive advantage. The study used random sampling of three hundred and eight tourism related business sectors across Nairobi, Nakuru, and Kisumu counties in Kenya. The Main Findings of the study are (i) Mediation effect of Leadership, brand association, Brand Uniqueness, Co-creation and Perceived Brand Quality with respect to independent and dependent variable are significant because their normal theory test for direct has a p value less than 0.05. This Concludes that Mediators referred to as Leadership, brand association, Brand Uniqueness, Co-creation and Perceived Brand Quality are partial mediators because there is reduction (not total elimination) from .6788 to .5709, .6788 to .5701, .6788 to .6088, .6788 to .6136, .6788 to .5476 of coefficient of X variable respectively. The results of the study will help with establishing strategies for the incorporation of the various stakeholders in destination branding strategies in the tourism industries.

Keywords: Mediating Effect, Stakeholder Roles, Destination Branding, Competitive Advantage

1. Introduction

For two decades, scholarly discussions on tourist destinations have predominantly focused on their marketing, management, and more recently, on their governance. However, it has become increasingly clear that achieving these objectives depends not only on structures, institutions and processes. For instance, the inclusion of leading entrepreneurs at the destination level is a pressing issue. The human factor remains crucial – yet it has been insufficiently considered so far (Pechlaner, Kozak and Volgger, 2014). In her conclusion, Drogomyretska, (2014) asserts that, nowadays, destination branding has a significant importance, because there is a need for a particular destination (a region, country, city, etc.) to be positioned in consumers' and stakeholders' awareness. In this case, the power of branding is in making people aware of the particular destination and then linking desirable associations. Increasing mobility of both people and businesses and growth in the tourism industry has contributed to the rise of place marketing.

2. Literature Review

2.1 Stakeholder and their Roles in Destination Branding

The classic definition of a stakeholder is “any group or individual who can affect or is affected by the achievement of the organization's objectives” (Freeman 1984).

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Increasing attention has been paid to the importance of stakeholders, stakeholder engagement, stakeholder relations, and stakeholders support and strategic interests in order to avoid stakeholder resistance (Zenker and Beckmann, 2013). Effective place brands are rooted in the involvement of stakeholders (Jørgensen 2014). Because of the heterogeneous and fragmented nature of tourist industry, destination functions as a network of autonomous but interdependent actors which are linked together by formal and informal relationships, both cooperating and competing with one another to create a holistic destination product (Piotr, 2014).

Tourism stakeholders such as Tour Operators and the hoteliers must be involved in decision making as they deal directly with tourists. If the tourism players are not involved, there is likely to be a gap between what is being marketed by the DMO's and what is actually being sold in the market. It is therefore imperative to involve stakeholders in destination brands. Many academics have argued that places are too complex to include in branding discussions as they have too many stakeholders with too little control (Chikafu et. al, 2014). In order to achieve successful in destination branding it is a requirement that a destination has a strong unified network of stakeholder with a common a vision of the destination core brand.

Chikafu *et al*, 2014, further asserts that the problem of centralization of destination marketing can be resolved by embracing local authorities and other stakeholders in developing destinations. These views highlight the significant part played by stakeholders in developing a destination. A symbiotic relationship that exists between stakeholders, brand image, brand awareness, brand loyalty and high brand quality is inevitable. Williams *et al* (2014), in their study on Gastro -tourism as destination branding in emerging markets, their findings showed that, most importantly, the co-dependent aspects of all stakeholders must be recognised, embraced and reflected in the marketing and implementation of the gastro-tourism brand promise. They also recommend further studies on stakeholders' point of view in destination branding.

Further, Oliviera, 2014, stated that place branding comprises a relationship between governments and those they govern, as well as a relationship between people and places, by redefining the identification of people with places, communities, and social groups. Place branding can be applied, regardless of scale or circumstances, as part of the solution to a wide range of often obstinate and entrenched issues, such as regional economic disparity, multiple economic and social deprivations and exclusion, urban poverty, physical dereliction and negative effects of the globalization of culture. Unanimous view prevails that stakeholder roles are critical in destination branding to achieve competitive advantage. Therefore, this study focused on five roles that informed this study. They included; Leadership, brand uniqueness, brand association, co-creation and perceived quality.

2.2 Leadership Role

As Valente *et al*. (2014) rightly underscored leadership theories have been developed mainly in the organizational context of corporations. Thus, in the context of tourist destinations these theories and notions need to be applied in a reflexive and mindful manner: "These ambiguities and the challenges of studying leadership in RTOs [regional tourism organizations] suggest that while traits, behavioural, contingency and integrative theories of leadership provide important background understanding. it is important to understand regional tourism [and destination] leadership within its context" Branding is a technique traditionally associated with companies, imparting a name, design, symbol or message onto its products designed to distinguish them from those offered by other providers of similar products (Cleave and Arku, 2014).

2.3 Co-Creation and Brand Association role

The position of local stakeholders has long remained unclear in the branding practices of cities and other places. This has caught the attention of various scholars in recent years. They have paid attention to the social challenges related to branding, and called for taking the locals better into account (Braun *et al.*, 2013). This, together with the interest shown in the service-dominant logic of marketing, has led some scholars to develop the idea of brand co-creation in the context of places (Kavaratzis and Hatch, 2013). The idea of place brand co-creation has been developed mainly conceptually, however. Brand association is important in determining the different perceptions in the consumer's memory and it also has the benefit of communicating a well-established brand. The brand association helps the consumers to generate perceived fit between the original and the extended brand, and remember the

relevant information about the parent brand (Ahn, 2014). The human resources are involved in the brand's philosophy through the so called brand engagement.

As value co-creation is seen as "hand on hand" approach, company must inform the limitation of firm's capability and knowledge to the consumers. Such demonstration of sharing risk-related information will build confidence and trust among the value co-creators. However, trust of the consumers not only comes from sharing or informing risk related issues but it also comes from the transparent standpoint of the companies with regards to pricing, features and information. To achieve value co-creation, companies are expected to exhibit transparency of information related to product/services and their prices. When a company regularly updates necessary information regarding product/services and price, value thus co-creates (Khadijeh, 2016). In the proposed conceptual model, presented by Gursoy, Chen and Chu (2014) the sequential relationships among the antecedents of tourist destination loyalty postulate that previous experiences are the most influential driver that could manipulate tourist destination loyalty as well as place attachment and involvement. In addition to the above two variables, destination image is proposed to have direct and indirect effects on perception of service quality and satisfaction. Meanwhile, service quality and tourist satisfaction are proposed to have the largest magnitude of direct impacts on destination loyalty.

2.4 Perceived Brand Quality

The perceived quality is defined as a subjective judgment about a product's overall excellence or superiority (Zeithaml, 1988). The perceived quality means an intangible perception of the consumer regarding the whole quality or superiority of a product or service (Ramaseshan & Tsao, 2007). A consumer's judgment about specific products or services means perceived quality. High-perceived quality is related to good experiences with a product or brand and it may provide differentiation and superiority of a specific brand. A perceived quality identifies a component of brand, (Zeithaml 1988). According to Oliver (1997), the quality of service is based on perceptions of excellence, so it is logical to think that perceived quality is influenced by the expectations of the consumer (Hanzaee and Saeedi, 2014). Brands take on greater importance, meaning and responsibility in today's rapidly changing, interconnected world. Brand Contribution measures a brand's ability to stand out and generate desire and loyalty in the mind of the consumer (WPP, 2013).

2.5 Brand Uniqueness

The concept of consumers' need for uniqueness derives from Snyder and Fromkin's (1977) theory of uniqueness that postulates people have a desire to be viewed as unique (Ross *et al*, 2014). In the current study, a consumer's need for uniqueness (NFU) refers to the concept that individuals will seek to acquire and utilize goods to develop their own personal and social identity in an effort to distinguish themselves from others (Ross, 2014). Early research by Burns (1990) found that consumers with more developed motivations to be unique likely display a heightened sense of awareness of new products. Ross *et al* (2014), affirms that, Perhaps more importantly, this research suggests that individuals with a greater need for uniqueness show more interest and willingness to purchase new products than those individuals with weaker desire for uniqueness. The significance of unique image on overall image warrants a need for more attention on this construct from destination branding scholars. Interestingly, its effect was even larger than the affective image component, which has received more consideration than unique image in the destination image literature (Hanzaee and Saeedi, 2014). The results of Qu *et al* 2011, research also show that uniqueness of a destination has the second largest influence on overall image. The importance of unique image also lies in its usefulness to positioning the destination brand

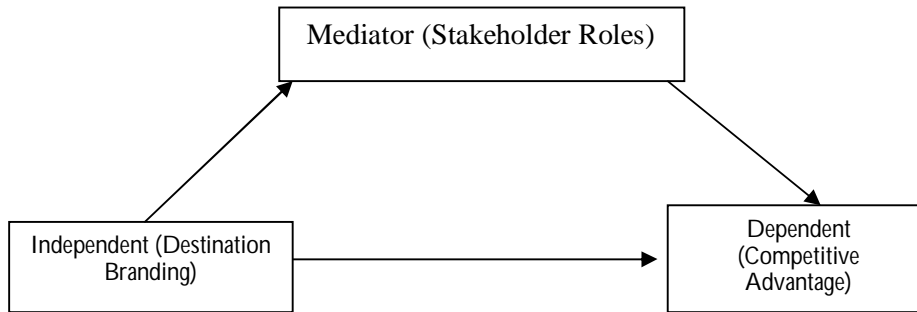
3. Methodology

3.1 Mediation Regression Analysis

In this study Simple linear regression analysis was conducted to assess each component of the proposed mediation models. Variables observed were as; Outcome/Dependent/ response Competitive advantage, Independent/Causal variable- Destination Branding Mediating variables Stakeholder Roles (Leadership, Brand Association, Brand Uniqueness, Co-creation, Perceived brand Quality. Test for mediation used Preacher and Hayes (2008) multiple mediation Regression Analysis procedure. In this case one mediator is considered each at a time with an assumption that the mediators do not affect one another. Analysis used SPSS for computation. Mediation implies a

situation where the effect of the independent variable on the dependent variable can best be explained using a third mediator variable which is caused by the independent variable and is itself a cause for the dependent variable.

That is to say instead of X causing Y directly, X is causing the mediator M, and M is in turn causing Y. The causal relationship between X and Y in this case is said to be indirect. The relationships between the independent, the mediator and the dependent variables can be depicted in form of a path diagram/model.



This statistical diagram represents two equations:

$$M = i1 + aX + eM$$

$$Y = i2 + cX + bM + eY$$

Where $i1$ and $i2$ are regression intercepts, eM and eY are errors in the estimation of M and Y , respectively, and a , b , and c are the regression coefficients given to the antecedent variables in the model in the estimation of the consequents. The coefficients of the model are treated as estimates of the assumed causal influences of each variable in the system on others. First, the results for each of the mediator variable namely; Leadership, Brand Association, Brand Uniqueness, Co-creation and Perceived Quality were analyzed to assess the general hypothesis that stakeholder roles mediate the effect of destination branding on competitive advantage and the results are presented in the Matrices below. Inference is based on indirect effect and Normal theory test (Sobel test). Number of bootstrap samples for bias corrected bootstrap confidence intervals was at 5000 and the level of confidence for all confidence intervals in output was at 95%

4. Results and Discussion

Matrix 1: Leadership as a Mediator

Model = 4

Y = Competitive Advantage

X = Destination Branding

M = Leadership

Total, Direct, and Indirect Effects

Total effect of X on Y (x predicts Y)						
Effect	SE	t	p	LLCI	ULCI	
.6788	.0488	13.9012	.0000	.5827	.7750	
Direct effect of X on Y (X and m together predict y)						
Effect	SE	t	p	LLCI	ULCI	
.5709	.0541	10.5588	.0000	.4645	.6774	
Indirect effect of X on Y (difference between total and direct effect)						
Effect	Boot SE	BootLLCI	BootULCI			
Ledrshp	.1079	.0411	.0263	.1860		
Normal theory tests for indirect effect						
Effect	se	Z	p			
.1079	.0284	3.7949	.0001			

Mediation effect of Leadership with respect to independent and dependent variable is significant because The confidence interval of indirect effect of x on y does not include zero and the normal theory test for direct has a p value less than 0.05. This Concludes that M referred to as Leadership is a partial mediator because there is reduction (not total elimination) from .6788 to .5709 of coefficient of x variable.

Matrix 2: Brand Association as a Mediator

Model = 4

Y = Competitive Advantage

X = Destination Branding

M = Brand Association

TOTAL, DIRECT, AND INDIRECT EFFECTS						
Total effect of X on Y						
Effect	SE	t	p	LLCI	ULCI	
.6788	.0488	13.9012	.0000	.5827	.7750	
Direct effect of X on Y						
Effect	SE	t	p	LLCI	ULCI	
.5701	.0564	10.1091	.0000	.4591	.6811	
Indirect effect of X on Y						
	Effect	Boot SE	BootLLCI	BootULCI		
<u>BrandAss</u>	.1088	.0329	.0482	.1775		
Normal theory tests for indirect effect						
	Effect	se	Z	p		
	.1088	.0317	3.4346	.0006		

Mediation effect of Brand Association with respect to independent and dependent variable is significant because The confidence interval of indirect effect of x on y does not include zero and the normal theory test for direct has a p value less than 0.05. This Concludes that M referred to as Brand Association is a partial mediator because there is reduction (not total elimination) from .6788 to .5701 of coefficient of x variable.

Matrix 3 Brand Uniqueness as a Mediator

Model = 4

Y = Competitive Advantage

X = Destination Branding

M = Brand Uniqueness

TOTAL, DIRECT, AND INDIRECT EFFECTS						
Total effect of X on Y						
Effect	SE	t	p	LLCI	ULCI	
.6788	.0488	13.9012	.0000	.5827	.7750	
Direct effect of X on Y						
Effect	SE	t	p	LLCI	ULCI	
.6088	.0553	11.0155	.0000	.5001	.7176	
Indirect effect of X on Y						
	Effect	Boot SE	BootLLCI	BootULCI		
<u>BrndUnq</u>	.0700	.0298	.0145	.1291		
Normal theory tests for indirect effect						
	Effect	se	Z	p		
	.0700	.0279	2.5081	.0121		

Mediation effect of Leadership with respect to independent and dependent variable is significant because The confidence interval of indirect effect of x on y does not include zero and the normal theory test for direct has a p

value less than 0.05. This Concludes that M referred to as Brand Uniqueness is a partial mediator because there is reduction (not total elimination) from .6788 to .6088 of coefficient of x variable

Matrix 4: Co-Creation as a Mediator

Model = 4

Y = Competitive advantage

X = Destination Branding

M = Co-Creation

TOTAL, DIRECT, AND INDIRECT EFFECTS						
Total effect of X on Y						
Effect	SE	t	p	LLCI	ULCI	
.6788	.0488	13.9012	.0000	.5827	.7750	
Direct effect of X on Y						
Effect	SE	t	p	LLCI	ULCI	
.6136	.0566	10.8441	.0000	.5023	.7250	
Indirect effect of X on Y						
	Effect	Boot SE	BootLLCI	BootULCI		
Co-Crtion	.0652	.0357	.0019	.1434		
Normal theory tests for indirect effect						
Effect	se	Z	p			
.0652	.0300	2.1766	.0295			

Mediation effect of Leadership with respect to independent and dependent variable is significant because The confidence interval of indirect effect of x on y does not include zero and the normal theory test for direct has a p value less than 0.05. This Concludes that M referred to as co-creation is a partial mediator because there is reduction (not total elimination) from .6788 to .6136 of coefficient of x variable

Matrix 5: Perceived Brand Quality as a Mediator

Model = 4

Y = Competitive advantage

X = Destination Branding

M = Perceived Brand Quality

TOTAL, DIRECT, AND INDIRECT EFFECTS						
Total effect of X on Y						
Effect	SE	t	p	LLCI	ULCI	
.6788	.0488	13.9012	.0000	.5827	.7750	
Direct effect of X on Y						
Effect	SE	t	p	LLCI	ULCI	
.5476	.0557	9.8387	.0000	.4380	.6571	
Indirect effect of X on Y						
	Effect	Boot SE	BootLLCI	BootULCI		
PcvdBrQl	.1313	.0355	.0687	.2105		
Normal theory tests for indirect effect						
Effect	se	Z	p			
.1313	.0319	4.1115	.0000			

Mediation effect of Leadership with respect to independent and dependent variable is significant because The confidence interval of indirect effect of x on y does not include zero and the normal theory test for direct has a p

value less than 0.05. This Concludes that M referred to as Brand perceived Brand Quality is a partial mediator because there is reduction (not total elimination) from .6788 to .5476 of coefficient of x variable

4. Conclusion

This study provides a contribution to tourism marketing academia since only limited empirical research on the effects of stakeholder roles as a mediator between destination branding and competitive advantage exists.

Additionally, it adds to studies about how tourism branding strategies can obtain the competitive advantages in the marketplace. The primary interest of the present study is to determine whether stakeholder roles play an integral part including but not limited to leadership, brand association, brand uniqueness, co-creation and perceived brand quality in destination branding for competitive advantage in Kenya. In the case of Leadership, it is seen as a critical factor in influencing competitiveness of Kenya as a Destination. Leadership mediates the relationship between competitiveness of a destination and destination branding indirectly through an Umbrella branding strategy and an open exchange environment. In the case of brand association, it can mediate the relationship between destination branding and competitive advantage indirectly, through implementation of the brand and Support of Sustainable development of a destination.

The findings of this study revealed that brand uniqueness mediates the relationship between destination branding and competitive advantage through having a simple, appealing, believable and distinct image. Co-creation and perceived brand quality are equally mediators through engagement platforms that allow ongoing interaction and communication between stakeholders and enhancing brand value through quality of a service which people always pay attention to. In conclusion in order for a destination brand to succeed. It is important to note that the success of Kenya's tourism industry firms such as hotels, tour operators' attraction, and transportation means the success of Kenya as a tourism destination. The promotional efforts of a destination branding strategy are the first points of contact many potential visitors have with the destination. This is the point where their perceptions and first impressions are formed. Therefore, it is crucial for Kenya to develop a brand portfolio that creates synergy and to have a brand personality that resonates well with all stakeholders. Organizations need to be oriented to the Kenyan brand and be proudly associated with the brand. This will in turn create brand equity. Thus, all efforts to promote Kenya as a competitive and attractive destination should involve all stakeholders and under the leadership of the Kenya tourism board which is charged with the responsibility to market Kenya's brand, to create, develop and communicate a national brand that can be the foundation of a positive nuance with Kenya, Kenyan people, and products of Kenyan origin. Efficient and accessible flow of information to all parties involved in creating a brand image is vital in undertaken activities.

5. Limitation for further research

Several limitations of this study should be noted. The role of Stakeholder roles in the evaluation of competitiveness of a destination provides a useful starting point for further research. Although the current research provides evidence that stakeholder roles are important mediating factors in destination branding for competitiveness, this study suggest further investigation on the degree of stakeholder roles performance of destination branding for competitiveness. Other determinants related to the mediating effect of stakeholder roles on competitiveness of a destination, such as brand attitude and brand equity, should be included in further studies to gain detailed insights into the contribution of Destination branding strategies.

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