

Nation Branding in the XXI century – A Conceptual Approach

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DOI Link: <http://dx.doi.org/10.6007/IJARBSS/v6-i5/2128>

Published Date: 16 May 2016

Abstract

In a more and more globalized world, countries must make high efforts to differentiate between them and to create a competitive advantage. Given the economic development at present, no country can afford to remain isolated from the world economy and should make consistent efforts to adapt quickly. The market became almost homogenous and that's why nations must explore every niche they find. But in order to be successful they need to make those niches relevant to the consumers. And one of the ways to do this is through nation branding. The aim of this paper is to analyze the steps which led to nation branding and to explain the concept by making a review of one of the most important authors who studied this phenomenon. What is nation branding? How this concept appeared and why countries should brand themselves instead of allowing the stereotypes to define them completely are the questions that this article tries to answer.

Keywords: Nation Branding, Globalization, Stereotypes, Brand, Place Marketing

JEL Classification: F60, M00, M30

1. Introductory remarks

The phenomenon nation branding developed a lot during the last ten years. In 2005, it was listed as one of the most notable ideas of the year by the New York Times Magazine (Kaneva, 2011: 117). Researchers and practitioners started to study more deeply the concept. Over the years a lot of theories were born. This happened also because of the existing context of globalization which launches to the countries new challenges in an accelerated manner. Countries must adapt fast and find new ways of imposing on the market.

The brand of a country can shape its economic, cultural and political destiny, as well as international competitiveness (Nicolescu, 2008:67). And that's why more and more countries started to pay attention to the way they are perceived; they started to understand that their image has become very important. So the brand created by every nation started to play a key role in terms of economic or political objectives.

Taking in consideration the arguments above, my paper aims to explain this phenomenon named nation branding, following its steps of appearance, by making a review of the opinions of most of relevant authors who studied this concept.

The most popular experts in nation branding are the two British brand consultants Simon Anholt and Wally Olins, who approached the subject in numerous articles and books. Gudjonsson, Porter, Kotler, Keller or O'Shaughnessy are also very well quoted authors.

More recently, new researches such as Keith Dinnie, Nadia Kaneva or Alina Dolea remarked themselves through a series of very interesting papers.

At first I will analyze the context and then, step by step, I will reach to the definition of nation branding.

2. Globalization – basic considerations

The term globalization became more and more popular, not only among the experts, but also in media. Although it started to be used in relevant literature only in 1980, the concept was explained long time ago.

Even if Adam Smith never used the word “globalization”, he practically describes the process in his book *Wealth of Nations* published in 1776. The only difference is that he referred to a smaller geographic area than the one that includes globalization today.

He explains the steps of economic development based on the principle of market integration in time, which represent exactly the premises from which modern economists start to research this phenomenon. He believes that the discovery of America by Christopher Columbus in 1492 was the moment that accelerated the process of what we now call globalization (Alvey, 2003). There were modern voices who argued that globalization only really began in the nineteenth century when a sudden drop in transport costs allowed the prices of commodities in Europe and Asia to converge, being interrupted by the start of the First World War (O'Rourke, Williamson, 2002).

The year 1989 was considered by many economists as the beginning of a new era of globalization. The fall of the Berlin Wall, the collapse of the Soviet Union and the transition to democracy and market economics in most Eastern European countries have changed international affairs forever (Akermann, 2009) ¹.

It is very difficult to find a definition which can include everything that means globalization and to be accepted by everyone. However, the one below describes very well and clear which are the key pillars that underpin this system.

“Globalization is the inexorable integration of markets, nation states, and technologies to a degree never witnessed before in a way that is enabling individuals, corporations and nation-states to reach around the world farther, faster, deeper, and cheaper than ever before and in a way that is enabling the world to reach into individuals, corporations, and nation states farther, faster, deeper, and cheaper than ever before. This process of globalization is also producing a powerful backlash from those brutalized or left behind by this new system.”

(Friedman, 2008:30).

The Monetary Fund Research Department report from 2007 *Reaping the Benefits of Financial Globalization* shows that the progress of globalization has led to a considerable improvement in living conditions in almost all countries. However, low-income countries have adapted much harder, the strongest growth was recorded among developed countries. Given economic development, at present, no country can afford to remain isolated from the world economy and should make consistent efforts to adapt quickly.

According to Anholt (2007) world today has become a huge single market. With over 191 independent states it has become very fierce competition between industries (Kotler and Gertner, 2002). The intensification of globalization has led to increased competition between states, which must be constantly prepared to meet the challenges created by this process in order to maintain on the market.

¹*Dr. Josef Ackermann is Chairman of the Management Board and the Group Executive Committee of Deutsche Bank, and a member of the Atlantic Council International Advisory Board. He published the paper 1989 Started New Era of Globalization and Geopolitics on Freedom's Challenge, an Atlantic Council publication commemorating the 20th anniversary of the fall of the Berlin Wall and a selected piece was also shared on <http://www.atlanticcouncil.org/blogs/new-atlanticist/1760-1989-started-new-era-of-globalization-and-geopolitics>*

Intensifying international capital flows over the past three decades has led to increased foreign investment, particularly foreign direct investment which is a very important factor in economic development, particularly in developing countries.

Porter (1998:34) states that "many contemporary discussions about international competition emphasizes the idea of global homogenization and diminishes the role of nations", but that "in reality, the differences between nations are the underlying success in the competition between them."

So one of the challenges of globalization is finding a key point to differentiate a nation from another in order to impose on the market and to generate prosperity.

3. Country Marketing, the next step

The importance of a place and of a culture is not reduced by globalization, but even strengthened. (Lovell, 1998). The place is even more important than before (Amin and Thrift, 1994; Meyer and Gerschiere, 1999; Robertson, 2001).

In this context, starting the year 1990, which represents a new phase of globalization, it started to develop the concept of country marketing. More and more nations began to be focused on promoting the country's image in order to attract tourists and foreign investors which mean economic development.

Howard and Seth (1968) are the first who talked about a country image and reputation. Then it came the concept of place branding that includes the nation branding, region branding and city branding. (Nicolescu , 2008). Marketers distinguish between image /reputation of a country and nation brand.

"The difference between the image / reputation of a country and nation brand is that the image or the reputation of the country may be formed without concrete actions directed to this purpose, while the nation brand is the image of the country arising as a result of the efforts being made in this sense by the country. Basically, nation brand is more than the country image, it is an image of the country influenced consciously and pointed in a direction favorable to the country. The image of a country can be built randomly when it appears spontaneously in the natural world's conscience. The resulted nation brand can be a historical and cultural product, or it can be planned through a coherent strategy by more specialists"(Nicolescu, 2008:32).

4. Stereotypes and country image

Building country image is related to the issue of stereotypes, which have a major impact in conceiving nation brand. Country image / reputation of a country can be entirely the result of stereotypes, especially if you don't try to manage them and to guide consumers towards a positive perspective.

People tend to form an impression about a place based on stereotypes, especially if that place is new for them. Higson (1995) said that stereotypes of a country can be created in a planned or unplanned way. Scollon and Scollon (1995) believe that the term stereotype is synonymous with generalization. Lustig and Koester (1999) argue that most stereotypes are exaggerated and show rather the negative side of a place, ignoring what is positive.

While tourists develop stereotypes about a certain place based on sources of information from literature, media, their past experiences or stories of other tourists, the local population takes in consideration gossip, government propaganda and comments tourists (Reisinger and Turner, 2002).

Citizens' perception about their own country is reflected in the country image both internally and externally. Anholt (2005) noted that countries where people have a good image about their country can develop a very strong nation brand. It argues that if the citizens of the country do not believe in the power of their country, then they will not be able to persuade others to believe. To build a strong nation brand, it must first be implemented in citizens' minds, otherwise any attempt at branding the country will result in failure.

Anholt (2005) and Gilmore(2002)show that nation brand offer a competitive advantage to the countries and that repositioning a nation through branding can be successfully realized especially when the stereotypes are worse than reality. In such cases nation branding should become a priority.

5. What is a brand?

Before analyzing in detail the concept *nation branding*, which represents the subject of this paper, we must understand first the term *brand*.

Researching the relevant literature, I have identified several approaches, but which will lead to the same conclusion. The first view is that of Doyle (1992:36), which like the American Marketing Association defines brand almost as a physical entity. Same view is also shared by Fan (2010:98).

“A name, term, sign, symbol or design, or a combination of them, which is intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of competitors. A brand is more than just a name; it is a complex bundle of images, meanings, associations and experiences in the minds of people” (Fan, 2010:98).

Also De Chernatony and McDonald (2003:20) believe that brand represents a concrete entity: a successful brand is a product, service, person or identified place argued so that the consumer may perceive it as relevant, unique as an added value which corresponds to his needs.

Focusing more on the emotional side, Macrae and Parkinson Sheerman (1995) states that the brand represents a unique combination of features and value, both functional and non - functional , closely related to brand awareness which can be conscious or intuitive.

Functional and non – functional aspects are also analyzed by Doyle (1992) who considers that the brand attributes and objectives may be real or abstract and emotional .

Chernatony and Lynch (2004) have a similar approach defining the brand from the perspective of the audience - a group of functional and emotional values which promise a unique experience between a buyer and a seller.

On the other side, Hallberg (1995) believes that a strong brand must be oriented concrete to the buyer because emotions without a clear reference point will create confusion among consumers.

In more marketing studies, branding is defined as the process by which a product will get to that point where it can distinguish itself from competitors (Kotler și Keller, 2006).

So, even if the brand is perceived from an emotional perspective or as concrete object, its aim is to confer a competitive advantage through differentiation from others.

6. From brand to nation branding

Nation branding, which is today a widely used term when referring to the preoccupation for promoting a nation or a country, is considered to have been coined as a concept in 1996 by Simon Anholt, a British brand consultant (Anholt, 2007, 2010). In his early conceptualization, nation branding referred to the idea that “the reputations of countries are rather like the brand images of companies and products and equally important”(Dolea, 2015:54).

Balmer and Gray (2003) note that starting from organizational level it begins to realize that branding can serve as a powerful tool that can manage goals as employment, investment and most importantly consumer behavior. Thus the scope of branding has gradually increased from its initial application to simple products, services to companies and organizations, and

now nations.

Kotler and Keller (2006) thinks that the brand is something that exists in the minds of consumers . This approach has a major impact in understanding the concept of nation branding. So the image that someone remembers is also determined by existing stereotypes which are very difficult to control, but it must be very well analyzed and taken in consideration when building nation brand.

The images which already exist in the consumer's mind can be very dangerous and destructive and can lead to grotesque caricature instead of representing place as strong and respectable (Olins, 2003). That is why countries seek various ways to persuade others to abandon the simplistic way of thinking and try to lead them to see their wealth (Anholt, 2002).

Worldwide, more and more politicians have started to become aware that a country with a strong brand is winning on every front. Lately it was recognized that the today society, each country, region or city must fight to capture the interest of consumers, tourists, investors, students, sports and cultural events or the interest of the media worldwide (Vanossi 2006 - Dinnie). Unfortunately, many of the initiatives taken by politicians in this regard prove to be chaotic and incoherent because quite often they transmit a distorted picture of the place. Practice shows a massive waste of public money invested in ineffective promotional campaign with a slogan and logo, distributed through various media channels. As explained by Olins (2007: 60): "You cannot change public perceptions through advertising. Change the way people think finding the truth, finding an idea to put that truth and taking the truth out " .

The concept nation branding is viewed from two different perspectives. The first and most popular considers nation branding as a system in which, using marketing techniques, the nation itself is marketed as a cohesive unit in order to improve the overall image of the country. This conceptualization argues that history, politics and culture of the country (in addition to associations with various categories of products) form the country's reputation. Therefore, the combination of these elements to create a structure of consistent message to communicate positive values of the nation serve to the change of popular perception and for the improvement of the overall big picture . In this sense, the objective is to deliver consistent and synergistic positive messages about the country as a whole in order to generate development in all areas of economic interest (Anholt , 2007).

The second perspective considers that every country is very complex, which is why selecting, combining and controlling various values of nations in one domain / brand is infeasible (O'Shaughnessy and O'Shaughnessy,

2000). Gudjonsson (2005) agrees with the conceptualization of nation branding as a system only because of the benefits of branding tools that can enhance the image of the country. Nation branding is considered intangible and the author support the idea of building reputation based on product categories rather than on all areas of national interest. Thus, so that the image of a country could be exploited thorough its reputation on a certain market of a product, nation branding should try to increase the prosperity of adding value to its brands (Gudjonsson , 2005).

According to O'Shaughnessy and O'Shaughnessy (2000: 64) using branding techniques add value to the country's industry and therefore also to brands that represent the country. Therefore, "a nation cannot be treated only as a brand in capital letters ... If a marketer wants to exploit the image of a nation should focus on highest reputational capital of certain product categories ". This way of thinking is somewhat limited, especially if you compare it with the previous one, because it suggests basically nation branding to focus only on product markets.

7. Conclusions

The aim of this paper was to explore how we got to nation branding and to explain a little the concept. As we have noticed, there are a few different visions regarding the definition, but we do have a common point: nation branding can make the difference between countries especially in this context of globalization. That's why, in my opinion, countries should concentrate on this aspect. A correct strategy of nation branding can bring economic prosperity.

On the other hand, one of the most important conclusions drawn from the literature review is that there is still room for improvement when it comes to defining the term. There is still potential for more empirical research because the theoretical literature is limited. The concept is quite new and for sure it will be developed more the following years.

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