

INTERACTIONS BETWEEN NATION BRANDING AND CORPORATE BRANDING

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ABSTRACT

The aim of this article is studying interactions between nation branding and corporate branding through reviewing the literature. Results show that both branding of a country and its corporates have influence to each other, either positive or negative effect that is called virtuous cycle or a vicious cycle. In fact, these two types of branding, act as a synergistic reinforcement tool to protect, improve or enhance the other one and therefore should be observed and maintained sustainably.

Keywords: National Reputation, Corporate Branding, Brand Positive Cycle, National Identity

1. INTRODUCTION

In a world of increasingly global competition, nations have become more, not less, important. No nation can or will be competitive in every or even most industries. Ultimately, nations succeed in particular industries because their home environment is the most forward-looking, dynamic, and

a nation's industry is defined as internationally successful if it possessed competitive advantage relative to the best worldwide competitors.

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exports to a wide array of other nations and/or significant outbound foreign investment based on skills and assets created in the home country are chosen as the best indicators the presence of substantial and sustained. A nation was considered the home base for a company if it was either a locally owned, indigenous enterprise or managed autonomously although owned by a foreign company or investors.

looking closely at any national economy, showa striking differences among a nation's industries in competitive success. International advantage is often concentrated in particular industry segments. In many industries and segments of industries, the competitors with true international competitive advantage are based in only a few nation (Porter, 1990).

2. literature review

2.1. Definitions:

A brand, according to the classic definition by the American Marketing Association (1960), is 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 mind of people. A more sophisticated definition is offered by Aaker (1996:68): a brand is a multidimensional assortment of functional, emotional, relational and strategic elements that collectively generate a unique set of associations in the public mind (Fan, 2010).

Identity, image and reputation, though often used interchangeably, the three terms are, in fact, different constructs. They all refer to mental associations generated by knowledge and past experience. Identity is about self perception. A nation's identity refers to the essentially irrational psychological bond that binds fellow nationals together and which is supposed to constitute the essence of national identity. Image is what is projected to other while reputation is the feedback received from other (Whetten and Mackey, 2002:400).

Brand management uniquely embraces these important ideas of core meaning (brand identity), reputation (brand image), the asset value of reputation (brand equity), and the power of shared goals (brand purpose)(Anholt, 2007).

A country brand defines a symbolic construct, which emphasises the positively memorable, attractive, unique, relevant and sustainable qualities of a nation (Allan, 2004).

The nation-brand is defined as the unique, multi-dimensional blend of elements that provide the nation with culturally grounded differentiation and relevance for all of its target audiences. This definition acknowledges the multi-faceted nature of the nation-brand, together with the need to integrate national identity dimensions (Dinnie, 2008).

Every country has a unique name and images in the mind of people both inside and outside the country, so a nation does have brands. A nation brand is the total sum of all perceptions of a nation in the mind of international stakeholders which may contain some of the following elements: people, place, culture/language, history, food, fashion, famous faces (celebrities), global brands etc. A nation's 'brand' exists, with or without any conscious efforts in nation branding, as each country has a current image to its international audience, be it strong or weak, clear or vague (Fan, 2006:12).

Accordingly, a national image is the set of beliefs, ideas and impressions that a person holds regarding a specific country (Kotler, 1997).

The country brand, as any other brand, consists of both identity and image, but we will refer to a strong country brand as one for which most of the values that a country voluntarily promotes coincide with the values that the audience perceives (Corley et al., 2009).

2.2. What is nation branding?

Nation branding is a process by which a nation's images can be created, monitored, evaluated and proactively managed in order to improve or enhance the country's reputation among a target international audience (Fan, 2010). Nation branding aims to improve a nation's image and reputation, which can only occur if the nation's actions are well-communicated and well-perceived (Dinnie, 2008).

It is widely recognized that nation brands exist though opinions differ on what nation branding refers to, how a nation brand relates to nation branding and what nation branding should or could accomplish. The root of such confusion lies in the diverse interpretations of nation brands and branding. These interpretations can be divided into six or seven levels. The simplest way is to treat a nation brand as a visual symbol, a slogan or strapline. As such, it can be easily branded and communicated. At Level B, a nation brand is regarded as an umbrella brand that endorses many sector brands, for example, in tourism or exports (Dinnie, 2007:200). A nation brand can also be treated as ingredient brand or co brand. At next level C, a nation brand concerns the country's image, reputation and positioning, a role quite similar to that of corporate branding (Gilmore, 2002; Teslik, 2007; Roth and Diamantopoulos, 2009). At level D, nation branding aims to build and sustain a nation's competitiveness (Anholt, 2007; Lee, 2009; Porter, 1990). At Level E, nation branding helps enhance a country's soft power (Fan, 2007, 2008a; Nye 2004a, 2004b). At Level F, nation branding relates to national identity. This link may seem to be quite obvious but in fact the most

complicated. A close examination of some major definitions of the nation branding concept shows significant differences in the focus and purpose or outcome of branding the nation:

1. To remould national identities (Olins, 1999)
2. To enhance nation's competitiveness (Anholt, 2007; Lee, 2009)
3. To embrace political, cultural, business and sport activities" (Jaffe and Nebenzahl, 2001).
4. To promote economic and political interests at home and abroad (Rendon, 2003; Szondi, 2007)
5. To alter, improve or enhance a nation's image /reputation (Gudjosson, 2005; Fan, 2006, 2008b, 2009) (Fan, 2010)

2.3. Literature Review

Simon Anholt developed the concept of the Nation Brands Index in 2005 and the first Index was published in April 2005. While there is no single definition of nation branding that leads different point of views among researchers about this concept.

To some it is simply another term for COO effect or place marketing. To others it refers to a consistent and all-embracing national brand strategy which determines the most realistic, most competitive and most compelling strategic vision for the country, and ensures that this vision is supported, reinforced and enriched by every act of communication between the country and the rest of the world (Fan, 2006).

In sum, political approaches see nation branding, at worst, as an augmented form of propaganda, and at best, as a "post-ideological" form of reputation management for nations. The literature also reveals an increasing tendency for technical-economic perspectives to be integrated into discussions of international relations and the political actions of nation-states (Fig. 1) (KANEVA, 2011).

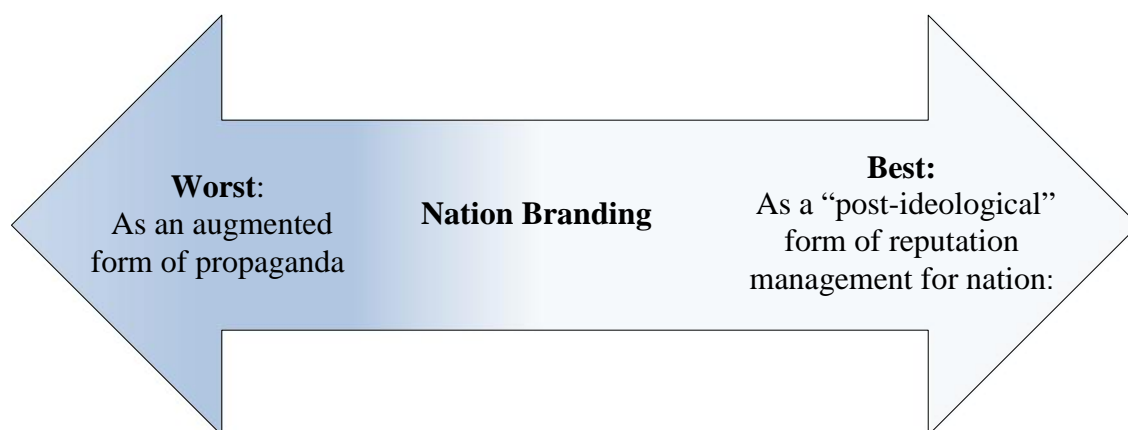


Fig.1. Spectrum of Approches Toward Nation Branding Concept

TheNBAR¹(nation-brand architecture) model (Fig. 2) proposes a brand architecture that encompasses the umbrella, endorsed and branded structures. The model is intended to stimulate the creative development of synergistic linkages between different sub-brands, for example between tourism and talent attraction, or between exports and sports. It is also designed to prevent the proliferation of uncoordinated visual branding systems that could cause confusion in target audiences and reduce potential synergies. Under the umbrella nation-brand, an endorsed structure is suggested for the main agencies, sections and dimensions of the nation-brand such as tourism, exports, inward investment, talent attraction, sports, and cultural and political figures. (Dinnie, 2008)

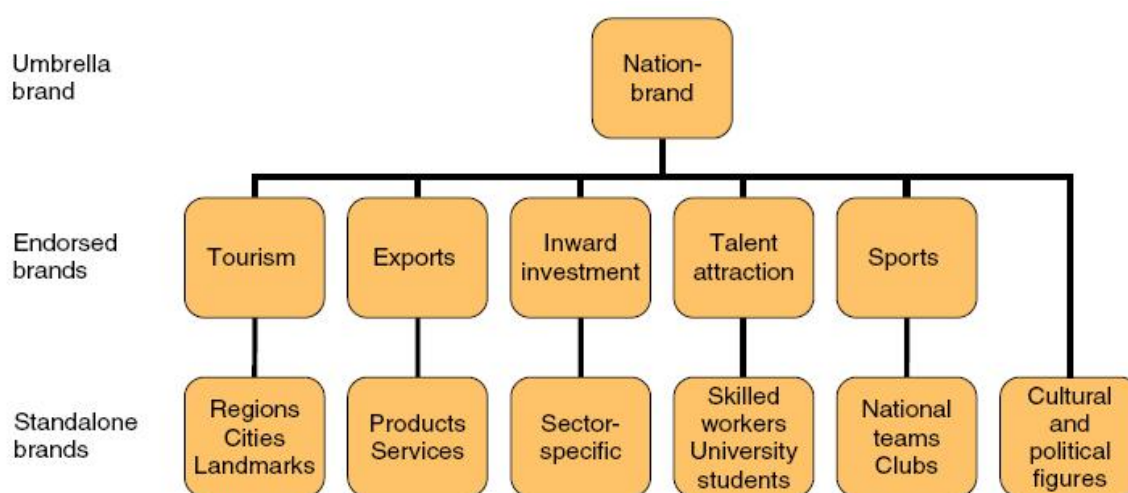


Fig.2. The NBAR model

Moreover, nation branding is an umbrella concept encompassing all sub-brands in different product lines and integrating various images into a unified branding idea, which connotes the nature of complexity or uncertainty in a nation branding process.(Lindsay, 2004:9)

Based on the existing literature on nation branding, a nation brand refers to as an ‘umbrella brand’ that encompasses all dimensions of national brands from different functional sectors (i.e. tourism, investment, export, public diplomacy) to place sectors (e.g. regions, cities) (Dooley & Bowie, 2005). Nation branding is a total concept that needs a ‘holistic branding approach’ to managing the nation brand, i.e. from a country name through to all the collected activities for all endorsed dimensions of national brands(Kyung Mi, 2009).

To rebuild and improve their identities, mages and reputations, nations have put efforts into nation branding with the help of various branding techniques (Kyung Mi, 2009). The ultimate

¹Nation-Brand Architecture (NBAR)

aim of a policy of *nationbranding* is therefore, to create an ideal positioning clear, simple and above all, differentiated, construed around the emotional features and quality of the country, symbolized both verbally and visually, to be interpreted by different audiences in a variety of contexts (Nebenzahl and Jaffe, 2001). This complex process can be substantiated in applying techniques of branding, communication and marketing for the promotion of *country image* (Marino & Mainolfi, 2011)

Thus, today there are more reasons why nations must manage and control their branding. The need to attract tourists, factories, companies and talented people, and to find markets for their exports requires that countries adopt strategic marketing management tools and conscious branding (Kotler, 2002).

Many early studies of nations regarding products and country-of-origin effects proved that negative evaluations of products made in less developed countries could not be overcome by superb product campaigns (Johansson, 1993)

The scope of branding has thus increased incrementally from its original application to simple products through to services, companies and organizations, and now nations. The product-nation brand continuum is depicted in Fig.3. (Dinnie, 2003).

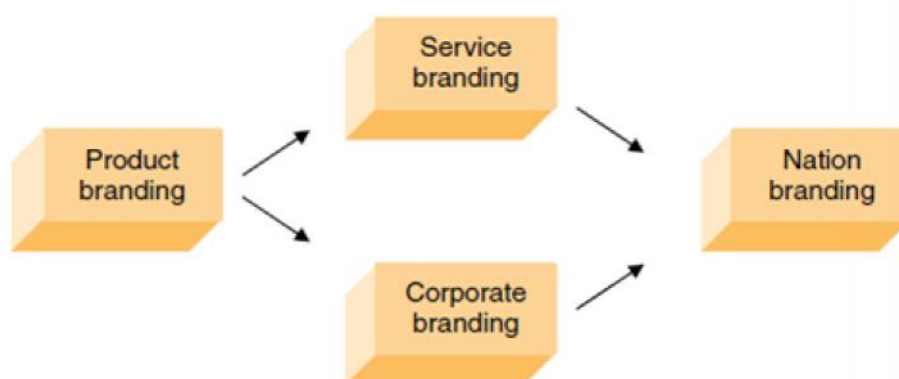


Fig.3. Evolution of the scope of branding: The product-nation brand continuum

As Tesoro-Tess (2012) explains, The reputation of a company or of the major companies and brands from a country ends up having a decisive influence on the reputation of that country in general. This is a return journey - a two-way mechanism that can, depending on how it is managed, become either a virtuous cycle or a vicious cycle from which it is difficult to emerge. For this reason, some companies attempt to hide their reputation in their country of origin. The parts have an influence over the whole, yet the whole also influences the parts.

The “halo effect” is a clear sign that the protective covering of one reputation extends over another, one acts as a source of information and evaluation that is applied to the origin of the other. The influence of an evaluation of a person, product, company or country has an effect over a wider group, especially when information is lacking.

In the same way that a country’s reputation affects and is affected by its companies, among other factors, cities also directly interact with their countries. Meanwhile, the reputation of its major cities also greatly determines a nation’s ability to attract tourists, business, investment and talent.

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Once a country’s brand image begins to improve, a virtuous circle comes into play: the country promotes the brands and the brands promote the country. Branded goods promote tourism, tourism brings real income; foreign policy promotes inward investment, which improves the environment for branded exports, which sustain the country image, which improves tourism, which makes consumers more receptive to representations of culture, which stimulates the purchase of branded exports, which encourages more producers to export their brands . . . and so forth. But none of this will ever take off in a big way if it’s done piecemeal (Anholt, 2003).

So if a country wants to be admired, it must be relevant, and in order to become relevant, it must participate usefully, productively, and imaginatively in the global conversations on the topics that matter to people elsewhere and everywhere.

The list of those topics is a long one: climate change, poverty, famine, narcotics, migration, economic stability, human rights, women’s rights, indigenous people’s rights, children’s rights, religious and cultural tolerance, nuclear proliferation, water, education, corruption, terrorism, crime, war, and arms control are just a few of the most obvious ones. It’s hard to imagine any country that couldn’t pick at least one item on this list with a special relevance to its own needs or resources and find a way to make a prominent, thoughtful, meaningful, and memorable contribution to the debate and to the global effort (Anholt, 2011).

One of the considerable models for explaining the interactions between nation branding and corporate branding is “value transfer window” (Fig. 4) that is presented by or evi Bojan

(2009). This model shows the relationship between country brand values and corporate brand values, and its outcomes for targets and is built on two dimensions:

- The relationship between corporate brands and the country brand, namely the corporate awareness of country brand values;
- The audiences' associations between the two types of brands (Corlevi, 2009)

		Corporate awareness of the benefits that the country brand values hold	
		AWARE	UNAWARE
Audiences' perceptions	ASSOCIATED	1. Obvious value-transfer Companies actively capitalise on or awarely benefit from country brand values.	2. Spontaneous value-transfer Companies passively benefit from country brand values.
	NON-ASSOCIATED	3. Un(der)developed value-transfer Companies invest in associations, or ignore them.	4. Latent value-transfer No perception of the value transfer.

Fig.4. The Value Transfer Window

3. CONCLUSIONS

A nation brand is a complicated multi-facet construct that is dependent on the context such as other countries, special events or occasions. Even the critics of nation branding have admitted that nation brands exist. What they dispute is whether a nation can be branded. The answer depends on how one defines and interprets nation branding.

Nation branding is an extremely difficult subject to research. All published empirical studies of "nation" branding, under close scrutiny, are merely export branding, or destination branding, with none of them actually branding at the nation level.

The biggest challenge in nation branding is how to communicate a single image or message to different audiences in different countries. The image of a nation is so complex and fluid as to deny the clarity implicit in a term such as brand image; and different parts of a nation's

identity come into focus on the international stage at different times (O'Shaughenssy and O'Shaughenssy, 2000).

In theory, nation branding calls for communicating in a coordinated and consistent fashion with multiple stakeholders. In reality, it is impossible to develop such a simple core message about a country that can be used by different industry sectors in different countries (Fan, 2006, 2007).

One slogan, one campaign, no matter how clever or creative, can't sell everything to everyone. It would be more meaningful and practical to have nation branding to be conceptualised, measured and executed at one of sublevels (as a place brand, event brand or export brand). The presence of the home base in a nation has the greatest positive influence on other linked domestic industries and leads to other benefits in the nation's economy. While the ownership of the company is often concentrated at the home base, the nationality of shareholders is secondary. Once the country brand image starts to acquire its own visibility and positive connotations, a virtuous cycle is triggered, the country will promote the brand and in its turn, the brand will promote the country, nourishing its reputational patrimony as originally envisaged by strategic management. For a nation to change its image, it needs first to change its behaviour. Then, equally important, it needs to tell the people in the world about the changes. This is because images of a nation won't automatically change after the changes in reality. The way for a nation to gain a better reputation is to communicate to the international audience that how good you are, and one of the best way for doing this is through exporting goods and services. This practice is called nation branding (Fan, 2010).

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