Chapter 21
Private Label in the Tourism Industry: The Effects of Economic Crises

Juan José Blázquez-Resino
University of Castilla-La Mancha, Spain

Cesare Amatulli
LUISS Guido Carli University, Italy

Giovanni Pino
University of Salento, Italy

ABSTRACT

Tour operators and travel agencies who produce and sell tourism products under their own labels represent key players among the multiple intermediaries that exist in the tourism industry. This chapter aims to study the direct and indirect effects that the economic crisis has had on these private labels. The economic crisis had a moderate effect on tourism, but it also accelerated a number of changes that had been occurring in the sector. Through the study of the current situation and the one produced in recent years, this chapter develops a series of recommendations for traditional private labels to maintain their income and market position. We ascertained, in particular, that the new information and communications technology has led to a different market situation for tour operators and travel agency labels, which may disclose new opportunities in the process of differentiation and the creation of a competitive advantage.

INTRODUCTION

Tourism is a sector characterized by increasingly sophisticated customers, innovation, and competition. Thus, tourist organizations must offer high “quality experiences” (Ritchie & Ritchie, 1998) in order to compete and succeed. For tourist destinations, this implies that being included in customers’ evoked set of tourist destinations is no longer enough, but that it is now necessary to be unique and differentiated (Qu, Kim, & Im, 2011). From this perspective, it is generally accepted that branding is one of the

DOI: 10.4018/978-1-5225-0220-3.ch021
most powerful marketing strategies to achieve competitive differentiation (Tasci, Gartner, & Cavusgil, 2007). Effective brands provide functional benefits, favorable associations with physical characteristics, and emotional benefits. Therefore, companies developing their own brands can successfully achieve better sales performances, repeat purchases, and consumer satisfaction. It is generally agreed that tourism destinations can be branded in the same way as consumer goods and services (Caldwell & Freire, 2004). Indeed, destinations are a bundle of tangible and intangible attributes (Hosany, Ekinci, & Uysal, 2006) that aim to establish long-term stable relationships with the customers (Trimeche, Trimeche, & Wakabayashi, 2012).

Surprisingly, although branding has gained importance in the tourism industry in the last two decades, there is a dearth of empirical research aimed at exploring the application of branding tourism products. The main reason for this lack is the fact that branding is typically synonymous with image-building and image-reconstruction (Park & Petrick, 2006). Consequently, many studies have focussed on the assessment of the most effective ways to build strong and positive images as critical stimuli for motivating tourists in their destination choice process. However, previous literature also asserts that branding is different from image-building in regards to the unique identity of a tourist destination (Park & Petrick, 2006). In this sense, brand image and brand identity can be considered critical ingredients for a successful tourism label (Cai, 2002; Florek, Insch, & Gnoth, 2006). The difference between images and brands is that they are generated from two different perspectives: images are perceived by the receivers, while brands are created by the sender. The relationship between destination identity and image is reciprocal (Qu et al., 2011). Indeed, tourist destinations build their images based on the brand identity projected by the marketers, and marketers establish and enhance brand identity based on the image perceived by their customers. Therefore, identity reflects all features and activities that differentiate the tourism product. As a tourist product is based on a variety of resources, services, and experiences, most of which are typically managed by different stakeholders (Konecnik & Go, 2008), branding is a particularly complex task in tourism. The need to engage all the stakeholders leads to simplifying all aspects of the strategic communication of tourist destinations.

As a consequence, due to the specific characteristics of tourism, intermediaries, who greatly influence the perception of tourism labels, have become a key agent in the commercialization of tourism products. However, the intangible nature of tourism also makes these intermediaries heavily dependent upon labels for generating repeat and recommended sales. In addition, because of the competitive nature of this industry, which is characterized by low profit margins and is sensitive to adverse political and economic developments, labels must be of interest to tourists. Therefore, the goal of this chapter is to understand the situation of private label strategies developed by intermediaries in tourism marketing, while considering the effects caused by the economic crisis, and provide a set of recommendations to improve the recognizability of private labels. The investigation focuses on the major private labels at the European level and in Spain. The chapter unfolds as follows: in the next section, the basic theoretical frameworks of the literature concerning branding in the tourism distribution channel are described, and the two major types of existing private labels are identified in order to point out the effects of recent economic changes on private tourism labels. Next, after having identified and described the current situation of private labels, a set of recommendations for improving the management of store brands is developed. Finally, some avenues for future research are discussed.