

Country Brand.

Study Case: the Countries of Former Yugoslavia

Lecturer Ruxandra Irina POPESCU Ph.D.

The Bucharest Academy of Economic Studies, Romania

Abstract: *Promoting a country is not a completely new subject; as a matter of fact, many countries have created their own tradition in promoting their image for tourism purposes. However, current globalization trends have underlined the need for creating a strong national image, a brand focused on 4 dimensions (tourism, exports, foreign investments, external policy).*

At the beginning of the 21st century, some things are obvious: a country's brand is no more an alternative, but a necessity, it is not seen as a function individually performed by the state, partnerships or private companies, but as an integrated and concentrated effort of every interested stakeholder. It must be mentioned the fact that, if built efficiently, a country brand can provide a certain amount of power, as it was the case of Slovenia and Croatia.

Keywords: *brand, country brand, brand strategies, brand management*

Introduction

Creating a country brand involves using marketing strategies to promote a country's image, its products, its touristic attractions and foreign investments. A country brand, in many ways, behaves as a product brand, it is perceived in a certain manner by a large group of people, both at a national level and abroad, it is associated with particular qualities and characteristics (Anholt, 2003).

A country's brand is a relevant element, as investors and consumers continue to widely rely on a country's image when taking economic decisions.

Brands or images have become a "shortcut" to winning decisions. An efficient country brand not only serves to reinforce positive images, but it also helps in fighting against the negative ones through outlining new representations and associations.

Last but not least, branding has developed into the central instrument of a country's competitiveness, as a weak reputation or the lack of it can greatly affect a country's capacity to compete. Therefore, an effective country brand can offer that state the competitive advantage on world markets, this mechanism offering a wide array of opportunities for developing countries.

1. The country brand concept

The notion of “brand” has its origin in Norway, where “brand” stands for “to burn”. This concept started to be used by cattle owners who marked their animals with a branding-iron in order to recognize them. This was the “branding” process, the marking of cattle. The term began to be used to name products on shelves at the end of the XIXth century, as those products carried the producer’s lael and the proof of their quality. The expression’s evolution was a major one and today it represents the set of associations established on rational and emotional basis between the product and its audience. The country brand embodies the print, the idea, the image and the impression left by a country worldwide (Cimpoca *et al.*, 2008).

The American Marketing Association defines “brand” as “a name, term, sign, symbol, model or a combination of these which has the purpose of identifying the goods and the services of a merchant or group of merchants and distinguishing them from the completion.”

Brands incite to trust, evoke emotions and immediate behaviors. Frequently, success brands have been extended to other recently launched products, in order to create mental associations. Brands have a social and emotional value for consumers. They have personality and they “talk” to those who buy them. Brands are equitable to both consumers and investors. A brand’s equity translates itself into consumers’ preferences, loyalty and financial gains. A brand’s fairness has multiple dimensions, such as performance, social image, value, trustworthiness and identification.

Even when a country does not administer its name as a brand, people form personal perceptions of each nation, image which can be activated through simply naming that state. This image of a country can influence peoples’ decisions to purchase, invest, change residence or travel. The image of a nation can be understood as a sum of beliefs and impressions of people about different places, representing a product of the mind, which is trying to process and collect essential information about a certain location from a great array of data (Kotler *et al.*, 1993).

The image of a country results from its geography, history, arts and music, famous citizens and other characteristics. Spending free time industry and media play an important part in shaping peoples’ views of particular places, especially of those who have a negative image. Not only some product categories such as perfumes, electronics, wines, cars and software devices are associated with certain places, but also diseases like AIDS, epidemics, political unrest, violation of human rights, attacks at the environment, racial conflicts, economic crisis, poverty or violent crimes. All these have been repeatedly linked to specific destinations.

Most of the images of countries are stereotypes, extreme simplifications of reality, which are not necessarily correct. The simple pronunciation or writing of a brand name in a foreign language may have an influence on perceptions and attitudes. Therefore, Leclerc has discovered using an experiment that the French

pronunciation of a brand name affects perception on products and attitudes toward that brand (Leclerc *et al.*, 1994).

The idea that countries behave like brands is already well-known to most manufacturers, economists and politicians. At first an academic curiosity, the notion has gradually won a clear recognition, its “metaphoric” value of the way in which countries can place themselves on the global market in order to increase their exports, investments, tourism and many others being fairly well comprehended. International manufacturers are beginning to understand how much equity can be added to their brands due to the real or perceived image of their country of origin. John Pantzalis and Carl A. Rodrigues have shown that the movement of international capital is influenced by investors’ perceptions of the country’s brand (Pantzalis & Rodrigues, 1999). Still, they claim that positioning the brand and brand management are critical elements in attracting global capital, being capable of affecting the way and the moment in which capital may “run” from a country touched by let’s say a financial crisis. Apparently, important investors can form their own opinion on the economic perspectives from the way in which its image has been presented in the media. Moreover, they can group together some countries due to the superficial association of brands (for example, the “Asian tigers”).

The image of a country’s brand can model the economic, political and cultural destiny of that state. Which is the factor that determines the European Commission to decide which countries can be taken into consideration to join this elitist club and in what order? Surely it is their brand image, which can contribute or not to the brand image of the European Union. When wars between countries start, the brand of each nation involved determines public opinion through the “black” or “white” image that they have. Or when certain suspects are judged by international courts for terrorism acts or espionage, how sure can we be that the jury is not influenced by the national brand image?

Furthermore, there are some national megabrands, such as the United States, Japan, Italy and France whose public image seems so strong, positive and penetrating that anybody may believe that managing them involves a huge effort. These are the states which are associated with particular valuable features (France is given credit for its quality of life, Italy for its style, the United States for its technology, wealth, power) and each time a new brand appears in one of these countries, it will have a powerful start despite all of its global competitors (Anholt, 2004).

2. Managing a country brand

Country branding requires a thorough understanding of the relativity of a countries position. This includes strengths and weaknesses of a state related to the competition (the country’s location, the internal market’s size, presence of industrial groups, access to regional commercial areas, education level of the population, encouragement of taxes, working skills, labor costs, security, etc), as

well as the ability to recognize the threats and opportunities of the external environment.

In addition, performing a SWOT analysis of a country's image and emphasizing best practices are major aspects in outlining an efficient country branding strategy. In the end, it is a process that calls for the participation and common view of the government, citizens and private companies.

A. Going over the instruments of brand promotion

Countries use different means of auto promoting as a brand. Along other, they include logos, slogans and websites. The main channel for these means is represented by promotion through audio-visual, tourism magazines, etc.

➤ demonstrative images, symbols, logos are increasingly used to built and maintain country brand awareness;

➤ slogans as „Canada –Keep exploring”, „India – Incredible India”, „Thailand - Amazing Thailand” or „Malaysia - Truly Asia” are often used for touristic purposes and are meant to attract, arouse interest and transmit country brand essence;

➤ the importance of a permanent website or of an official Internet gateway is maximum, as it contributes to the consistency of the country brand and allows its our dimensions (public diplomacy, tourism, exports and direct foreign investments) to support each other. The same significance is found in reflecting the commitment towards clients, as Internet users are only supposed to access a website in order to obtain all the necessary information. Despite all that, there are many countries which surprisingly do not have such a website.

B. The brand's strategy

Developing a country brand begins with creating an “umbrella” concept or an “essential message”, deeply rooted in reality which will cover and will be compatible with the four dimensions of the brand. Among the concepts that can be ascribed to a country are: quality, innovation, nature, security, pleasure, progress, honesty. These are based on industry, personalities, natural benchmarks and historical events that can assure a strong basis for description.

Giving priority to one of these dimensions, based on the country's competitive advantage, is absolutely normal, especially when resources are limited and this priority must not be interpreted as unsuitable with the “umbrella” concept. Actually, a one dimension efficient branding may have positive effects on the other dimensions. The relevant idea is that the four dimensions of branding are tightly interconnected, so that they mutually strenghten and favour each other. This fact imposes a new notion for country brand, that of dynamic system.

Segmentation and targeting impose the identification of the market and, in its interior, the identification of potential clients for each brand dimension.

Positioning refers to stressing the most appealing characteristics through singularizing them according to the specificity of the group target. All of these phases require a continuous understanding of the way in which the country is perceived in space and time. This makes possible the adjustment in time of the message to different countries.

C. Integrated marketing and communication campaigns

As a country's brand is a cumulated effort on the long run, in order for its promotion to be successful, it has to be based on integrated marketing and communication campaigns.

Eventually, "the way of selling a brand may be as important as the brand itself" (Vicente, 2004). A public-private partnership with general responsibilities for country branding efforts seems more adequate than a purely governmental organism because:

- ✓ firstly, it allows an integrated approach of the nation and trading and assured continuity beyond politics;
- ✓ secondly, a consensus concerning country brand proposal and marketing instruments is more easily reached, as well as the support and possible contribution of all relevant interested parties (governmental agencies at national, regional and local level, big private companies, top advertising directors, universities);
- ✓ thirdly, a great number of actors involved will offer guarantees for using the country brand in the future
- ✓ lastly, a country brand campaign, when correctly executed, could have a positive effect on morals, team spirit and purpose feeling of a country.

Despite all that a public-private partnership will never have the desired consequences, especially when there is a powerful governing tradition, when the private sector relies on the public one (like in most developing countries) or when there is a lack of trust between the two sectors. The part played by the country brand authority, whatever its structure may be, is to carefully integrate and coordinate more communication channels (advertising, public relations and direct marketing) in order to deliver a simple, coherent and attractive message about the country.

As national brands are perceived differently in varied countries and regions, an efficient and integrated communication and marketing campaign can adapt it a strategy depending on its market.

Consistency is a key aspect in branding success. This represents the guarantee that messages and graphics used in each brand dimension fits into the "umbrella-concept" of the country. Consistency also entails the coordination of cities and regions, creating a mutual support between them, according to the general country brand objective.

There are two limitations regarding the public-private partnership when creating a country brand: first of all, many governments usually work on a short or medium term so that its commitment towards a national branding campaign turns out to be very difficult. Second of all, a potential conflict may develop between different governing levels in that country.

All in all, a public-private partnership is the best institutional arrangement for managing a national branding effort. Neither the government, nor the companies can do this on their own, but each of them can bring important contributions: financial resources and long run vision (in the case of the private sector), coordination, institutional and legal support (such as using logos, quality control) in the government's case.

D. Country brand audit

Brand audit implies continuous monitoring of a country's perceptions and images, based on information gathered in opinion, research and analysis polls.

Sizing the existent country image and using the knowledge to improve that image is a vital process. As successful country brands need long term planning and the participation of all interested parties, it is normal that country brand audit should be put under the responsibility of the same organization that leads the country brand global effort.

An important problem in country branding is evaluating and observing the effect of critical events on the national image:

- health crises;
- natural disasters (for example, floods in the Dominican Republic);
- wars (for example, conflicts in the Balkans, Iraq and Afghanistan);
- terrorism.

In this area, politicians as well as worldwide academic figures agree on the fact that the US's war in Iraq has had a strong negative impact on its global image, especially in Arab and Muslim countries. Despite that the majority of the Spanish population opposed the war in Iraq, but firmly supported the fight against terrorism, Spain's image was also deteriorated.

E. The role of culture in promoting a country's image

Simon Anholt has emphasized the role of culture in promoting and supporting the brand image of a country: "culture is uniquely related to the country and distinguishes it among other states". Equally, culture can be an important revenue source, through organizing national and international cultural events, like concerts, exhibitions, competitions and festivals, but most importantly, through the assistance from profile institutions. Cultural and educational organizations, such as British Council, the Goethe Institute, the French Alliance and, more recently, the Cervantes Institute, play a central part in enriching and supporting in time the national brand image.

3. Success brands in former Yugoslavia's countries

3.1 Slovenia - A Diversity to Discover

3.1.1 The evolution of Slovenia's country brand

Slovenia has considered tourism a key ingredient in outlining the economic and political post independency strategy and in reflecting national image. With only 47 km of shore at the Adriatic Sea, even when it was a part of Yugoslavia, Slovenia has focused on the internal attractions which date, in many cases, from the Austro-Hungarian Empire: Bled Lake, Postonja Cave and many other karsts forms, Lipica stallion farm, famous for supplying Horseriding Spanish School in Vienna (since 1580) with Lippizaner horses. As a result, there was continuity in promoting the image of these destinations and their attractions, although markets have changed and diversified as time passed. Slovenia's recent promotion has stressed the segmentation of the market in an environmentally friendly structure.

As the creation of a national image, as well as a promoter for attracting occidental tourists was a must, "The sunny side of the Alps" campaign was initially adopted as a way of promoting tourism, entailing positive aspects connected to climate, topography and vicinity to Western Europe. Following Italy's objectives, this slogan was replaced during the middle of the '90s with "The green piece of Europe" campaign, suggesting a change in philosophy when it came to distinguishing or at least putting forward an environmentally concerned touristic product.

In both cases, the product's outline and quality can be seen in the way in which the country has decided to stress the geographic aspect of Slovenia as part of Europe ("occidental" or "civilized") by (Hall, 2004):

⇒ highlighting central European references (Habsburg inheritance, association with the Alps, vicinity to Austria and Italy)

⇒ moving away from any connection to the "Balkans", a desire underlines by the political sphere's request to leave behind the Yugoslavian past.

As an example, Slovenia's ("Lakes and mountains of Slovenia") presence in tourism brochures speaks about charming villages and warm and welcoming people, whose lives are still guided by old Austrian rules, thus underlining an inheritance with Central/Western Europe roots, untarnished in the last years. As a matter of fact, having the purpose of promoting such an image at worldwide level, the committee in charge with Slovenia's touristic promotion thought necessary the affirmation of the following: Slovenia is situated in Central Europe and not at all in Eastern Europe!

Although the country won its independence after a short confrontation with the Yugoslavian army in 1991, a tourism Committee in Slovenia was established only in 1996, with the mission of promoting Slovenia as a country with a distinctive and clear identity, to exactly define comparative and competitive advantages and to assist Slovenian economy in promoting tourism in a correct manner.

The 1997 Tourism Commission's marketing plan started to promote national touristic resources, focusing on five aspects: the coast and caves, the

mountains and lakes, health resorts, metropolis and cities, rural areas. A new logo was created, representing four differently colored flowers: green, yellow, red and white appearing from a blue square adjacent to country's name. This was present on all promotional materials, including brochures for each of the five aspects mentioned above.



The "I feel Slovenia" brand was born in February 2007, when the government approved the catchphrase. The brand emphasizes the key elements of national identity, expressing a view of the country. Anyway, it is not enough to know all these things, you need to live, to feel through words, sounds, colors, touches, actions and experiences. The mission its obvious: interest for nature protection, promoting a niche economy, accepting diversity, attracting the best technological and human potential. Slovenia is a

different country which occupies a small surface, with a pure nature, diverse culture, remarkable life quality.

3.1.2 Branding strategy

A. Position and branding

Slovenia, as a touristic country has a somewhat vague image: there are mountains, but not as high as in Austria, the neighbor country, there is a coastline, but not very extensive, there are cities and cultural attractions, but none of the in the European top.

On the other hand, Slovenia can pride itself with its unusual richness of landscapes and cultural influences despite the relative small surface, among them being some extraordinary touristic areas (Triglav National Park, the Lake Bled, Portoroz, Piran), enchanting cities (Ljubljana, Maribor...) and special touristic attractions (Lipica, Postojna Cave and Skocjan Cave). Both thermal centers and impressive casinos are competitive internationally, Slovenia's position as a meeting point being confirmed by Bush's and Putin's meeting in Ljubljana. These touristic advantages may represent the first steps in establishing a two-phase brand strategy.

Step 1) Positioning Slovenia

Step 2) Brand management

1. Positioning Slovenia

Slovenia offers a great array of landscapes, cultural influences and possibilities for spending holidays on a relatively small land surface. It is:

- easily accessible due to its central position in Europe;
- a relatively cheap destination;
- a country with welcoming people (a very low rate of complaints);

- ideal for tourists in search of relaxation, adventure and successful reunions.

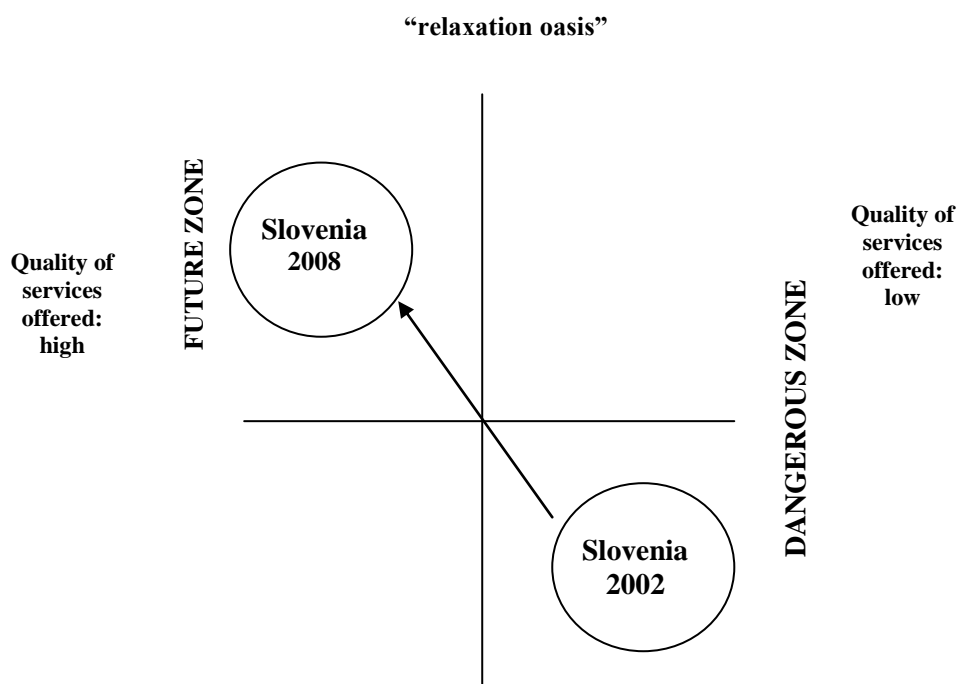


Figure 1 Slovenia’s positioning strategy

Source: <http://www.slovenia.info>

2. Brand management

A consistent brand management involves a perfect combination of umbrella brand, sub brands and annual promoting themes. In order to create a coherent image of the touristic destination of Slovenia, the umbrella brand, sub brands and themes have been included in a pyramid shaped structure.

- *The national umbrella brand* represents its name, being present as a logo and a symbol. Its slogan is a must and in most cases it is very difficult to find, as it is supposed to cover the whole national diversity and to express all the aspects related to the state’s positioning. A brand that focuses especially on the tourism aspect does not express all other aspects (emotional, cultural, political) of a country or worst case scenario, ignores them. Consequently, the name “Slovenia” must be an independent name, at least until something extraordinary, that can cover all national aspects can be found.

The umbrella brand, as its name suggests, offers power and a certain guarantee for sub brands and themes through its recognized value. Thus, there should not be any touristic brochure, ad or poster in Slovenia’s tourism industry without Slovenia’s logo.

As a result, the logo as well as the Slovenian tourism symbol is free and accessible to the whole tourism industry and official Slovenian institutions which want to use it. Other people wishing to use it need to pay a mandatory fee and obtain the approval of the Slovenian Tourism Committee. The logo and the symbol of Slovenia must be registered as trade marks.

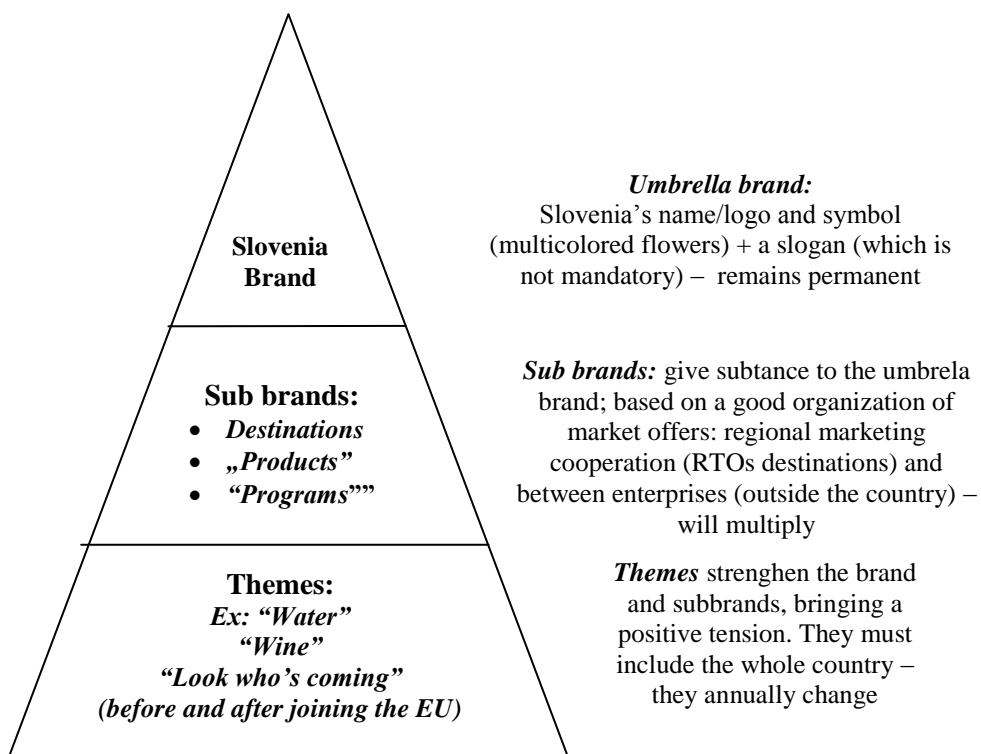


Figure 2. Brand management

However, creating a brand is only an element of the branding strategy. The other elements are:

- a high and constant level of touristic offers' quality;
- a good value of financial resources;
- a persistent brand identity;
- a high and constant advertising level and using all means of communication (traditional and modern) to create enthusiasm among potential consumers;
- permanent investments;
- client relations programs.

- *Sub brands* represent the heart and substance of the umbrella brand. They are the tangible proof of diversity, showing which is the country's main touristic good, while their number is estimated to rise in the future. Sub brands are both destinations and "products" (health, casinos) or programs (touristic circuits, specialists in holiday organization). In order for these to become truly sub brands, they need continuous organizational and marketing efforts to increase their attractively. As much as possible, the brands' names must contain an emotional element, for example "Slovenia's Alps" may be replaced with "The sunny Alps of Slovenia".

- *Promotional themes* strengthen brands and sub brands. Slovenia's brand themes cover most of the country and cannot be limited to a specific offer or area. They are either generic ("Waters of Slovenia", "Music of Slovenia", "Slovene Wines", "Gardens and flowers of Slovenia") or connected to a particular date (for instance, Slovenia's joining the EU has represented a theme that lasted for 2 years, before and after the adhesion, giving the opportunity to increase the interest for Slovenia among neighbor Union countries).

B. Slovenia's national brand elements

- brand name: A Diversity o Discover;

- brand label:



- brand slogan: A Diversity to Discover;
- logo colors: red, green, white, yellow, blue.

C. Communication instruments

- *Brochures* represent the most important means of communication to the audience in tourism industry. They are not replaced, but completed by other means, especially by the Internet. Brochures are edited in Slovene, German, Italian and English. Thus, the main markets are covered. Versions in other foreign languages can be edited only if specific marketing actions lasting for over a year are planned.

- *Flyers* (for instance, for fairs). Taking into consideration that this means of communication is relatively cheap, these flyers can be translated into other languages besides Slovene, German, Italian, English. They contain web addresses, a well as an order form for Slovenia's promotion brochure.

- *Touristic map of Slovenia.*
- *Event calendar.*

- *Accommodation units lists:*
- price lists for renting hotel rooms;
- price lists for accommodation in private units;
- price lists for holidays in the countryside.
- *Internet.* The www.slovenia-tourism.si website, available in 4 foreign languages (Slovene, German, Italian and English) has been improved by the Slovenian Tourism Committee, that worked on a new portal (www.slovenia.info) for tourism in Slovenia, a portal that could answer the following demands:
 - to be easily found when the word Slovenia is searched by search engines (on top of the list);
 - to contain all the available information on www.slovenia-tourism.si;
 - to have links to all the organized tourism offers sector in Slovenia (destinations, “products”);
 - to have a link for online reservations;
 - to contain links to all the websites of STB’s strategically partners (Adria Airways, Slovene Railways etc.);
 - to have a special site for the media (with limited access) containing articles and other press services;
 - to offer weather information for all Slovenian regions, etc.

3.1.3 Effects of Slovenia’s brand creation

Slovenia has faced difficulties in attracting a number of tourists comparable to that before the disappearance of the Yugoslavian Federation. Still, as a consequence of niche diversification, during the middle of the ‘90s the country reached the highest level of revenues per international tourist capita in the whole Central and Eastern Europe. In 1997, this was approximately 1.219\$, three times the number in Croatia, 661\$ more and 6 times higher than Hungarian’s level (199\$) and Bulgaria (166\$). In 2000, the discrepancy has slowly diminished, with an average of 878\$ revenues for Slovenia, 473\$ for Croatia, 386\$ for Bulgaria and 220\$ for Hungary. As about 60% of tourists were coming from neighbor countries like Italy, Austria and Germany, Slovenia’s brand, which emphasizes its natural and cultural attractions, benefited from the diversity of the environment and from the presence of “wealthy” neighbor countries that had a strong credibility.

During 2003-2006 period, hiring in tourism have increased with 7% reaching 32.885 people. Statistics show a strong increase of tourism industry between 2003 and 2006, an increase that surpassed the economy’s general growth, leading to an increased importance of tourism in the national economy.

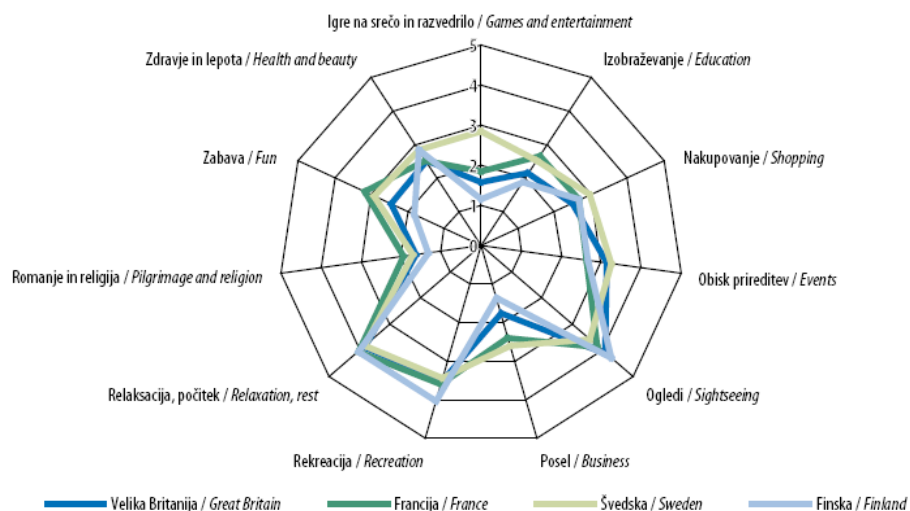


Figure 3 Reasons for travelling by tourists (in Slovenia) from Great Britain, France, Sweden and Finland

Source: <http://www.slovenia.info> (Market Profiles of Inhabitants and Tourists of France, Great Britain, Sweden, Finland, STB)

In 2003, revenues from tourism have reached 2.5 billion Euros, key sectors being food and beverages, with revenues of 700 million Euros, recreation services (375 million Euros) and hotel and accommodation services in other commercial units (293 million Euros). The value added by Slovenian tourism reached 824 million Euros, contributing to the national GDP with 1.229 million Euros, approximately 4,94% of the total GDP. Additionally, touristic demand has determined the creation of 30.644 new jobs, about 3,9% of the total number of employees at national level. In 2006, tourism has represented 5.5% of GDP (1.679 million Euros), while the value added coming from tourism has been of 1.088 million Euros, representing 4.11% of the total value added and a 32% increase compared to 2003.

Number of resident and foreign tourist between 1985 and 2007

Table 1

<i>Tourist arrivals</i>						
<i>Year</i>	<i>Residents tourists</i>	<i>Index</i>	<i>%</i>	<i>Foreign tourists</i>	<i>Index</i>	<i>%</i>
1985	748.881		27,2	2.004.109		72,8
1990	651.324		25,7	1.887.462		74,3
1995	844.569	129,7	53,6	732.103	38,8	46,4
1996	825.774	97,8	49,8	831.895	113,6	50,2
1997	848.779	102,8	46,6	974.350	117,1	53,4
1998	822.411	96,9	45,7	976.514	100,2	54,3

<i>Tourist arrivals</i>						
<i>Year</i>	<i>Residents tourists</i>	<i>Index</i>	<i>%</i>	<i>Foreign tourists</i>	<i>Index</i>	<i>%</i>
1999	865.484	105,2	49,5	884.048	90,5	50,5
2000	867.567	100,2	44,3	1.089.549	123,2	55,7
2001	867.001	99,9	41,6	1.218.721	111,9	58,4
2002	859.941	99,2	39,8	1.302.019	106,8	60,2
2003	872.931	101,5	38,9	1.373.137	105,5	61,1
2004	842.429	97,0	36,0	1.498.852	109,0	64,0
2005	840.041	100,0	35,9	1.554.969	104,0	64,9
2006	867.955	103,0	34,9	1.616.650	119,0	65,1
2007	929.846	107,1	34,7	1.751.332	108,3	65,3

Source: <http://www.slovenia.info>

Number of nights spent by resident and foreign tourists between 1985 and 2007

Table 2

<i>Nights spent</i>						
<i>Year</i>	<i>Residents tourists</i>	<i>Index</i>	<i>%</i>	<i>Foreign tourists</i>	<i>Index</i>	<i>%</i>
1985	2.659.780		30,1	6.162.605		69,9
1990	2.611.006		32,8	5.320.000		67,2
1995	3.447.579	132,0	58,6	2.435.467	45,6	41,4
1996	3.281.637	95,2	56,3	2.550.607	104,7	43,7
1997	3.305.662	100,7	51,8	3.078.400	120,7	48,2
1998	3.232.876	97,8	51,4	3.062.432	99,5	48,6
1999	3.315.345	102,6	54,7	2.741.218	89,5	45,3
2000	3.314.901	100,0	49,3	3.404.097	124,2	50,7
2001	3.316.125	100,0	46,5	3.813.477	112,0	53,5
2002	3.300.262	99,5	45,1	4.020.799	105,4	54,9
2003	3.327.184	100,8	44,3	4.175.385	103,8	55,7
2004	3.255.954	97,0	42,5	4.362.783	104,0	57,5
2005	3.173.338	98,0	41,9	4.399.246	101,0	58,0
2006	3.233.438	103,0	41,9	4.488.829	115,0	58,1
2007	3.393.408	104,9	41,1	4.867.900	108,4	58,9

Source: <http://www.slovenia.info>

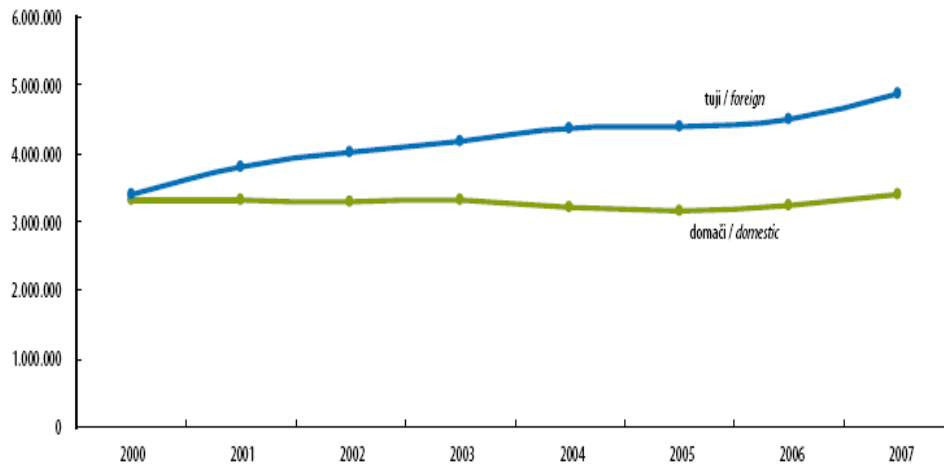


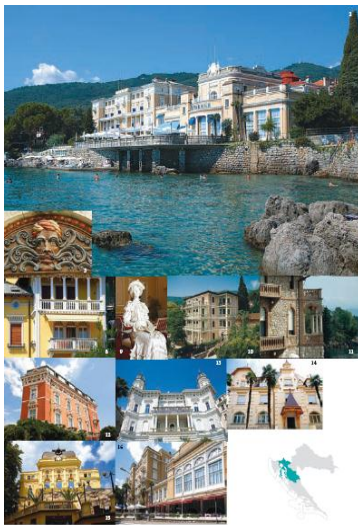
Figure 4 Trend of overnight stays by domestic and foreign tourists in selected years

Source: <http://www.slovenia.info>

In February 2008, 169.433 tourist arrivals and 542.128 nights spent were registered in accommodation units, which means a 9% increase compared to the same period of 2007 (the number of nights spent by resident tourists increased with 12% and that of foreign tourists with 6%). On the other hand, there was an 11% increase of tourist accommodation in units compared to February 2007.

3.2 Croatia - The Mediterranean as it once was

3.2.1 Evolution of Croatia's country brand



Like Slovenia, Croatia was part of the Austrian-Hungarian Empire and was a member country of Yugoslavia. Representing the “block” of former Yugoslavia’s shoreline, it did not represent a favorite candidate for joining early the EU. Unlike Slovenia, Croatia got involved during the first half of the ‘90s in continuing hostilities in the country and in Bosnia, leading to a collapse of tourism and a deterioration of its image as a post communist democracy. Dubrovnik, probably the most notable element of Yugoslavia’s shoreline, was deliberately bombed by the Serbian and Montenegro armies during hostilities, all these undermining Croatian economy (Hall, 2004).

In these circumstances, after the conflict, it was vital for this country would establish a

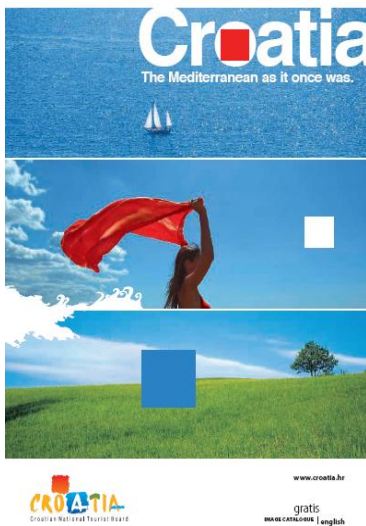
touristic marketing national policy that could deliver a different image. The main objectives of these policies were:

- ✓ a clear differentiation of the country from its neighbors;
- ✓ ensuring markets that value and quality were reestablished;
- ✓ securing long term competitive advantages.

Croatia's branding attempt was accompanied by the adoption, during the mid '90s, of a logo symbolizing the conjunction of the sun and sea, as well as a new beginning for Croatian tourism. But this visual cliché was not that different from those adopted by other touristic destinations. Taking into consideration this disadvantage, some of the following marketing materials adopted a supplementary slogan: "Small country for a great holiday". Since 1997, a series of efforts were made to re-create a national brand:

- a new logo was launched: the word Croatia with a horizontal line of the letters "A" symbolizing the sea. The first "A" is placed in a blue square together with another red square immediately placed above the letter "O";
- three international conferences took place in Dubrovnik in September 1997, having as central focus tourism. Their purpose was to help the rehabilitation of Croatia and Dubrovnik in the eyes of tourists from Western Europe.

A new image for Dubrovnik was desired, an image that could symbolize



not only the "revival" of the city, but of "Eastern" Adriatic tourism and of Croatia in general. In order to reflect the message, the target was represented by particular opinion groups, as well as by niche markets representatives that registered superior revenues.

Croatia's Strategically Marketing Plan for 2001-2005 has emphasized a new branding strategy for Croatia, its objective being building a brand based on the well preserved cultural and natural national environment. For this purpose "The Mediterranean as it once was" slogan was adopted. This new strategy was aggressively implemented during the 5 years in order to increase the number of tourists and revenues in this industry, as well as to increase the number of

days spent by tourists in Croatia and to improve the geographical area occupied.

Touristic traffic and tourism revenues

Table 3

	2001	2002	2003	2004	2005	2006
Arrivals (thousands)	7,9	8,3	8,9	9,4	10,0	10,4
Nights (millions)	43,4	44,7	46,6	47,8	51,4	53,0
Revenue from tourism (billion Euros)	3,7	4,0	5,6	5,5	6,0	6,3
GDP (billion Euros)	22,2	24,5	26,2	28,7	31,3	34,2
Tourism's percentage in the GDP	16,9%	16,2%	21,2%	19,2%	19,2%	18,4%

Source: <http://www.mint.hr>

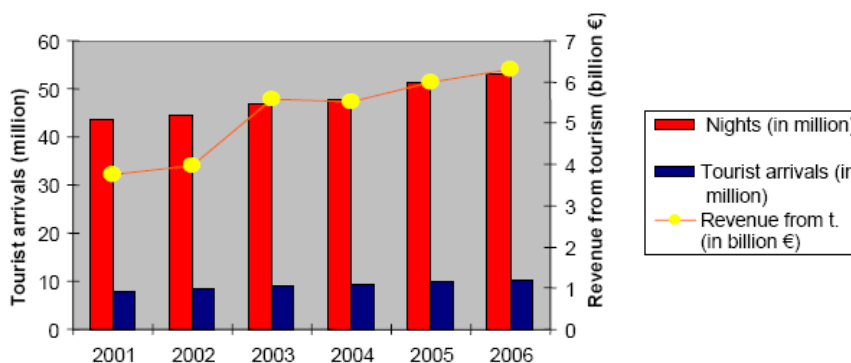


Figure 5 Touristic traffic and revenues from tourism during 2001-2006 period

During these last years, Croatia has become one of the most successful Mediterranean destination. How did it make it?

First of all, there was an attempt to reinvent Croatia as a tourism destination. In order to ensure a thorough promotion of image, it was necessary to define:

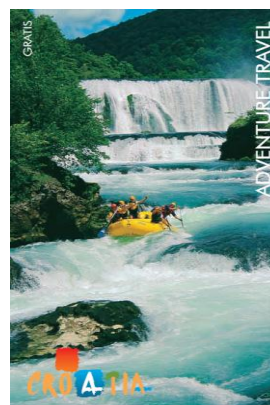
- the country's identity;
- positioning strategy;
- brand promotion;
- an image as close as possible to the strategic markets' reality;

The main goal was creating a successful management, with a real perspective on:

- the present situation;
- strategic objectives;
- competitive and marketing strategies;
- marketing tactics capable of realizing the needed results for Croatia.

The elements identified in the present situation were put in the forefront, underlining different defining aspects for Croatia:

- special natural resources for tourism development (extended shoreline, a thousand islands, Adriatic Sea that is one of the cleanest seas, natural parks);
- cultural inheritance of the Mediterranean;
- tourism development indicators show that tourism in Croatia is not something recent, the attention being focused on obtaining a comfortable competitive position in the Mediterranean region in the future.



<p style="text-align: center;">S (strengths)</p> <ul style="list-style-type: none"> • Croatia's excellent position on the international market • Well preserved environment • Real market potential for a quick growth compared to other Mediterranean countries 	<p style="text-align: center;">W (weaknesses)</p> <ul style="list-style-type: none"> • Structure of accommodation facilities • Lack of touristic infrastructure (golf, congress centers) • Deficitary diversification of demand which is slowing down revenues increase and profit outside the main season
<p style="text-align: center;">O (opportunities)</p> <ul style="list-style-type: none"> • Increase of accommodation facilities' quality and building new accommodation spaces) 4 and 5 stars - the only possibility to secure growth of revenues and profit • Development of varied tourism forms (golf, ski, congresses) – prolonging the season • Activating potential of touristic regions 	<p style="text-align: center;">T (threats)</p> <ul style="list-style-type: none"> • Devastation of the coastline caused by uncontrolled building of apartments - endangering the most important resources • Lack of a quality tourism destinations management, as instrument for continuous development

Figure 6 SWOT analysis concerning the future development of tourism

Source: <http://www.mint.hr>

The next step was defining touristic strategic objectives in Croatia. For that, the main goals were:

- renovation, preservation and a thorough evaluation of Croatia's touristic potential;
- establishing a new identity for Croatian tourism and positioning the country in top in the region;
- promoting a quality tourism in harmony with sustainable development;

As for the volume of physical transformations, there were a number of results desired until 2012:

- 12.000.000 foreign tourists (2,7 tourists per resident capita);
- 66.000.000 nights spent in accommodation (15 nights per resident capita)

When it comes to financial indicators, the targets are:

- a 12 billion Euros (2,715 Euros per capita) global touristic demand;
- an 8 billion Euros (1810 Euros per capita) foreign tourists consumption.

To reach these objectives formulating an extremely coherent competitive and marketing strategy was necessary. While competitive strategies focus on structuring the product into different segments depending on two factors (attractively and competitively), marketing strategies are divided in multiple categories:

- ✓ branding strategy;
- ✓ market positioning strategy;
- ✓ product strategy;
- ✓ communication strategies;
- ✓ sales, promotion, distribution strategies.



Figure 7 Competitive Strategy

Source: <http://www.mint.hr>

3.2.2 Branding strategy

Croatia's touristic image represents the perception that a potential client (visitor) has about Croatia as a destination. Touristic image is represented by a dual image:

- induced image: the results of communication efforts made by the Croatian National Tourism Council (CNTB). It is a planned, necessary image
- organic image: created in time and outside CNTB's control. This image affects tourists' perception of the country, being created by element indirectly connected to tourism.

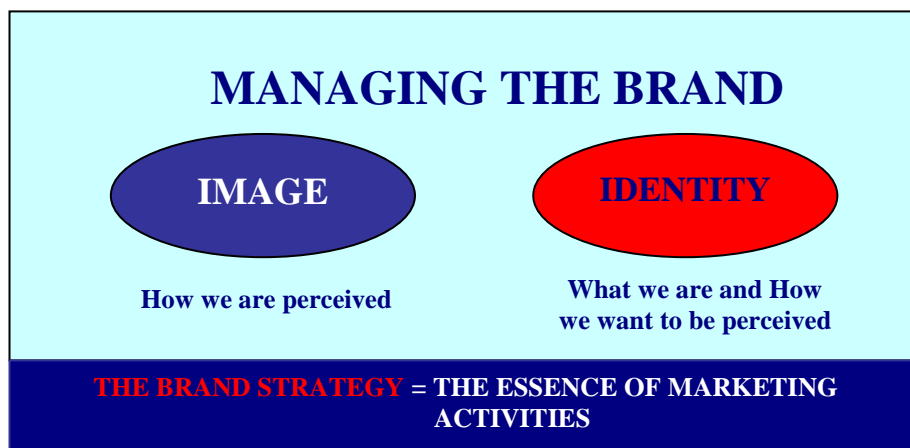


Figure 8 Brand management

Source: <http://www.mint.hr>

Based on the national competitive advantage, CNTB has created a strong country brand for Croatia. This process has required several steps.

Firstly, an attempt was made to build a **central identity** that could underline the fact that this country is the only Mediterranean destination that has kept its heritage. This identity contains Croatia's essence; it entails defining elements that will remain constant in time. Creating an **extended identity** involved outlining Croatia as a product, person and symbol:

- **as a product**, the elements stressed were: preserved nature, the 1000 islands systems, landscape variety, cities' authenticity, sea's purity.
- the aspects on which outlining the image as **a person** was based were: authenticity, Mediterranean spirit, joy, calmness, people's and places' warmth and generosity.
- Croatia as **a symbol** is suggested by the Mediterranean Sea's and Dubrovnik's ancestor heritage.

The benefits desired by this branding strategy are:

- a) Functional benefits: contact with an authentic nature and honest people, variety of touristic variety, water's purity
- b) Emotional benefits: the feeling of finding yourself in a 40 years ago Mediterranean region (It still exists!)
- c) Expression benefits: to be the first to discover a destination that is becoming more and more demanded, to be a road opener, an opinion leader

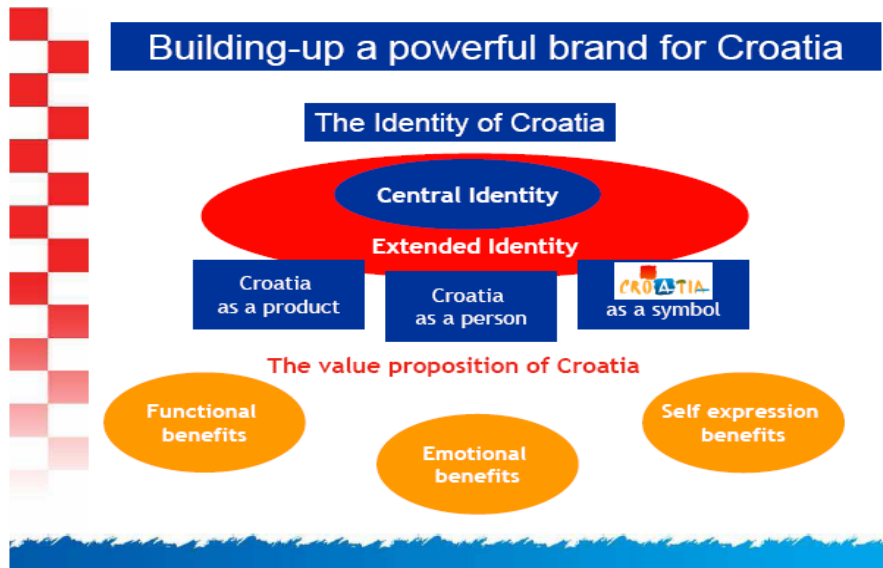


Figure 9 Strategy for building a strong country brand for Croatia

Source: <http://www.mint.hr>

A. Elements of Croatia's country brand

- name of the brand: *Croatia - The Mediterranean as it once was*;
- brand logo: 
- brand slogan: The Mediterranean as it once was;
- the slogan represents the campaign's theme: promoting qualities before quantity, environmental protection, discovering exquisite beaches and islands, spectacular dishes, wonderful preserved cities such as Dubrovnik.
 - Logo's colors: blue, red, yellow, green.
 - Main text block, campaign's content: "When we invite you to Croatia, we want you to share with us: the taste, the feeling, the color, the passion, the hospitality, the heritage, the beauty, the spirit of the Mediterranean as it once was".

Analyzed through the perspective of the things considered most important by a person for a country, Croatia's country brand has the following features:

➔ concerning development perspectives as an important touristic destination in the next 5 years, Croatia was second in the most powerful country brands top in the world in 2006 (in 2005 it was on the 7th place).

➔ Concerning the most improved country brands during these last few years, Croatia was somewhere between places 10 and 15 in the strongest country brands top worldwide in 2005.

➔ Croatia is the 18th in the most popular touristic destinations top worldwide.

B. Promoting the country brand

Croatia's promotion has been done through several channels:

- brochures;
- press;
- TV ads;
- website.

The investment made in promoting activities was of approximately 8,6 million Euros:

✓ general advertising in the most important countries of origin for tourists: 2,3 million Euros;

✓ advertising on global TV programs: CNN, Eurosport: 94.000 Euros;

✓ TV campaigns on primary and secondary markets: 4,12 million Euros;

✓ fairs and special presentations: 3,99 million Euros;

✓ study trips organized for different journalists (700) and agents (1500);

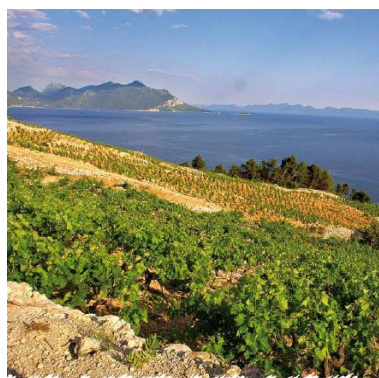
✓ organization of over 50 press conferences in the most important countries of origin for tourists;

✓ different activities of CNTB's representative offices (19 offices in 17 countries).



More and more countries are creating an official website for their country brands, meant to allow tourism research and other real information connected to that country. This is also the case for Croatia, whose official website is <http://www.croatia.hr> and which contains information related to : regions, touristic attractions, tourism operators, hotels guides, useful links, formalities for obtaining visas, brochures, institutions which govern tourism and even mass-media news referring to different tourism aspects.

3.2.3 Effects of Croatia's brand creation



The Mediterranean as it once was

**CROATIAN
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www.croatia.hr

The continuous increase of tourists that choose Croatia as their destination is based on the advantage offered by the country's excellent geographical position and its proximity to touristic markets, as well as on creating an efficient brand that exploited these aspects. Beyond absolute values obtained by statistics by analyzing official documents, Lonely Planet, the biggest tourism publishing company name Croatia the 2005 tourism destination, the main delineation criteria being culture, history, local kitchen, diversity and, last not least, the quality of services and costs. Success reconstructions of touristic destination are also taken into consideration, with results in services offered to visitors. This is the reason why Croatia, placed the 4th in 2004, came to dominate the top of

global destinations. Plus, the well-known National Geographic Adventure Magazine declared Croatia the most desirable destination in the world in 2006. This is the result of a questionnaire made by the magazine among its journalists who had to choose between world destinations the one that deserves to be visited in 2006.

Croatia's intense promoting campaigns had a major influence on the evolution of tourism, in 2005 a number of 10 million foreign tourist, 6.3% of total visitors in the Mediterranean region, came to Croatia.

Tourists arrivals and nights spent in 2005 and 2006

Table 4

<i>Arrivals</i>	<i>Result</i>	<i>Index</i>		<i>Index</i>
	2005	05/04	2006	06/05
Resident tourists	1,528,184	102	1,558,748	102
Foreign tourists	8,466,886	107	8,636,223	102
TOTAL	9,995,070	106	10,194,971	102
<i>Nights spent</i>	2005	05/04	2006	06/05
Resident tourists	5,434,431	103	5,543,119	102
Foreign tourists	45,986,517	108	56,906,247	102
TOTAL	51,420,948	108	52,449,366	102

Source: <http://www.mint.hr>

Capacity of accommodation units

Table 5

<i>Accommodation units</i>	<i>Number of beds 2006</i>	<i>%</i>
Hotels	113,000	12%
Touristic resorts	55,000	6%
Camping's	225,000	23%
Accommodation private units	405,000	44%
Others	127,000	14%
TOTAL	926,000	100%

Source: <http://www.mint.hr>

Occupation degree of hotels depending on the number of stars

Table 6

<i>Hotels</i>	<i>%</i>
4 and 5 stars	14%
1, 2 and 3 stars	86%
TOTAL	100%

Source: <http://www.mint.hr>

Employments in tourism and hospitality industry

Table 7

<i>Month 2005</i>	<i>Total number of employees in Croatia</i>	<i>Employees in tourism and hospitality industry</i>	<i>Percentage of employees in tourism and hospitality industry in total of employees</i>
I	1,317,000	70,000	5,3%
II	1,332,000	71,000	5,3%
III	1,333,000	72,000	5,4%
IV	1,341,000	74,000	5,5%
V	1,354,000	80,000	5,9%
VI	1,368,000	88,000	6,4%
VII	1,379,000	93,000	6,7%
VIII	1,381,000	94,000	6,8%

Source: <http://www.mint.hr>

A major change took place at the level of distribution of arrivals of foreign and Croatian tourists. In 2005, foreign tourists arrivals represented 84,7% of the total arrivals. Still, before the war, most tourists were Croatian. The decrease registered since then is somewhat understood if we take into consideration the fact that tourism after 1991 refers only to Croatia, while before the same year, it

referred to Yugoslavia, which contained Slovenia, Bosnia Herzegovina, Serbia and Montenegro.

However, although the number of tourist's arrivals reached the pre-independence level, the number of nights spent in accommodation decreased. This fact indicates that tourists (both foreign and Croatian) have cut down the time spent travelling. The number of accommodation nights has decreased with 24,5% since 1985, with an average of 5,1 nights spent in 2005 compared to 6, in 1985. In 2005, resident tourists have spent an average of 3,6 nights compared to 5,4 nights spent by foreign tourists. A reason for this could be the entering on the Croatian market of low-cost companies which transformed Croatia into an accessible destination, encouraging tourists to visit the country for short periods (during weekends or short trips) and not for longer periods.

Conclusions

The biggest advantage of a powerful brand is revenues increase. In the business environment, for products, companies, services, the brand brought value and huge profits. The same in the case of countries. What are the stakes of a country branding project? There is just one stake: financial resources. And it is determined by the other.

- Politics: where are highly seen, we matter in the eyes of other;
- Culture: our cultural products are prosperous, our writers are translated and promoted, our history is beginning to become interesting for foreigners;
- Sports: we have the resources to discover and feed our talents;
- Education: our educational system, once well-financed, must begin to produce intellectual elites;
- Society is developing, is blooming.

Thus, acquiring a strong country brand has allowed Croatia's development from all points of view:

- an annual economic growth of 3-4% and a GDP/capita of 6.000 Euros (2006)
- a 17,4% revenue increase in the tourism sector in the last 10 years (Croatia attracts 87 of tourists during the summer: June-September);
- an important tourism development: 10 million tourists are visiting the country this year.

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