Network creation and brand identity in a newly merged destination

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Abstract

The study focuses on the informal tourism business networks in a recently merged Frederikshavn municipality, which includes the coastal towns of Skagen, Frederikshavn and Sæby. The local Tourism strategy aims to brand the area as a single destination. However, there is inequality among the three destinations in terms of the number of overnight stays and allocated marketing funds. Based on social network theory and synergistic social network analysis, the study aims to investigate the structural patterns of networks formed by tourism businesses across the former municipal boundaries. Perceptions of brand identity and cooperation between tourism actors will be analysed. The study is expected to contribute to the understanding of networking and cooperation in recently merged destinations in the context of Danish tourism.

Keywords:
Informal tourism business networks, cooperation, destination brand identity, synergistic social network analysis
Background

This study focuses on network creation and brand identity in a tourism destination in a rural coastal area in Northern Denmark, the Frederikshavn Municipality. The latter was created in 2007 after the municipal reform, which united the three former municipalities of Frederikshavn, Sæby and Skagen as a single entity with a Destination Management Organisation (DMO), Turisthus Nord. One of the expected outcomes of the merger at the time was the creation of a stronger destination brand (Jørgensen, 2016b). The Tourism Strategy 2020, developed in cooperation between the DMO and the municipal government equally emphasises a stronger single brand across the three destinations as one of its key developmental goals (Turisthus Nord, 2015).

Cooperation among stakeholders is vital when it comes to development of destinations (Beritelli, 2011; Vernon, Essex, Pinder, & Curry, 2005), while cohesiveness around the destination brand and a high level of consensus among the stakeholders is instrumental in successful marketing in the destination (Hankinson, 2001; Marzano, 2008). The aim of the study is to investigate the nature of relationships and cooperation between tourism businesses across the three former municipalities, as well as their perceptions of the destination brand identity.

The three destinations offer a certain variation of the coastal tourism product. Skagen is a historically high-end destination, with a unique geographical location, and a focus on cultural events. It is seen as a ‘leading’, flagship destination (VisitNordjylland 2018), and marketed accordingly. Sæby and Frederikshavn are more low-key seaside destinations. In 2016, the number of overnight stays in Skagen was 991.000, in contrast to 327.000 in Sæby and 306.000 Frederikshavn (Turisthus Nord 2018). This inequality in the destination
prominence and marketing effort could be seen as a factor affecting the relations between the tourism actors in the three destinations, and their perceptions of the destination brand.

After the recent national law, many smaller destinations and DMOs throughout Denmark will be consolidated by the end of 2020 (Ministry of Industry Business and Financial Affairs, 2018). It is therefore relevant to investigate patterns of cooperation and potential challenges to joint branding across former municipal boundaries. The destination is chosen due to its relevance as a pilot study case, and because of an existing cooperation agreement between Frederikshavn Municipality and the University College of Northern Denmark.

**Tourism Business Networks**

The tourism destination is a geographically and politically bounded region, which includes both the tourism product and the local community (Tinsley and Lynch 2007; Marzano, 2008). Destinations are often dominated by small and medium-sized enterprises and have a fragmented character. This fragmentation calls for the creation of alliances, agreements and other forms of networking and cooperation, which makes tourism a networked industry (Scott et al., 2008). Networking allows tourism businesses access resources and information, which are often not otherwise available (Ford, Wang, & Vestal, 2012).

The key role of cooperation within tourism destinations for sustainable planning and development has been stressed before (Beritelli, 2011; Bramwell & Lane, 2000; McComb, Boyd, & Boluk, 2017; Selin, 1999). From the tourist’s perspective, the need for a seamless destination experience requires cooperation between the fragmented stakeholders (Zach & Hill, 2017). For example, Gajdošík (2015) shows that close cooperation between tourism stakeholders leads to more overnight stays, resulting in a higher economic impact of the tourism activity.
Moreover, no tourism actor can single-handedly develop a successful destination; that requires cooperation or at least partial consensus (Beritelli, 2011; Bramwell & Sharman, 1999; Saito & Ruhanen, 2017). Cooperation can be studied from two approaches, the formal, contract-based and the informal relation-based one (Beritelli, 2011; Lee & Tamer Cavusgil, 2006), which is the primary focus of this study.

Tourism business networks can be both vertical, between companies representing the supply chain and horizontal, between often competing actors from the same tourism sector (Hall, 2008; Tinsley & Lynch, 2007). Another type of networking spans the boundaries between tourism and other businesses sectors in a destination, e.g. a hotel and an art gallery, which is referred to as cross-sector networks (Saxena, 2006). A business can belong to multiple networks, and if some networks overlap, a member of one group can gain access to the resources of another group because of these crisscross memberships (ibid.).

According to Gibson, Lynch and Morrison (2005), there is a distinction between three types of networks: formal, semi-formal and informal (Gibson, Lynch, & Morrison, 2005 in Tinsley & Lynch, 2007). Informal networks are considered as important as the formal ones (Scott, Cooper & Baggio, 2007). Members of formal and informal networks use different cooperation approaches, with the former being contractual and the latter relations- and trust-based (Lee & Cavusgil, 2006; Beritelli, 2011).

In this study both formal and informal tourism business networks are addressed, with the main focus on the latter. The biggest formal tourism business network in the destination is founded and managed by the local DMO through formal membership; it includes tourism actors from the three towns, as well as a number of stakeholders outside the destination.
Our research aim is to explore the informal networks between the tourism actors within and across the former municipal boundaries, as these are voluntary and trust-based.

**Network theory and analysis**

Following the view of destinations as a network of relationships among stakeholders (Saxena, 2006; Scott, Baggio, & Cooper, 2008; Tinsley & Lynch, 2007), this study is guided by the social network theory. Fundamentally, the theory suggests that social life is created by patterns of relations. According to Wasserman and Faust (1994), social networks are defined as a set of nodes (or network members) that are tied by one or more types of relations (Wasserman & Faust, 1994 as cited in Marin & Wellman, 2014; Scott et al., 2008). Social network analysis focuses on the types and patterns of relationships between actors. These relationships could include collaborations, friendships, trade ties, resource and information flows, exchanges of social support, etc. (Marin & Wellman, 2014). One way of categorising network relations is through similarities, social relations, interactions, and flows (Borgatti & Lopez-Kidwell, 2014).

Network analysis includes measuring different characteristics of networks, such as their size, density, reciprocity of connections, clustering etc. ‘Network density’ is used to refer to a measure of the extent to which owners are connected to their environment and may be described as ‘loose-’ or ‘tight-knit’ (Granovetter, 1983). Simmel (1982 in Diani, 2000, p. 394) argues that the ability of the network to develop tightly-knit connections depends on whether the network has developed a certain ‘code of honour’. The code of honour presupposes a set of moral expectations and obligations. A study of two tourism destinations by Tinsley and Lynch (2007) showed that the harmonious relations between tourism businesses stemmed from an unspoken code of conduct, for example in terms of
product positioning. A study in a Swedish destination by von Friedrichs Grängsjö and Gummesson (2005) also confirms the significance of trust and a code of conduct for successful cooperation and joint marketing among competing tourism businesses.

**Destination branding and brand identity**

According to Pike (2005), destination branding is vital to the present practice of destination management given the increasing accessibility and selection of destination choices. Destination branding can be defined as the ‘process used to develop a unique identity and personality that is different from all competitive destinations’ (Morrison & Anderson, 2002 as cited in Marzano, 2008).

Brand identity refers to the visual, verbal, and behavioural expressions of a product, company, or place and is conceptualized as a function of two components: the brand image and the positioning statements used to communicate that image to the stakeholders, i.e. brand positioning (Line, Runyan, Swinney, & Sneed, 2016). A clear and consistent identity is the basis of building a strong brand (Aaker, 1996), and a consistent, unique and strong destination brand identity across businesses and political boundaries is essential for linking the elements of a tourism destination (Cai, 2002).

It is understood that brand awareness is typically construed in the mind of the consumer, whereas a brand’s identity is developed by the supplier or owner of the brand (Konecnik & Go, 2008; Line et al., 2016). A brand’s identity is therefore the projected image perceptions of the brand from the supplier’s side. The self-perception is crucial here, as the brand owner needs to understand own identity before understanding the consumers’ perceptions (Kapferer 1998 as cited in Konecnik and Go, 2008); in the tourism context, a destination should define its brand before the tourists do.
It is important to analyse the relationships in the destination tourism business networks to understand how the destination brand is being constructed by the suppliers, as cohesiveness and consensus around the destination brand are critical for its success (Hankinson, 2001; Marzano, 2008).

The Role of the Destination Management Organisation in network creation and destination branding

Understanding the internal processes within the destination, including strategic planning, network cooperation and brand identity require the involvement of the Destination Management Organisation (DMO) as an integral element (Pechlaner, Volgger, & Herntrei, 2012; Sheehan & Ritchie, 2005; Volgger & Pechlaner, 2014). The DMO can have different structures, functions and positions and are context-specific to the destination (Jørgensen, 2016a; Volgger & Pechlaner, 2014). In the chosen destination of Frederikshavn municipality, the DMO is a local tourism association and comprises about 277 members (Turisthus Nord, 2015).

Jørgensen (2016a, p. 2) describes DMOs as ‘inherently organic, changing shape and role depending on the context and the needs of the destination’. DMO can serve as a key stakeholder and an integral part of destination-level networks (Jørgensen, 2016a; Volgger & Pechlaner, 2014; Gajdošík, 2015). It is therefore critical to include the analysis of the DMOs role in the creation and maintenance of formal networks in the merged destination, as well as in the process of destination branding and brand identity construction.

Methodology and research design

Based on the above, we are focussing on three research questions:
RQ1: What are the structural patterns of informal tourism business networks formed within and across the old municipal boundaries of Skagen, Sæby and Frederikshavn?

RQ2: What patterns of relationships and cooperation exist between tourism actors within and across the old municipal boundaries?

RQ3: What are the destination brand identity perceptions of the tourism businesses within and across the three towns?

Although the quantitative approach is popular in network theory research (Scott, Baggio & Cooper, 2008; Hanneman and Riddle, 2011; Marsden 2011), its limitation is that it illustrates static structural relations without allowing explanations of the relationship patterns or the character of the relationships. In the tourism context, network analysis studies often apply the qualitative approach (Scott et al., 2008).

Our research questions call for a combination of the quantitative and qualitative approaches. In the variety of different mixed-method research designs one of the critical decisions in selecting the design is the extent of interaction between the qualitative and the quantitative strands of the research (Creswell & Plano Clark, 2011). The approach we are using is inspired by the synergistic social network analysis (SSNA), which is the reiterative process of combining qualitative and quantitative elements of network analysis (Jørgensen, 2016b). The SSNA method allows to build a bridge between the traditional qualitative versus quantitative divide, as illustrated in figure 1.
The procedure

Our data collection initially involved the identification of key tourism actors, e.g. hotels, camping sites, cafés, restaurants and tourist attractions in the three locations by using the list of the DMO formal network members. While the DMO includes several other businesses as members (e.g. carpenters, grocery stores, etc.), we have chosen to exclude these businesses from our sample, as they are not directly connected to the tourism industry. The head of the DMO was also interviewed to gain an understanding of the formal destination network, and their perspectives on destination branding.

The original selection criteria were the size and the popularity of the businesses. TripAdvisor reviews were consulted with to confirm our preconceived knowledge of their popularity. The selected actors are in the top five ranked tourism businesses in the destination. Geographical location of the respondents also set a natural boundary for inclusion. To date, 14 initial interviews were carried out. The snowball method was further used to identify more actors in the networks, as the first respondents were asked to identify other
companies they have relations with. Relational criteria are considered a legitimate strategy for specifying the scope and boundaries of a network (Marsden 2011).

The interview guide topics included the following:

- The perceived role and position of the tourism actor in the destination;
- Identification of relations with other tourism-related actors in the respective town and the other two locations;
- The character and type of relations and cooperation; and
- The perceptions of the destination brand for the three locations and the whole destination area.

A technique used during the interviews resembles the procedure known as socio-cognitive mapping (Marsden 2011). It assists the respondents’ elicitation of the members of their networks and helps visualise the closeness of relations between the actor and its network alters. The respondents were given a pack of cards with the names of tourism companies in the three towns and were first asked to select the companies they cooperated with. Afterwards they were asked to place the selected companies on a piece of paper with three concentric circles, after the degree of cooperation between the respondent and the other actors. Cooperation categories were not defined for the respondents; instead they were asked to provide a reason for placing the companies in the respective circle.

In order to overcome the subjectivity of the respondents’ perceptions with regards to the existence of cooperation in the network, and to increase the validity of network representation, the concept of in-degree and out-degree relations is applied (Jørgensen, 2016b). The out-degree connections are the ones stated by the respondent towards other
actors; the in-degree connections show the reciprocity of the connection from the perspective of the other actors.

All the interviews will be transcribed, coded and analysed using NVivo software. The architecture of the networks and their structure, as resulting from the interviews will be mapped using NodeXL software, including the measurement of density and centrality.

The interview findings will be supplemented with content analysis of the relevant documents and texts, developed in the destination, such as the Tourism Strategy 2020 and advertisement materials for the three towns (promotional brochures and videos). The purpose of the content analysis is gaining insights how the three towns are marketed and whether the single destination brand is emphasised.

**Anticipated outcomes**

The expected outcomes of the study are two-fold. In terms of academic implications, this study will provide more empirical evidence for the application of the SSNA-method (Jørgensen 2016b), which is the novel approach to analysing tourism business networks.

On the applied level, the study is expected to contribute to an enhanced understanding of cooperation in tourism business networks, and the tourism actor perceptions of the destination brand identity in a recently merged destination. The findings could provide useful insights for DMOs in connection with the upcoming structural destination changes in Danish tourism.
Bibliography


