

## NATIONAL BRAND AND ITS ELEMENTS, VALUE, POWER AND COMPETITIVENESS

Petra Barišić

Department of Tourism, Faculty of Economics and Business  
University of Zagreb, Croatia

E-mail: pbarisic@efzg.hr

### ABSTRACT

The concept of brand has been widely used for products and services, but the idea of tourism destination branding is relatively new. Tourism destination can also be seen as brand. Brand of tourism destination is its core or DNA which defines its character, and differentiates one destination from another. This study explores national brand and its competitiveness, based on a case study of well-known Mediterranean destination of Croatia. The case study also aims to show how brand of Croatia is listed on the international market, and what can be done to make it stronger. Moreover, the paper shows which are the elements of Croatian brand. Empirical part of the study tries to confirm findings of the case study, and examines power and recognition of the brand of Croatia among Croatian tourist. The research shows that in a just few years Croatia has managed to create successful brand, based on tourism and its promotion. It is also obvious that Croatia cannot compete with multinational brands on the international market, so “national brand” represents only way to assure competitiveness of national products, services, values and cultural heritage.

**Keywords:** Country Brand, Croatia, National Brand, Tourism Destination Brand

### 1 Introduction

“Any damn fool can put on deal, but it takes genius, faith and perseverance to create a brand”

David Ogilvy, *The Father of Advertising*, 1911-1999 (UNWTO and ETC, 2009: XXIII).

The brand origins can be found in the late 19th century with development of branded consumer products (de Chernatony and Segal-Horn, 2001.) like Gillette or Quaker Oats (Low and Fullerton, 1994). Since then the brand is one of the most researched areas in marketing which yield lot of different approaches and definitions, and it is not only in the focus of scientists and academics but also practitioners. Aaker points out that the feature of contemporary marketing is differentiation through brand (Ozretic-Dosen, 2001). The concept of branding is not only retained to consumer products, but it spread to services (Blain, Levy and Ritchie, 2005), companies, multinational corporations, individuals, tourist destinations (Ekinici and Hosany, 2006; Ekinici, Sirakaya-Turk and Baloglu 2007; Hosany, Ekinici and Uysal, 2007), countries, etc.

Destinations are brands (Horwath Consulting, 2006), and in order to differentiate one from another they should be marked as brands. The brand of tourist destination is the core or DNA which determines destination character (Hildreth, 2008) and only exists in the eyes of the observer. Destination can change its model and the way it performs in different markets, but the core of the brand is in fact always the same. It generally cannot be produced as brand of product, but inherits the core of destination: landscape, people, culture and history (UNWTO and ETC, 2009). There are numerous examples of successful brands in tourism market. In the segment of countries we can point out Spain, USA, China, and especially relevant for this paper, Croatia.

This paper presents the findings of a study that investigate Croatian national brand based on the case study of Croatian brand, and based on the empirical research. Empirical research involves a sample of 416 Croatian domestic tourists. The data were collected in Zagreb due to the fact that it is Croatia's capital and important tourist destination.

### 2 Concept of National Brand

The concept of national brand is rather new approach. It begins with the strength and opportunities of a country and its competitive advantages, and adapts them to a specific group of consumers - tourists. The question is: how to mark the country as a brand, when it is necessary to take into consideration so many aspects and dimensions? Results from the previous research confirm that country brand value largely contributes to the evaluation of

products and purchase intention by the consumers. Shimp and Saeed (1993) define country brand value as an emotional value which is derived from consumers' associations related to that country as a brand. Brand value is derived from four main factors: brand awareness, perceived quality of the brand, association of the brand and, brand loyalty (Aaker and Joachimsthaler, 2000). Brand value depends upon the knowledge which consumers have about a brand (Aaker, 1991; Keller and Moorthi, 2003) and reflects the marketing efforts of brand management.

The terms "national brand" or "country brand" have been coined to refer to the perception of a country in other countries. A national brand helps others understand what a country is, making it more intelligible for diverse audiences. It provides a field of reference for framing news reports and creating narratives, and affects all sectors of the national economy. There is widespread consensus that if national brand can function, it needs to correspond to the intrinsic reality of the country and involve emotional elements that makes it receptive to target audiences (UNWTO, 2008). The only entirely secure manner to achieve a good national brand is that a country becomes a fair, prosperous, well-governed and successful (UNWTO and ETC, 2009).

O'Shanghnessy and O'Shanghnessy (2000) emphasize that construct of a country image is of the utmost importance for its international reputation and competitiveness of its economy, and that is why countries should be viewed as a brands. A country brand, therefore, consists of an identity (history, national characteristics, personality) and image (a system of signs and codes), which are the key elements of loyalty and brand positioning (Keller, 1998), its communication, vocation and functions, and the benefits it provides for the society it represents (UNWTO, 2008). Kesic, Piri Rajh and Vlastic (2004) say that the concept of national brand can included natural resources, cultural heritage, social values, famous people from the world of science and sports. Keller (2003) defines the elements of a brand as devices that serve to identify and differentiate brand. The main elements of brand are name, website, logos, symbols, characters, spokespeople, slogans, jingles, packaging and signage. To these elements UNWTO and ETC (2009) adds images, design, brochures, print ads, and marketing campaigns. These elements independently and/or collectively function as creators of brand value (Cai, 2002).

From the perspective of global tourism, countries along with their names, flags and related symbols represent a brand of tourist destination (Tasci, Gartner and Cavusgil, 2007). In the future, destinations around the world will recognize an importance of their brand as the source of their international competitiveness. Those destinations that will not clearly understand, express and implement its core of the brand, and brand value in a marketing communication and behaviour, will be run over the competition (UNWTO and ETC, 2009).

### **3 Research Method**

This study consists of two parts. In the first part has been conducted primary research which includes analysis of the case study of well-known Mediterranean destination of Croatia, which needs to provide better insight into the research problem. Case study will try to show how the brand of Croatia quote in the international market, whether it can compete with world famous brands, which are the elements of Croatian brand, what can be done to make it stronger, etc.

In the second part empirical study utilizes sample of 416 Croatian tourists, who spent their holidays in Croatia as country of origin being domestic tourists. Data collection took place in Zagreb, the capital of Croatia during January 2012 using a paper-and-pencil version of the questionnaire, which filling took ten minutes. The questionnaire items were partly selected on the basis of previous literature and personal interviews with tourism and brand experts. The draft of questionnaire was tested with pilot study on ten people. A third-part self-administered questionnaire was used. The first part of the questionnaire were related to the image of Croatia as tourist destination, second one with the identity, and the third one with the brand of Croatia as a tourist destination. In the part relevant for this research respondents were asked to indicate their level of agreement with nine statements related to brand of Croatia as a tourist destination on the Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

### **4 Results of the Case Study**

Countries are brands, Croatia is brand. The elements of Croatian national brand are its identity, image, its name, flag, logo, communication, people, products and services, tourism, natural beauty, ie. all that it seems Croatia.

Successful brand of Croatia would facilitate adoption of products and services originating from Croatia. A strong brand is the strongest weapon in the battle with the competition, and the biggest competition of Croatia are Mediterranean countries. Leif Hem, Scandinavian specialist in brand management, in 2005 referred to Croatia. He said that Croatia should catch a train of demographic changes and lifestyle of European customers, who are willing to pay more for a product which is produced in a natural way and with the highest quality standards. Tourism should represent a link in development and marketing of high quality brand products which are normally supporting tourism industry (T-Portal, 2005).

For a small country like Croatian there is no real chance to compete with a multinational brands in the international market. Therefore, the concept of "national brand" represents the only way to ensure the competitiveness of Croatian products, services, values, cultural heritage and everything that can contribute to the desired image of the country. In a world of globalization, small countries that have sources of comparative advantages, can offer these advantages as a whole to specific consumer segment in the international market (Kestic, Piri Rajh and Vlastic, 2004).

Brand value of Croatia consists of physical or functional values, psychological values and attitudes that people have about it. According to the opinion of van Ham (2001), "Croatia has become is only a few years in the eyes of the international public from the war-torn country, a tourist paradise that attracts with its beautiful beaches and picturesque towns." For him Croatia is great example of a successful national brand. In 2004 MediaNet agency conducted the survey on Croatian branding. 405 Croats were examined, the result of the overall research showed that 64% of respondents believe that Croatia is doing too little to improve the branding of the country. A quarter of the respondents thought that on the Croatian brand building is investing enough but not doing enough, or doing enough and not invests enough (Milovan, 2004).

According to Country Brand Index (CBI), in 2005 Croatia was recognized as one of the top ten rising stars countries brands (ranked 7) (FutureBrand, 2005). A year later it moved up to second place in the category of brands with the greatest improvement (FutureBrand, 2006). In 2007 Croatia truly was the rising star with the leading first place, where brand awareness of Croatia reached even 95% (FutureBrand, 2007). In 2008 Croatian brand in the category of rising star fell to third place. In the same year it was on the second place of understated growing countries, after the first Brazil, and at the second place among most authentic destinations in the region, with the slogan *The Mediterranean as it once was*. With that slogan Croatian brand represented a truly authentic experience (FutureBrand, 2008). In 2009 among a rising stars Croatian brand felt to fourth place (FutureBrand, 2009).

In the overall ranking of world country brands, in 2012 Croatia was at the 41 position among 118 world country brands (FutureBrand 2012-13:106). In 2010 it was at the 49 position, while a year earlier on 62 (FutureBrand, 2010) (Table 1). Croatia is the strongest brand of all brands in the region, and is among top 50% of world countries brands.

**Table 1:** Brand of Croatia among 118 world country brands measured by the CBI index

Year	2009	2010	2011	2012
Rank	62	49	40	41

Source: FutureBrand, 2010; 2012-13.

## 5 Results of the Empirical Study

As can be seen from Table 2, respondents only partially agree with the statements related to brand of Croatia as a tourist destination. They mostly agree with the statements "A stronger brand of Croatia will contribute to greater recognition of Croatian products and services" (mean = 4.33, standard deviation = 0.88), the "Brand of Croatia is among the top 50% of world country brands" (arithmetic mean = 3.98), and "Croatia has the strongest brand among countries in the region" (mean = 3.40).

The respondents showed the least agreement with the statements "They are doing enough to build brand of Croatia" (mean = 2.35), "Croatia has strong brand" (mean = 2.79) and "Croatia has clearly built brand" (mean = 2.80), this claim also has the lowest standard deviation (0.86).

Opinions are divided about the statements "Croatia is the brand", "Brand of Croatia is recognizable in the world" and "Brand of Croatia can compete with the multinational brands in the international market" with the arithmetic mean rated 3.1 or higher.

**TABLE 2:** *Brand of Croatia as a tourist destination*

	Arithmetic mean	Standard deviation
Croatia is the brand	3.10	0.94
Croatia has clearly built brand	2.80	0.86
Croatia has strong brand	2.79	0.91
They are doing enough to build brand of Croatia	2.35	0.94
Brand of Croatia is recognizable in the world	2.94	0.94
Brand of Croatia can compete with the multinational brands in the international market	3.14	1.12
A stronger brand of Croatia will contribute to greater recognition of Croatian products and services	4.33	0.88
Croatia has the strongest brand among countries in the region	3.40	1.10
Brand of Croatia is among the top 50% of world country brands	3.98	1.07

## 6 Conclusions and Suggestions

The brand is a term which has caused much controversy in the past few decades, and which has received lot of attention because it is recognized as an important aspect of the successful tourist destination marketing. But, it is intangible category which depends on a numerous individual characteristics of tourists, so it is possible to observe its breadth and diversity of approaches, as well as a large number of researchers who deal with it.

The results of the case study show that Croatia managed to create in only a few years from the war-torn country and an extremely negative image successful brand based on the tourism promotion. Tourism should be connection of development and placement of high quality product brands from Croatia. It is obvious that Croatia cannot compete with multinational brands in the international markets, therefore, the concept of "national brand" represents the only way to ensure the competitiveness of Croatian products, services, values and cultural heritage of Croatia.

Measured by Country Brand Index, brand of Croatia is the rising star, it is the strongest brand among all brands in the region, and is located in the top 50% of world country brands included in the study. That also confirmed respondents in the exploratory study.

This exploratory study tried to measure the brand of Croatia as a tourist destination among their residents. For the residents, and at the same time domestic tourist, national brand represents something more than just pure promotion. For them, brand is part of their national identity and the way how international tourists and rest of the international public see and value Croatia and at the same time their people. The research showed that respondents were very unsatisfied with the way how marketers build Croatian brand, which corresponds to survey conducted by MediaNet agency in 2004. It also showed that Croatia does not have clearly built and strong brand. There is highly agreement about the statement that stronger brand will contribute to a greater recognition of products and services from Croatia, but to achieve that, Croatia should become a world famous brand based on tourism, gastronomy, sports, scientific achievements, and also economic and political activities.

Marketers who deal with the branding of Croatia can take this research into consideration in current state of Croatian branding. Respondents are most dissatisfied with the way how brand managers work to build Croatian brand, so they should work more in this area, and on its strength, clarity and visibility. Croatia can become a world-famous brand, but to achieve this it is necessary to have a clearly developed brand strategy, mission, vision and goals, which are still missing in Croatia. In addition, they require another years of hard work on the promotion of Croatia, and brand building through Croatian tourism, gastronomy, sports, scientific achievements, and also economic and political activities to build strong national brand.

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