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Nation Branding of Developing Countries

Master's Thesis

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Declaration:

Herewith I declare that I have written the Master's Thesis on my own and I have cited all sources.

Prague, 8th of December 2014 ....

Student's Signature

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List of Abbreviations

ASEAN	Association of Southeast Asian Nations
BOI	Board of Investment (Thailand)
CIS	Commonwealth of Independent States
CSR	Corporate Social Responsibility
DAC OECD	Development Assistance Committee OECD
DITP	Department of Investment Promotion
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GNI	Gross National Income
IMF	International Monetary Fund
LDC	Least Developed Country
Mercosur	Southern Common Market
MICE	Meetings, Incentives, Conferencing, Exhibitions
NATO	North Atlantic Treaty Organization
NGO	Non-Governmental Organization
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
SARS	Severe Acute Respiratory Syndrome
TAT	Tourism Authority of Thailand
TNC	Transnational Corporation
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNCTAD	United Nations Conference on Trade and Development
UNWTO	United Nations World Tourism Organization
US$	US dollar
WTO	World Trade Organization

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Introduction

This thesis focuses on nation branding in developing countries. Nation branding is an emerging discipline that aims to build and improve a nation's image and reputation through the application of marketing techniques. Within the context of globalization, nations are increasingly focusing on enhancing their competitiveness in order to exploit the opportunities for growth it entails. It is even more imperative for developing countries to do so, considering their lower level of development. Nation branding, through its focus on promotion of exports, FDI and tourism amongst others, can be employed it order to assist poorer countries to achieve their development goals.

The research question is: *how does the nation branding of developing countries fit into the broader framework of theory and practice of both nation branding and development studies?*

The aim of this thesis is to contextualize the nation branding of developing countries within the broader framework of the theory and practice of both fields. The thesis maps out the specific scope and relevance of nation branding for developing countries with a focus on its economic dimensions.

The thesis is structured into three chapters. The first chapter is a literature review offering an introduction into the theory and practice of nation branding and the critique attached to it, its key postulates and problematic stances. The second chapter then looks at how nation branding fits into the wider context of development studies, what the scale of its relevance for developing countries is, how it is applied in export, FDI and tourism promotion and its significance in development co-operation. Finally, the last chapter is dedicated to case studies of application of nation branding in developing countries, for which two countries have been selected: Uruguay and Thailand. This allows us to examine the translation of nation branding theoretical postulates into the real contexts of developing countries. The conclusion sums up the results and provides direction for future research.

This thesis operates with the wider understanding of the concept of developing countries, as understood by the UN, according to which there is no established convention for the designation of *developed* and *developing* countries or areas in the UN system. In common practice, Japan in Asia, Canada and the United States in northern America, Australia and New Zealand in Oceania, and Europe are considered developed regions or areas, with international trade statistics treating the Southern African Customs Union and Israel as developed, and

former Yugoslavian countries as developing, and countries of eastern Europe and of the CIS in Europe not included under either developed or developing regions.[1]

The methodology employed in this thesis combines literature study, description, analysis and synthesis. Empirical research included a textual discourse analysis of scientific papers on nation branding, as well as a visual discourse analysis of published material.

Nation branding being an interdisciplinary field, the thesis studies mainstream, as well as critical, approaches, ranging from the fields of international relations, public relations, and international communication to writings by authors based in political think-tanks, research institutes and branding agencies. It combines secondary data collected from a variety of outlets, including books or chapters in edited volumes, academic journals (theoretical and empirical studies), academic papers presented at conferences or available on academic websites, but also factual data from international statistical reports, qualitative and quantitative nation branding reports and rankings, reports or essays published by think tanks and private branding agencies, policy reports, strategy papers, brochures, publications from NGOs and mass-media and other online sources.

Nation branding is a complex emerging field of study, which means that its body of knowledge and the practice it implies is in continuous development. As such, it is also the subject to many critical approaches and the thesis aims to give space for their overview, as these have the potential to shape the way nation branding is imagined and practiced in the future. This thesis does not have the ambition to exacerbate the specifics of nation branding in developing countries, but merely map out where nation branding converges with broad theories of development and their practice, and where the opportunities for developing countries lie within its framework.

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[1] United Nations Statistics Division - Standard Country and Area Codes Classifications (M49). UNITED NATIONS. [online]. [cit. 2014-11-28]. Available at:
http://unstats.un.org/unsd/methods/m49/m49regin.htm#developed

1. Nation Branding – Theory and Practice

Globalization is undoubtedly one of the main factors that influence economic, political and cultural exchanges today. This is a key idea in the discourse of nation branding, an emerging discipline that looks at how countries can manage their international reputation to achieve economic, politic and social objectives. As one of its scholars puts it, nation branding is an exciting, complex and controversial phenomenon: it represents an area in which there is little existing theory but a huge amount of real world activity, it encompasses multiple disciplines and it is a highly politicised activity generating passionate and conflicting viewpoints and opinions.[2] This chapter aims to present these different aspects of nation branding, with an introduction to its theory, practice and critical perspectives on it.

1.1   Defining Nation Branding

According to Simon Anholt, in an ever more connected world every country *must compete with every other for its share of the world's consumers, tourists, investors, students, entrepreneurs, international sporting and cultural events, and for the attention and respect of the international media, of other governments and the people of other countries*.[3] A strong, positive nation brand is a crucial competitive advantage in a global marketplace. Anholt, who is unanimously credited as the founder of the discipline, coined the term *nation branding* in mid-1990s upon noting the similarity between how reputations of countries and corporate brand images work and how important they are for the progress and prosperity of its respective stakeholders.

A central concept to the field is the notion of *brand*, which is most commonly defined as a *name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers*.[4] Branding is thus the process of designing, planning or communicating the name and the identity, in order to attract and retain loyal customers. Nation branding represents an appropriation of these marketing concepts and techniques for the case of countries. In this context, countries themselves are perceived as brands.

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[2] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 13.

[3] ANHOLT, Simon. *Competitive Identity: The New Brand Management for Nations, Cities and Regions*. Basingstoke [England]: Palgrave Macmillan, 2007. ISBN 02-306-2772-2, p. 1.

[4]AMERICAN MARKETING ASSOCIATION. *Dictionary* [online]. [cit. 2014-11-16]. Available at: https://www.ama.org/resources/Pages/Dictionary.aspx?dLetter=B

Dinnie defines a nation brand as *the unique, multi-dimensional blend of elements that provide the nation with culturally grounded differentiation and relevance for all of its target audiences*.[5] This definition presents it as a multi-faceted construct, integrating dimensions of national identity, and existing in consumers' minds rather than being a marketing creation. Another definition of nation brand by Fan presents it as *the total sum of all perceptions of a nation in the minds of international stakeholders, which may contain some of the following elements: people, place, culture, language, history, food, fashion, famous faces (celebrities), global brands and so on.*[6] Both Dinnie and Fan argue for distinguishing the nation brand, which refers to a country, state or nation, from a *national brand*, which is a brand available nationwide as distinct from local, regional or global brands, although Anholt uses both terms interchangeably.

The mental representations that people have of countries can derive from various sources, such as personal experience through working or holiday visits, or, in the absence of first-hand experience, word of mouth, the performance of national sporting teams, political events, portrayals of the country in film, television or other media, the quality of its commercial brands, the behaviour of its citizens, and even pre-existing national stereotypes.[7] National stereotypes, although seldom acknowledged and often publicly condemned, are powerful and long-lasting. It is also argued that they can serve as a heuristic to simplify consumer choice.[8] A nation's brand exists, with or without any conscious efforts in nation branding, as each country has a certain image to its international audience. In this sense, nation branding's main purpose is not seen as the creation of a brand for the nation, but merely its management: *nations do not have the choice of being branded or not; on the contrary, nations can merely make a simple choice between allowing others to brand the nation – through ignorant stereotyping – or, alternatively, nations can embrace the challenge of projecting a truer, more*

[5] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 15.

[6] FAN, Ying. Branding the nation: Towards a better understanding. *Place Branding and Public Diplomacy* [online]. 2010, vol. 6, issue 2, p. 97-103 [cit. 2014-11-16]. DOI: 10.1057/pb.2010.16. Available at: http://www.palgrave-journals.com/doifinder/10.1057/pb.2010.16

[7] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 47.

[8] O'SHAUGHNESSY, John and Nicholas Jackson O'SHAUGHNESSY. Treating the Nation as a Brand: Some Neglected Issues. *Journal of Macromarketing* [online]. 2000-06-01, vol. 20, issue 1, p. 56-64 [cit. 2014-11-16]. DOI: 10.1177/0276146700201006. Available at: http://jmk.sagepub.com/cgi/doi/10.1177/0276146700201006, p. 57-58.

accurate and more uplifting image of the nation to the rest of the world.[9] As nation branding advocates emphasize, changing this image is neither easy nor quick, as it has evolved over centuries, shaped by wars, religion, diplomacy or the lack of it, international sporting triumphs or disasters, famous and infamous personalities, and by the brands it exports if they make their country of origin explicit.[10] This complexity of the process of the formation of the nation brand, its reluctance to state control and its location in the mind of foreign audiences also serves as one of the main argument in the debate that tries to set nation branding apart from propaganda. The reputation of a nation is not contained inside the nation itself, but it exists and it is rooted in the perceptions and national cultures of people around the world. Therefore the reputation of a nation cannot be constructed through direct manipulation or propagandistic communications, slogans and logos: it needs to be earned, by slowly and painstakingly altering the conditions that created it. [11]

For us to continue it is important to clarify how branding terms such as identity, image, reputation and equity apply to the context of nation branding. As Fan points out identity is about self-perception, image refers to what is projected to the other, whereas reputation is the feedback received from the other.[12] There is frequently a gap between identity and image, caused by stereotypes, clichés, or racism, and it is the scope of nation branding to identify prejudices and support nations in overcoming obstacles that hold back its economic development and standing in the world.[13] Nation branding is then an effort to narrow the gap between a nation's image and reality, which leads Fan to define nation branding as *a process by which a nation's images can be created or altered, monitored, evaluated and proactively managed in order to enhance the country's reputation among a target international audience.*[14] In marketing terms, nation branding aims to increase the value of the nation

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[9] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 170.

[10] ANHOLT, Simon. *Brand New Justice: How Branding Places and Products Can Help the Developing World*. Rev. ed. Amsterdam ;London: Elsevier Butterworth-Heinemann, 2005. ISBN 07-506-6600-5, p. 116.

[11] ANHOLT, Simon. Nation "Branding": Propaganda or Statecraft?. *Public Diplomacy Magazine* [online]. 2009, 2 [cit. 2014-04-07]. Available at: http://publicdiplomacymagazine.com/nation-branding-propaganda-or-statecraft/

[12] FAN, Ying. Branding the nation: Towards a better understanding. *Place Branding and Public Diplomacy* [online]. 2010, vol. 6, issue 2, p. 97-103 [cit. 2014-11-16]. DOI: 10.1057/pb.2010.16. Available at: http://www.palgrave-journals.com/doifinder/10.1057/pb.2010.16, p. 99 – 101.

[13] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 42.

[14] OLINS, Wally. Branding the nation — the historical context. *Journal of Brand Management* [online]. 2002-04-01, vol. 9, issue 4, p. 241-248 [cit. 2014-11-16]. DOI: 10.1057/palgrave.bm.2540075. Available at: http://www.palgrave-journals.com/doifinder/10.1057/palgrave.bm.2540075, p. 241-243.

brand, that is, its equity: its potential to create a strong, durable and emotional bond with consumers. Brand equity refers to the value of a brand, evaluated either through a consumer perspective or a financial perspective.[15] Brand-building efforts revolve around creating differentiation and value for consumers, and achieving high levels of customer loyalty. Creating points of differentiation is especially problematic, as many countries see themselves as unique or incredible, which can already be seen in their tourism promotion slogans (*Magical Kenya, Incredible India, WOW Philippines, Uniquely Singapore, Amazing Thailand, Cool Japan*)[16], but this offers little relevance to people around the world. Nation branding being a consensus stakeholders tend to select bland, inoffensive positioning platforms that offend nobody but at the same time inspire nobody either[17].

Nation branding is then the application of branding techniques to the process of building, managing and measuring the reputations of countries. The main goal of nation branding efforts is the increasing of a country's branded exports and its promotion as an attractive destination for inward investment and tourism. In specific cases, countries use nation branding also to attract talent (students, skilled workers or prospective citizens). More holistic views also see nation branding as a tool for increasing currency stability, helping restore international credibility and investor confidence, international ratings downgrades, increasing international political influence, stimulating international partnerships, reversing negative thoughts about environmental and human rights issues, helping diffuse allegations of corruption and cronyism, bringing greater access to global markets, but also enhancing nation building through confidence, pride, harmony, ambition and national resolve.[18] From a political perspective, the new technological environment has significantly levelled the economic and political playing field, offering opportunities to new players to compete for scarce social capital resources, such as legitimacy and credibility.[19]

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[15] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 62.

[16] The best country tourism slogans 2014. *Travel by Excite UK* [online]. [cit. 2014-12-05]. Available at: http://travel.excite.co.uk/best-tourism-slogans.html

[17] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 52.

[18] TEMPORAL, Peter. In: ANHOLT, Simon. *Brand New Justice: How Branding Places and Products Can Help the Developing World*. Rev. ed. Amsterdam ;London: Elsevier Butterworth-Heinemann, 2005. ISBN 07-506-6600-5, p. 141.

[19] VAN HAM, Peter. Place branding within a security paradigm — concepts and cases. *Place Branding and Public Diplomacy* [online]. 2008, vol. 4, issue 3, p. 240-251 [cit. 2014-11-16]. DOI: 10.1057/pb.2008.14. Available at: http://www.palgrave-journals.com/doifinder/10.1057/pb.2008.14, p. 250.

While nation branding is regarded as an emerging field, the practices of promoting a positive image of countries are not in any way new. As Olins noted, almost every nation has reinvent itself as regimes and circumstances changed, and the reason why nations continue explicitly and sometimes implicitly to shape and reshape their identities, that is to rebrand themselves, is because their reality changes and they need to project this change symbolically to internal and external audiences.[20] The study itself of nation branding can be traced to four sources: country of origin, place or destination branding, and more recently, public diplomacy, and national identity (see Figure 2). Unlike studies on country of origin and place branding, which have a clear focus on promoting specific economic interests (export, tourism or inward investment), nation branding is concerned with a country's whole image on the international stage, covering political, economic and cultural dimensions. These interact within the context of economic globalization, whose contradictory effects consist of homogenization of markets and at the same time an increasing sense of national identity.[21]

Nations are particularly rich in symbols and imagery, which form a nation's distinctive iconography. Regular manifestations of national identity can be found in flags, uniforms of institutions, traditional dress, architectural styles, landscapes and even iconic individuals. It is precisely the national identity dimension that underpins nation brand development and ensures that nation branding remains an encapsulation and expression of a nation's true essence, setting nation brands apart from any other kind of product, service, corporation, and making nation branding distance itself from the orthodoxy of marketing discipline, being more than the mere application of branding strategies and tools to nation states.[22] Key components of national identity are as history, language, territory, political regime, architecture, sport, culture, religion, icons, landscape, education system, food and drinks, etc. These components can become tangible and non-tangible communicators of nation brand identity (branded exports, sporting achievements, the diaspora, marketing communications, brand ambassadors, cultural artefacts, government foreign policy, tourism experience and prominent personalities) and appeal to a diverse range of audiences, from domestic and

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[20] OLINS, Wally. Branding the nation — the historical context. *Journal of Brand Management* [online]. 2002-04-01, vol. 9, issue 4, p. 241-248 [cit. 2014-11-16]. DOI: 10.1057/palgrave.bm.2540075. Available at: http://www.palgrave-journals.com/doifinder/10.1057/palgrave.bm.2540075

[21] DE CHERNATONY, Leslie. In: DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-49, p. 20.

[22] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 45-46, 112-113.

external consumers, to inward investors, foreign governments and media.[23] Nations will then selectively focus upon those communicators of identity that are most appropriate for achieving their strategic nation brand objectives.

As an emerging area of interest, nation branding is driven largely by practitioners. The research on nation branding started with sporadic articles in marketing publications and it culminated with the launching of the journal *Place Branding*, later re-named *Place Branding and Public Dipomacy*, in 2004. Place Branding and Public Diplomacy claims to be *the first and only journal to concentrate on the practice of applying brand strategy and other marketing techniques and disciplines to the economic, social, political and cultural development of cities, regions and countries.*[24] Simon Anholt, mentioned above, is the founder and editor emeritus of the journal, and through his books, articles, consulting practice and speaking engagements, he is attributed a key role in establishing nation branding as a discourse and a field of practice.

The scholarly writing on nation branding takes three different approaches: technical-economic, political and cultural.[25] The first originated in disciplines that study conditions for economic growth, efficiency, and capital accumulation, such as marketing, management and tourism studies. They are written by nation branding practitioners or marketing scholars and adopt a functionalist view that sees nation branding as a strategic tool for enhancing a nation's competitive advantage in a global marketplace. This approach tries to measure the value of nation brands with the use of models, such as the nation brand hexagon (see Figure 1), and create cross-country rankings. Although they share a common marketing paradigm, technical-economic studies are often engaged in definitional debates. For example, place marketing and place branding are umbrella terms preferred by the marketing discipline, and within them city, region, or country/nation branding are seen as its special areas, while tourism studies tend to refer to it as destination branding. Country usually refers to a geographic territory and to locations or places where a specific culture is produced and in this sense *country branding* is

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[23] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 49-72.

[24] *Place branding and Public Diplomacy a quarterly review of branding, marketing and public diplomacy for national, regional and civic development* [online]. [cit. 2014-11-16]. ISSN 1751-8059. Available at: http://www.palgrave-journals.com/pb/index.html

[25] KANEVA, Nadia. Nation Branding: Toward an Agenda for Critical Research. *International Journal of Communication* [online]. 2011, vol. 5. ISSN 1932-8036. Available at: http://ijoc.org/index.php/ijoc/article/view/704, p. 120-127.

basically place branding, while nation refers to people with identities and culture and therefore nation branding is better-suited to describe the process of branding people.[26] As nation branding started gaining popularity, Anholt redefined his own approach as focused on *competitive identities[27]*, to emphasize the discipline's strong connection to national identity and the politics and economics of competitiveness rather than with branding as it is usually understood in the commercial sector.

Political approaches include studies primarily interested in the impact of national images on nation-states' participation in a global system of international relations, belonging to the fields of international relations, public relations, and international communication, and focus on *public diplomacy*, a concept which precedes the notion of nation branding. Nation branding and public diplomacy are often used in the same context, and the relationship between them is ambiguous. As Szondi notes, conceptual similarities and differences determine views of this relationship, according to which these can be seen as unrelated, related with different degrees of integration, or overlapping concepts, which is explained by the recent emergence of both fields of studies and their evolving bodies of knowledge where the boundaries of the disciplines are in a fluid state trying to find their theoretical as well as practical positions.[28] Even Anholt switched from viewing public diplomacy as a subset of nation branding to a viewpoint that defines public diplomacy as the *master discipline* of international relations for developed and prominent countries, while nation branding is potentially the *master discipline* of economic development for emerging and less well known countries.[29] This also explains the addition of public diplomacy in the original name of the *Journal of Place Branding.* From a political perspective, nation branding can be seen as *a shift in political paradigms, a move from the modern world of geopolitics and power to the postmodern world of images and influence,* where the construction of a distinct image based on history, geography, and ethnic

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[26] SZONDI, Gyorgy. Public Diplomacy and Nation Branding: Conceptual Similarities and Differences [online]. 2008 [cit. 2013-02-25]. ISSN 1569-2981. Available at:
http://www.clingendael.nl/publications/2008/20081022_pap_in_dip_nation_branding.pdf

[27] ANHOLT, Simon. *Competitive Identity: The New Brand Management for Nations, Cities and Regions*. Basingstoke [England]: Palgrave Macmillan, 2007. ISBN 02-306-2772-2.

[28] SZONDI, Gyorgy. Public Diplomacy and Nation Branding: Conceptual Similarities and Differences [online]. 2008 [cit. 2013-02-25]. ISSN 1569-2981. Available at:
http://www.clingendael.nl/publications/2008/20081022_pap_in_dip_nation_branding.pdf

[29] ANHOLT, Simon. Public diplomacy and place branding: Where's the link?. *Place Branding* [online]. 2006, vol. 2, issue 4, p. 271-275 [cit. 2014-11-16]. DOI: 10.1057/palgrave.pb.6000040. Available at: http://www.palgrave-journals.com/doifinder/10.1057/palgrave.pb.6000040, p. 271-273 .

motifs, is lacking the deep-rooted and often antagonistic sense of national identity and uniqueness that can accompany nationalism.[30]

Cultural approaches focus on the implications of nation branding for national and cultural identities and are grounded in critical theories of culture, communication, and society. They do not try to develop a theory of nation branding to apply in practice, instead they focus on elaborating a critique of its discourses and practices as they relate to national identity, culture, and governance.[31] These will be discussed in the last part of the chapter.

Nation branding is then an interdisciplinary field of research at the crossroads of marketing, international relations, public relations and public diplomacy. Being still a relatively new discipline, nation branding is far from having achieved established academic legitimacy and its theoretical foundations are still in the process of being laid. This is in contrast to the extensive practice it has generated so far.

1.2   Nation Branding in Practice

While it has yet to receive full legitimacy as a field of research, nation branding has materialized in extensive practice. As mentioned before, the field is largely driven by practitioners, mostly public relations, marketing and public diplomacy consultants, who contribute to the subsequent development of a theoretical body of knowledge in the field. The discourse of nation branding also creates jobs like the one of the nation-branding expert or the national brand manager and it further shapes the institutional practices in governmental agencies commissioned with country promotion.[32]

Simon Anholt, one of the founding fathers of the discipline, presents himself as *an independent policy advisor who helps national, regional and city governments develop and implement strategies for enhanced economic, political and cultural engagement with other countries*.[33] He claims he advised the governments of more than 40 developed, emerging and

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[30] VAN HAM, Peter. The Rise of the Brand State: The Postmodern Politics of Image and Reputation. *Foreign Affairs* [online]. 2001, vol. 80, issue 5 [cit. 2014-11-16]. DOI: 10.2307/20050245. Available at: http://www.foreignaffairs.com/articles/57229/peter-van-ham/the-rise-of-the-brand-state

[31] KANEVA, Nadia (ed.). *Branding Post-Communist Nations Marketizing National Identities in the "New" Europe*. Hoboken: Taylor, 2011. ISBN 978-020-3806-814, p. 10.

[32] WIDLER, Janine. Nation branding: With pride against prejudice. *Place Branding and Public Diplomacy* [online]. 2007, vol. 3, issue 2, p. 144-150 [cit. 2014-11-16]. DOI: 10.1057/palgrave.pb.6000055. Available at: http://www.palgrave-journals.com/doifinder/10.1057/palgrave.pb.6000055, p. 145.

[33] About Simon Anholt. *Simon Anholt* [online]. [cit. 2014-11-16]. Available at: http://www.simonanholt.com/Explained/explained-about-simon-anholt.aspx

developing countries, and collaborates frequently with multilateral institutions including the UN, NATO, the World Bank and the EU, on issues of national identity and reputation, public diplomacy, trade, tourism, cultural and educational relations, export and FDI promotion.

The promotion of products and services is already part of governmental policy in many countries, practiced by tourist boards, investment promotion agencies, cultural institutes, exporters and through public diplomacy managed by the Ministries of Foreign Affairs. However the image of the country that they promote is often coordinated, if not even contradictory. This is why Anholt claims that more can be achieved if this work of all of these bodies, agencies, ministries, special interest groups, non-governmental organizations, and companies, is coordinated, of consistent high quality and harmonized to an overall national strategy that sets clear goals for the country's economy, its society and its political and cultural relations with other countries.[34] In this context, the only individual holding a legitimate democratic mandate to fulfil the role of nation brand manager emerges as the elected head of state. Anholt calls for the government to stand up to the responsibility it has for building of a reputation that is fair, attractive and genuinely useful to economic, political and social aims, and which honestly reflects the spirit, the genius and the will of the people, and to develop a national strategy that would coordinate the work of stakeholders involved.[35] He argues that nation branding has become one of the primary skills of governments in the twenty-first century, who need to do so on behalf of their people, their institutions and their companies. A government department needs to be established for the development of a major, nationwide, public-private partnership strategy, agreed by the government, tourist boards, airlines, major brands and corporations. This department would drive the strategy forwards, create standards, ensure compliance, and generally commit itself to making sure that every single message that the country sends out follows the same basic themes. Once a country's brand image begins to improve, a virtuous circle comes into play: 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 exports, which encourages more producers to export etc.[36]

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[34] ANHOLT, Simon. *Competitive Identity The New Brand Management for Nations, Cities and Regions*. Basingstoke [England]: Palgrave Macmillan, 2007. ISBN 978-023-0627-727, p.2-3.

[35] Ibid

[36] ANHOLT, Simon. *Brand New Justice: How Branding Places and Products Can Help the Developing World*. Rev. ed. Amsterdam ;London: Elsevier Butterworth-Heinemann, 2005. ISBN 07-506-6600-5, p. 130.

Dinnie points out that even if governments have the democratic mandate, they generally do not possess the skills to perform a brand management role, while professional marketers and brand managers possess the required skill set, but they lack the democratic mandate to manage a nation brand.[37] The solution to this can be found in collaborative public–private sector structures and programmes where citizens' interests are represented by elected politicians and commercial interests are represented by industry associations and individual companies. Ideally nation branding would be done through a fully inclusive approach, where the government co-ordinates the work of public sector organizations (tourism board, inward investment agency, economic development agency) and private sector organizations (trade associations, chambers of commerce, etc.) and citizens (not-for-profit organizations, diaspora). A coordinating body will avoid fragmentation and duplication of activity by different stakeholders, but also working toward resolving the dilemma between portraying traditional form of culture or rural imagery as often promoted by tourism organizations and the attempt to position the country as a modern vibrant economy, a desirable place for companies to invest (for which more suitable imagery would focus on modern infrastructure, cutting edge technology and so on).[38] The coordinating body, while set up by government, needs to possess a certain degree of political independence so that its strategy, which is a long-term undertaking, can be carried out. Nation branding is a highly politicised activity and the short term of politicians in government brings risk of fragmentation or disruption.[39]

In Aholt's view the process of nation branding consists of three components: strategy, substance, and symbolic actions.[40] Strategy is about assessing who a nation is and where it stands (in reality and according to internal and external perceptions); where it wants to get and how to get there. The main difficulties associated with strategy development are reconciling the needs and desires of a wide range of different national actors and finding a strategic goal that is both inspiring and feasible, since these two requirements are frequently contradictory. Substance is the execution of the strategy through economic, legal, political, social, cultural, and educational actions: innovations, businesses, legislation, reforms, investments, institutions, and policies. Symbolic actions are a particular part of substance that carry a

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[37] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 147.

[38] Ibid

[39] YAN, Jack. In: DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 171.

[40] ANHOLT, Simon. *Places: Identity, Image and Reputation*. Houndmills, Basingstoke: Palgrave Macmillan, 2010. ISBN 978-023-0251-281, p. 11.

heavy communicative power: innovations, structures, legislation, reforms, investments, institutions, or policies that are especially suggestive, memorable, picturesque, newsworthy, touching, surprising, or dramatic. Most importantly, they have to be emblematic of the strategy: they are at the same time a component of the national story and the means of telling it. A national brand strategy determines the 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 (exported brands; trade, tourism, investment promotion; domestic and foreign policy and their communication; promotion and representation of culture; behaviour of citizens abroad and towards foreigners; world media coverage; membership in international organizations; sport and entertainment).[41]

Even amongst brand consultants nations are already considered *de facto brands*, projecting their assets, attributes and liabilities to a public at large, whether intentionally or not. A survey amongst brand consultants revealed that they perceive nation branding as a process of uncovering, not generating value, with consultants offering expertise not as makers or producers of a nation brand, but merely as facilitators who apply the tools and techniques of their trade to help nations meet the requirements of the contemporary context.[42]

Aronczyk identifies four steps involved in the preparation of a nation brand: evaluation, training, identification, and implementation/communication.[43] In evaluation, most commonly public opinion interviews or surveys are carried out, next a working party is convened by the branding consultancy from private and public sector stakeholders to assist in the selection, implementation, and stewardship of the brand vision for the nation, the third step in a nation branding project is to develop a *brand essence*, or a *core idea*, accompanied by a brand strategy or vision, and the last is communication as implementation, where the responsibility for the success lies with individuals (citizens, members of the diaspora, or even non-citizens engaging with the nation). Citizens are expected to *live the brand*, that is, to perform attitudes and behaviours compatible with the strategy and this reveals that, as a form of communication, the media of the message are effectively the citizens themselves.[44]

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[41] ANHOLT, Simon. *Places: Identity, Image and Reputation*. Houndmills, Basingstoke: Palgrave Macmillan, 2010. ISBN 978-023-0251-281, p. 11.

[42] ARONCZYK, Melissa. 'Living the Brand': Nationality, Globality, and the Identity Strategies of Nation Branding Consultants. *International Journal of Communication*, 2008, vol. 2. ISSN 1932-8036. Available at: http://ijoc.org/index.php/ijoc/article/view/218, p. 49-54

[43] Ibid

[44] Ibid

It is precisely through the practice of nation branding that differences between branding nations and branding products, services or companies come forward. As Dinnie puts it nation branding is an imperfect term, because the activities involved in nation branding, such as the activation of diaspora networks, the coordination of diverse government agencies and debate on national identity, transcend conventional views of branding's domain.[45] In the view of practitioners, it is a common misconception that countries trying to manage their reputations for the first time will have to raise exorbitant sums to fund a global campaign, when just as much can be achieved simply by *aligning the existing communications* to a properly worked-out strategy, than by adding more new messages to the mix.[46] Dinnie also emphasizes that advertising, even if a powerful tool, is merely an element of a nation branding strategy, alongside customer and citizen relationship management, nation brand ambassadors, diaspora mobilization, nation days etc.; and a better alternative for a nation with limited financial resources, would probably be activating its diaspora rather than an advertising campaign.[47] Many sporting or cultural figures are *de facto* nation-brand ambassadors, even if they have not officially been appointed to such a role. The diaspora may be viewed as a pre-existing network of potential nation brand ambassadors awaiting activation and this is complemented by the more tangible financial benefit offered by them through the provision of FDI and individual remittances. National holidays have a domestic impact, as a means of generating interest and pride among the nation's citizens, and an external impact, during events to promote a nation brand, especially in places with a significant diaspora presence. Although now overlooked, internal branding will become more important for the future, because the commitment of stakeholders and the population by large is crucial for the successful implementation of the nation brand strategy.

Within the nation branding theory it is emphasized that the management of a nation brand is a long-term process that relies on the consensus between diverse stakeholders. An inclusive, stakeholder approach represents the best means to overcome objections from either end of the political spectrum and to integrate a nation's cultural diversity into its nation branding. Campaigns crudely imposed from above, without prior consultation with the nation's diverse

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[45] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 251.

[46] ANHOLT, Simon. *Brand New Justice: How Branding Places and Products Can Help the Developing World*. Rev. ed. Amsterdam ;London: Elsevier Butterworth-Heinemann, 2005. ISBN 07-506-6600-5, p. 118.

[47] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 225.

cultural groups, have little chance of resonating with the nation's citizens.[48] The process of reaching of a consensus is discussed by de Chernatony, who advocates for the involvement of impartial actors who would facilitate the identification of common themes among the stakeholders' visions and the reaching of a compromise between diverging objectives.[49] This demand for compromise is at the same time a feature that ensures nation branding is democratic, and a feature that turns the whole process and its outcomes problematic. Nations are rich and complex, and their capturing in a slogan or logo risks accusations of simplification. However, according to Anholt the true art of branding is distillation: the art of extracting the concentrated essence of something complex, so that its complexity can always be extracted back out of the distillate, but it remains portable and easily memorable.[50]

Cultural expressiveness is also incorporated in the nation brand, and national promotions increasingly make use of it. Nation branding scholars acknowledge the problematic role of culture in promoting a country: culture is seen as not very effective in selling or provide return on investment, and it therefore becomes relegated to the status of a not for profit activity, while in reality the cultural aspect of national image provides significant differentiation: it is irreplaceable and uncopiable because it is uniquely linked to the country itself; it is reassuring because it links the country's past with its present; it is enriching because it deals with non commercial activities; and it is dignifying because it shows the spiritual and intellectual qualities of the country's people and institutions.[51] Culture is a more persuasive communicator of national image than commercial brands, and promotional messages are often more readily believed and accepted when the channel of communication is itself a cultural artefact, rather than paid-for media, such as for example good quality travel, or language itself. Sport as well engenders high levels of passion and may be considered to be a central contributing factor to a sense of national identity, both at home and abroad. The hosting of international sports events such as the Olympic Games or the FIFA World Cup have been effectively used to favourably publicize and re-image a place on a global scale.[52]

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[48] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 115.

[49] DE CHERNATONY, Leslie. In: DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-49, p. 16-17.

[50] ANHOLT, Simon. *Brand New Justice: How Branding Places and Products Can Help the Developing World*. Rev. ed. Amsterdam ;London: Elsevier Butterworth-Heinemann, 2005. ISBN 07-506-6600-5, p. 128.

[51] Ibid, p. 136-139.

[52] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p.118-123.

Beside the development and implementation of nation brand strategies, another important part of the practical dimension of nation branding is its attempt to measure and track the image of nation brands. These are the subject of several nation branding tracking studies, of which the most publicized is the Anholt-GfK Roper Nation Brands Index SM. Since 2008 in cooperation with GfK it has been yearly polling nearly 20,000 people in 20 developed and developing countries on their perceptions of 50 countries, to measure the power and quality of countries' brand image.[53] The Index measures the power and appeal of each country's *brand image* by examining six dimensions of national competence, in accordance with the Nation Brand Hexagon (see Figure 1):

- People – population's reputation for competence, education, openness and friendliness and other qualities, and perceived levels of potential hostility and discrimination.

- Tourism – interest in visiting a country and appeal of its natural and man-made tourist attractions.

- Exports – perceived image of products and services from each country and whether consumers proactively seek or avoid products from each country-of-origin.

- Investment and Immigration – power to attract people to live, work or study in a country, perception of a country's economic and social situation.

- Governance – perceived level of national government competency and fairness, individuals' beliefs about each country's government and its perceived commitment to global issues (such as democracy, justice, poverty and the environment).

- Culture and Heritage – global perceptions of a nation's heritage and appreciation for its contemporary culture (film, music, art, sport and literature).

The ranking results are only accessible to paying clients (mostly governmental organizations), although some reports are periodically available for free online.

Individuals polled are selected from a 5.5 million-member database held by an international marketing firm headquartered in Seattle, Washington, and the cost to a country of commissioning the survey ranges from US$ 50,000 (for an annual custom report and quarterly

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[53] Place Branding Research. *GfK* [online]. [cit. 2014-12-07]. Available at: http://www.gfk.com/Documents/GfK-Place-Branding.pdf

generic updates providing outsiders' general impressions of the country) to US$ 150,000 for an annual custom report and quarterly custom updates (specific public opinion findings of the commissioning country by all countries surveyed).[54]

Other indexes were also developed, namely the Brand Finance Nation Brands and the FutureBrand Country Brand Index. Brand Finance accords each nation brand a rating, as well as a value: a summary measure of the financial strength of the brand.[55] Future Brand's Country Brand Index report includes an overall ranking of the 75 countries, rankings by dimension, complete perception dashboards for the top five country brands, regional leaders and averages and *ones to watch* for the future.[56]

Another of Anholt's projects, The Good Country Index[57] was launched in 2014. It tries to measure what each country contributes to the common good of humanity, and what it takes away, using data from the U.N. and other international organisations. A *Good Country* is defined as a country that contributes to the greater good, disclaiming any moral judgments. Contrary to other indexes, it does not measure what countries do at home, but how countries can balance their duty to their own citizens with their responsibility to the wider world.

These models presented as tools for measuring the value of nation brands are also intended to inform recommendations for branding activities. Other indexes, although not explicitly touching upon nation branding, represent insightful indicators of national performance that nations could use to enhance their country image perceptions, such as the World Competitiveness Index, Corruption Perception Index etc. A nation's high score on these criteria can be communicated in order to achieve strategic objectives such as increasing FDI, talent attraction etc. Although subject to much debate, this and other international rankings attempt to quantify public opinion attitudes around the world and could serve as an indicator for a country's international standing.

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[54] ARONCZYK, Melissa. 'Living the Brand': Nationality, Globality, and the Identity Strategies of Nation Branding Consultants. *International Journal of Communication*, 2008, vol. 2. ISSN 1932-8036. Available at: http://ijoc.org/index.php/ijoc/article/view/218, p. 50.

[55] *BrandFinance® Nation Brands 2013* [online]. 2013 [cit. 2014-11-24]. Availabe at: http://www.brandfinance.com/knowledge_centre/reports/brandfinance-nation-brands-2013

[56] Country Brand Index 2014-2015. *FutureBrand* [online]. [cit. 2014-12-07]. Available at: http://www.futurebrand.com/cbi/2014

[57] The Good Country Index. [online]. [cit. 2014-11-16]. Available at: http://www.goodcountry.org/

The field of nation branding is still in its infancy. As Aronczyk notes, very few nation-states are deemed to have successfully implemented a coherent and functional brand and recorded measurable results for branding initiatives.[58] In some cases, an initial stage of nation brand research is completed, but the brand implementation does not go forward, either for lack of client funds or, in some cases, because of the unstable political climate of the region. Yet nation branding does have practical impact, as can be seen by the shifts this practice has produced in areas such as national policy and fund allocation. Nation branding is widely recognized in many corners of the world and its advocates have succeeded in channelling significant funds from state budgets into various communication campaigns and, not coincidentally, into the revenue streams of media corporations and marketing consultancies.[59] The practice of nation branding is so complex that it cannot be uncoupled from ethical issues of legitimacy, effectiveness and sustainability. All of these aspects are discussed in the following part of the chapter.

1.3   Critical Approaches

Nation branding is a set of discourses and practices located at the intersection of the economy, culture, and politics. As such, it is the subject of academic debates that are typical for such a young field of study. Even its claim that countries have a long history engaging in nation branding activities is under attack. According to Varga, it overlooks the fact that the historical cases presented as nation branding are about political reforms, the establishment of new communities, signalling the end of colonial periods etc. and not about nation branding, for the provision of some competitive collective identity in the global marketplace.[60]

Nation branding is frequently questioned on conceptual and methodological grounds. Many of these debates revolve around ethical concepts that question the appropriateness of nation branding. The critique, generated by media, communication and cultural studies, focuses on unveiling the field's ideological underpinnings, and addresses issues as cultural imperialism

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[58] ARONCZYK, Melissa. 'Living the Brand': Nationality, Globality, and the Identity Strategies of Nation Branding Consultants. *International Journal of Communication*, 2008, vol. 2. ISSN 1932-8036. Available at: http://ijoc.org/index.php/ijoc/article/view/218, p. 57-58.

[59] KANEVA, Nadia (ed.). *Branding Post-Communist Nations Marketizing National Identities in the "New" Europe*. Hoboken: Taylor, 2011. ISBN 978-020-3806-814, p. 3.

[60] VARGA, Somogy. The politics of Nation Branding: Collective identity and public sphere in the neoliberal state. *Philosophy* [online]. 2013-09-19, vol. 39, issue 8, p. 825-845 [cit. 2014-11-16]. DOI: 10.1177/0191453713494969. Available at: http://psc.sagepub.com/cgi/doi/10.1177/0191453713494969, p. 829.

and commodification, the perils of capitalist (neoliberal) globalization, the legitimacy of brand consultancy and the state of public spheres and civil society in a globalizing world.

Critical perspectives redefine nation branding as an ideological construction of its practitioners and scholars, who by an uncritical use of it as a neutral descriptor of events and processes, rather than a constitutive discursive device, reproduce particular ideological structures.[61] Another definition is proposed by Varga, who presents it as essentially *an inner-oriented*, *cultural-political measure* that targets the citizens of the national state, characterized by *conservative*, *transformative* and *transferring* political agendas.[62]

Nation branding operates in a capitalist, neoliberal context strongly marked by globalization. Kaneva argues that nation branding can be analyzed as an *ideological project which reinterprets nationhood in relation to neoliberalism,* as its scholars and practitioners share assumptions about the current state of nationhood rooted in a marketing and management: the hegemony of global markets and global competition among nations, a definition of national wellbeing primarily in terms of securing an economic competitive advantage and a necessary parallel between nations and brands.[63] Elsewhere, branding is identified as a neoliberal tool that creates value through the commodification of affective attachments enabling individual and collective loyalties to enter into market circulation as symbolic capital to generate economic capital.[64]

Neoliberalism also permeates the spheres of international relations and the political actions of nation-states. As nation branding is by definition an initiative of the government, the articulation of national identity is transferred to consultants, without any public discussion of this transfer of power or the fact that state funds are being channelled into advancing a particular political agenda. This is also what Varga referred to as the *transferring* aspect of nation branding: bureaucrats and democratically elected government representatives transfer definitional power to advertising agencies that specialize in nation branding and this

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[61] KANEVA, Nadia (ed.). *Branding Post-Communist Nations Marketizing National Identities in the "New" Europe*. Hoboken: Taylor, 2011. ISBN 978-020-3806-814, p. 5.

[62] VARGA, Somogy. The politics of Nation Branding: Collective identity and public sphere in the neoliberal state. *Philosophy* [online]. 2013-09-19, vol. 39, issue 8, p. 825-845 [cit. 2014-11-16]. DOI: 10.1177/0191453713494969. Available at: http://psc.sagepub.com/cgi/doi/10.1177/0191453713494969

[63] KANEVA, Nadia. Nation Branding: Toward an Agenda for Critical Research. *International Journal of Communication* [online]. 2011, vol. 5. ISSN 1932-8036. Available at: http://ijoc.org/index.php/ijoc/article/view/704, p. 131.

[64] KANEVA, Nadia (ed.). *Branding Post-Communist Nations Marketizing National Identities in the "New" Europe*. Hoboken: Taylor, 2011. ISBN 978-020-3806-814, p. 10.

transposition does not imply democratic or transparent processes. [65] What Kaneva called the instrumentalist, technical-economical approach (see above) unapologetically espouses a form of *social engineering* allowing elites to manipulate national identities that are used to legitimize consultants' expertise and get new business from national governments.[66] These approaches ignore relations of power and neglect the implications of nation branding for democracy, they obscure the political dimensions of national governance and identity construction to render them suitable for the logic of marketing.

Aronczyk argues that**,** by transposing authority from elected government officials to advertising and branding professionals, by replacing accountability with facilitation, and by fitting discussions of the nation into categories that privilege a particular kind of collective representation over diverse expression, nation branding affects the moral basis of national citizenship.[67] Nation branding as such is linked to structural changes in the political and economic dynamics of the nation as well as changes in the perceived role of the nation in the current geopolitical context. This brings us to what Varga identified as the *conservative* aspect consisting in bringing together neoliberal economic vocabulary and the symbolism of nationalist discourse, which helps to (re)legitimize the nation-state as an anchoring point for identity in a globalized world.[68] One important observation is that within the nation branding discourse globalization is given great importance, but the persistence of nation-states in a globalised world is never questioned. On the contrary, nation branders deem that globalisation is reinforcing national boundaries rather than dissolving them.[69]

[65] VARGA, Somogy. The politics of Nation Branding: Collective identity and public sphere in the neoliberal state. *Philosophy* [online]. 2013-09-19, vol. 39, issue 8, p. 825-845 [cit. 2014-11-16]. DOI: 10.1177/0191453713494969. Available at: http://psc.sagepub.com/cgi/doi/10.1177/0191453713494969, p. 826-827, 836.

[66] KANEVA, Nadia. Nation Branding: Toward an Agenda for Critical Research. *International Journal of Communication* [online]. 2011, vol. 5. ISSN 1932-8036. Available at: http://ijoc.org/index.php/ijoc/article/view/704, p. 121-122.

[67] ARONCZYK, Melissa. 'Living the Brand': Nationality, Globality, and the Identity Strategies of Nation Branding Consultants. *International Journal of Communication*, 2008, vol. 2. ISSN 1932-8036. Available at: http://ijoc.org/index.php/ijoc/article/view/218, p. 43- 58.

[68] VARGA, Somogy. The politics of Nation Branding: Collective identity and public sphere in the neoliberal state. *Philosophy* [online]. 2013-09-19, vol. 39, issue 8, p. 825-845 [cit. 2014-11-16]. DOI: 10.1177/0191453713494969. Available at: http://psc.sagepub.com/cgi/doi/10.1177/0191453713494969, p. 826-827.

[69] WIDLER, Janine. Nation branding: With pride against prejudice. *Place Branding and Public Diplomacy* [online]. 2007, vol. 3, issue 2, p. 144-150 [cit. 2014-11-16]. DOI: 10.1057/palgrave.pb.6000055. Available at: http://www.palgrave-journals.com/doifinder/10.1057/palgrave.pb.6000055, p.146.

The involvement of nation branding consultants is a problematic issue, not just because of what they do and how they do it, but also who they are. As Kaneva notes, the gospel of nation branding is *imported* from the West, with the main branding consultants coming from the United Kingdom and the United States.[70] In her interviews with British brand consultants, Aronczyk found that nation branding reveals a historically imperialistic tendency among the respondents to presume that their clients in Eastern Europe, Africa and North America have cleaner slates and less baggage to carry.[71]

Another important theme that emerges from this set of studies relates to the ways in which nation branding limits the range of possible national identity narratives and shapes them for the benefit of external (Western) audiences.[72] In this context, statecrafters find more appeal in nation branding, as a form of soft power, than in the hard power of military economic assets. Nation branding thus emerges as a national discourse for a global context: in international mediation, nation branding is used for both reactive and proactive purposes, such as accession to multilateral organizations; repairing reputations damaged by legacies of hard power; or dodging the spotlight of unfavourable international media attention, while domestically, it is used to manage consensus by encouraging positive perceptions of international decisions.[73]

Nation branding is usually approached as a strategy targeting external audiences, which undermines its powerful domestic impact. The nation branding discourse emphasizes the imperative for a nation's citizenry to support and identify it. But it can also be argued that since nation branding is a highly visible practice, both through the mainstream media attention it regularly receives and through its visual iconography of logos, slogans and symbols, the branding actually serves as a recursive function – that is, to convince domestic elites, stakeholders and the public that their government is acting in their best interests.[74] Nation branding as a whole is presented, by its promoters, to be in the best interest of any

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[70] KANEVA, Nadia (ed.). *Branding Post-Communist Nations Marketizing National Identities in the "New" Europe*. Hoboken: Taylor, 2011. ISBN 978-020-3806-814, p. 8.

[71] ARONCZYK, Melissa. 'Living the Brand': Nationality, Globality, and the Identity Strategies of Nation Branding Consultants. *International Journal of Communication*, 2008, vol. 2. ISSN 1932-8036. Available at: http://ijoc.org/index.php/ijoc/article/view/218

[72] KANEVA, Nadia. Nation Branding: Toward an Agenda for Critical Research. *International Journal of Communication* [online]. 2011, vol. 5. ISSN 1932-8036. Available at: http://ijoc.org/index.php/ijoc/article/view/704, p. 128.

[73] ARONCZYK, Melissa. 'Living the Brand': Nationality, Globality, and the Identity Strategies of Nation Branding Consultants. *International Journal of Communication*, 2008, vol. 2. ISSN 1932-8036. Available at: http://ijoc.org/index.php/ijoc/article/view/218

[74] Ibid

country's economy, culture and population. Its discourse focuses on listing a long list of potential benefits while leaving very little room for considering its potential threats. As Aronczyk notes, branding appears as a benign form of national consciousness because elements that are not benign are not permissible within a nation branding framework.[75] Branding's work is to erase the prominence of those attributes that might compromise the legitimacy of the state in a market democracy, such as poor infrastructure or corruption, and instead highlight positive facts and stances.

A parallel between nation branding and nationalism has already been drawn above. But while they complement each other, Varga argues that nation branding works in an opposite direction: it does not invent traditions and create historical narratives, but empties out national identity and replaces it with a flexible and capitalisable entity that reproduces a set of neoliberal values.[76] This has been identified by Varga as a *transformative* aspect of nation branding: nationalism is decoupled from history and cultural context and is reinterpreted within a neoliberal paradigm, thus radically changing the very concept of national identity. A brand identity is unavoidably asymmetrical and one-sided and can therefore not represent the multitude of voices that belong to a nation

In their quest to establish nation branding as a field of research and practice, its key figures try to address and give solutions to many of these debates. Scholars of nation branding briefly mention the above criticisms in their writing but stand by the belief that these could be solved by the inclusion of the full range of public and private sector stakeholders in the development of nation-brand strategies.

Many of them attribute the objections or scepticism to the unpopular use of marketing terms in the highly sensitive context of nations. According to Olins, the word brand appears for some to be unworthy of the national idea, and beside snobbery and ignorance, semantics is to blame for the controversies surrounding nation branding concepts and practices: for many people brands mean cheap, commercial trivia which are both superficial and insignificant;

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[75] ARONCZYK, Melissa. 'Living the Brand': Nationality, Globality, and the Identity Strategies of Nation Branding Consultants. *International Journal of Communication*, 2008, vol. 2. ISSN 1932-8036. Available at: http://ijoc.org/index.php/ijoc/article/view/218

[76] VARGA, Somogy. The politics of Nation Branding: Collective identity and public sphere in the neoliberal state. *Philosophy* [online]. 2013-09-19, vol. 39, issue 8, p. 825-845 [cit. 2014-11-16]. DOI: 10.1177/0191453713494969. Available at: http://psc.sagepub.com/cgi/doi/10.1177/0191453713494969 , p. 826-827, 832.

while the nation is permanent, deeply significant and has huge emotional and even spiritual connotations.[77]

Dinnie tries to counter-argue the field's accusation of cultural commodification with the claim that nation branding aspires to allow cultural diversity to flourish and to enable all nations, regardless of size or power, to compete effectively on the global stage.[78] He is joined in his view by Anholt, who argues that the competitiveness of nations and the branding of countries has become an immutable law of global capitalism and what make sense is thinking about smart and subtle ways to work within the machine, and this being the natural environment for marketing, there are few disciplines which better understand how to perform such tasks.[79]

As we have seen above, nation branding is a complex field of study. Its theory originates in many disciplines and it is overarching in its scope, touching upon such sensitive subjects as national identity, cultural diversity and social engineering etc. As a result, the practice of nation branding becomes a highly politicized activity and subject to much critique.

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[77] OLINS, Wally. Branding the nation — the historical context. *Journal of Brand Management* [online]. 2002-04-01, vol. 9, issue 4, p. 241-248 [cit. 2014-11-16]. DOI: 10.1057/palgrave.bm.2540075. Available at: http://www.palgrave-journals.com/doifinder/10.1057/palgrave.bm.2540075

[78] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 252.

[79] ANHOLT, Simon. *Brand New Justice: How Branding Places and Products Can Help the Developing World*. Rev. ed. Amsterdam ;London: Elsevier Butterworth-Heinemann, 2005. ISBN 07-506-6600-5, p. 140, 165.

Nation Branding and Socio-Economic Development

Nation branding is seen as a process that can increase a nation's competitive standing in the world. But how does nation branding fit into the broader theories of development and how relevant is it for developing countries? This chapter attempts to reveal which are their points of concurrence and subsequently focuses on nation branding's key economic impacts.

Development is defined by Pieterse as *the organized intervention in collective affairs according to a standard of improvement,* with the concept changing its meaning over time with the emergence of different theories on it and as a result of changing geopolitical relations.[80] Modernization meant economic growth had to be coupled with social and political modernization (nation building and fostering entrepreneurship and achievement orientation). In dependency theory, the core meaning of development remained economic growth or capital accumulation, but that accumulation had to be national or auto-centric. Alternative development thinking introduced a new focus on social and community development and human flourishing, with an understanding of development as capacitation. Next, two radically different perspectives on development came to the limelight: neoliberalism and post-development. Neoliberalism, in returning to neoclassical economics, eliminates the very foundation of development economics: the notion that developing economies represent a special case. Instead it argues against government intervention and for letting market forces do their work. The key objective remains economic growth, but that is to be achieved through deregulation, liberalization, privatization, which switched the development agency from the state to the market. Post-development is still more radical for it accuses the state of authoritarian engineering and it casts off economic growth. Both of these perspectives put forth an anti-development position: neoliberalism through its means, and post-development not only in terms of means, but also goals and results.[81]

As part of wider historical relations between North and South and in the context of accelerated globalization, neoliberal policies impose neoclassical economics on the South, applying Western standards of policy and systems of accounting to align economies and financial and credit regimes. In the same sense, the whole development theory can be interpreted as a history of hegemony and political and intellectual Eurocentrism: according to

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[80] NEDERVEEN PIETERSE, Jan. *Development Theory*. 2nd ed. Thousand Oaks, CA: SAGE Publications, 2009. ISBN 978-141-2945-158, p. 3-18.

[81] Ibid

the neocolonial division of labour, theory is generated in the West and data are supplied by the South, grand theories (with the exception of dependency theory, alternative development and human development thinking) have typically been fashioned in the West and therefore articulate western political interests and intellectual styles and priorities.[82]

Globalization is a major factor of change in development. More recent trends in development thinking and methods include interdisciplinarity and discourse analysis, and emergence of new themes (gender, ecology, democratization, good governance, empowerment, culture, communication) and in policy, the changing unit of development from the nation state to lower and higher levels, and an increasing focus on governments become facilitators for intersectoral cooperation.[83] These came as a result of failures in development policies, the emergence of new phenomena such as globalization, and also the awareness of the interplay between economics and political institutions, social capital, cultural practices and social relations. Development is now seen not as merely theory or policy, but as discourse and it is studied through an interdisciplinary, multidimensional, holistic approach.

As it can be concluded from the discussion above, nation branding has a strong potential to eventually be integrated into the wider area of development studies. Nation branding works within the framework of a neoliberal, capitalist world economy. It has evolved from and addresses the opportunities and threats of globalization, and it advocates for a coordinating role for the government and private-public partnerships and intersectoral cooperation. It also touches upon such new issues on the development agenda as communication, competitiveness and so on.

References to how nation branding is relevant for developing countries abound in the literature and practice of the field. For Dinnie, nation branding is *a benign force at the disposal of all nations, but particularly smaller, poorer or otherwise struggling nations, to help them compete effectively on the world stage rather than being trampled upon by more powerful rivals.*[84] Smaller nations do not possess an economic, diplomatic and military power equal to that of larger nations, but this disadvantage can be confronted through creative coordination of the country's assets. It is believed that, done correctly, nation branding

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[82] NEDERVEEN PIETERSE, Jan. *Development Theory*. 2nd ed. Thousand Oaks, CA: SAGE Publications, 2009. ISBN 978-141-2945-158, p. 3-18.

[83] Ibid

[84] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 251.

represents a culturally sensitive yet commercially driven set of techniques and strategies that can deliver tangible social and economic benefits to the nations that need it most.[85] Given that nation branding attempts to align a nation's image to the reality, it is considered particularly imperative for those countries that have undertaken dramatic changes in their political, economic and social systems, as their external images lag behind the reality.[86]

Anholt sees nation branding as an important tool that has the potential to influence the dynamics between developed and developing countries: *if the richer and more powerful countries, with their superior numbers and the quality of their engagements with people in other parts of the world, continue to develop their international profile, while the poorer and weaker countries attempt to do the same but with considerably fewer resources and global connections at their disposal, the gap can only continue to widen*[87]. As mentioned before, he also went as far as to say that potentially, public diplomacy is the *master discipline* of international relations for developed and prominent countries, just as nation branding is potentially the *master discipline* of economic development for emerging and less well known countries.[88] Nation branding for developing countries is seen as a method to get established on the global stage, therefore reduce poverty and contribute to sustainable development. It is also seen as an attempt by the field to gain legitimacy and prove its usefulness.

According to nation brand practitioners, just as their most developed counterparts, developing countries have been involved in deliberate nation branding throughout their history. The collapse of the great European colonial empires created a new wave of nations: Ceylon became Sri Lanka, Gold Coast became Ghana, Southern Rhodesia became Zimbabwe and its capital Salisbury became Harare etc. All of these countries attempted to break away from their immediate colonial past, and in doing this many of them, like their predecessors in 19th

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[85] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p.170.

[86] FAN, Ying. Branding the nation: Towards a better understanding. *Place Branding and Public Diplomacy* [online]. 2010, vol. 6, issue 2, p. 97-103 [cit. 2014-11-16]. DOI: 10.1057/pb.2010.16. Available at: http://www.palgrave-journals.com/doifinder/10.1057/pb.2010.16, p.101.

[87] ANHOLT, Simon. *Competitive Identity* to *Governmental Social Responsibility*: *Place 'Brand' in an Interconnected World. In:* GO, Frank M. and Robert GOVERS (eds). *International Place Branding Yearbook 2011: Managing Reputational Risk*. 1. publ. Basingstoke: Palgrave Macmillan, 2011. ISBN 9780230279537, p. 11.

[88] ANHOLT, Simon. Public diplomacy and place branding: Where's the link?. *Place Branding* [online]. 2006, vol. 2, issue 4, p. 271-275 [cit. 2014-11-16]. DOI: 10.1057/palgrave.pb.6000040. Available at: http://www.palgrave-journals.com/doifinder/10.1057/palgrave.pb.6000040

century Europe, uncovered, discovered or invented a pre-colonial heritage.[89] The criticism of this claim was also mentioned in the last chapter. In a broader understanding of the terms, the emergence of new states, their choice of names for their countries and their capitals etc., can indeed be seen as an attempt to acquire a distinct image in the mind of the foreign public and repudiate an association with its colonizers. In this sense, this can be seen as branding.

The formulation of the way in which branding of the country and its products can be used to help emerging markets has been given a lot of room in Anholt's book *Brand New Justice*[90], which he conceives as a piece of *realpolitik* based on the premise that branding is a powerful tool for economic development, and could make a worthwhile contribution to the growth of the places which need it most. As proof of the magnitude and value of branding, Anholt points out that the intangible assets of the top 100 global brands are together worth roughly equal to the combined GNI of all the 63 countries defined by the World Bank as *low income*.[91] It is precisely nation branding that can address this situation, by helping entrepreneurs and companies in poorer countries to develop the confidence and expertise to create and sell branded products and services in the rich markets of the North, and the governments of poorer countries with the techniques to build a positive and powerful nation brand, marketing can help to distribute the benefits of globalization more fairly, and make a difference to their cultural and economic prospects. Nation branding thus becomes an opportunity for the marketing industry to do itself some credit, by sharing the access routes to wealth, and undo some of the harm that it has done in the past by deepening the disparity between developed and developing countries.

From those 50 measured nations in the Anholt-GfK Nation Brands Index, 23 can be identified amongst the developing or emerging economies (Russia , Turkey, Ukraine, China, India, Thailand, Indonesia, Argentina, Brazil, Mexico, Chile, Peru, Colombia, Ecuador, Jamaica, United Arab Emirates, Iran, Egypt, Saudi Arabia, South Africa, Kenya, Nigeria, Qatar). [92] It has to be noted that the list of the countries is not permanent, countries may be added to or

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[89] OLINS, Wally. Branding the nation — the historical context. *Journal of Brand Management* [online]. 2002-04-01, vol. 9, issue 4, p. 241-248 [cit. 2014-11-16]. DOI: 10.1057/palgrave.bm.2540075. Available at: http://www.palgrave-journals.com/doifinder/10.1057/palgrave.bm.2540075, p. 245.

[90] ANHOLT, Simon. *Brand New Justice: How Branding Places and Products Can Help the Developing World*. Rev. ed. Amsterdam ;London: Elsevier Butterworth-Heinemann, 2005. ISBN 07-506-6600-5.

[91] Ibid, p. 165.

[92] Place Branding Research. *GfK* [online]. [cit. 2014-12-07]. Available at: http://www.gfk.com/Documents/GfK-Place-Branding.pdf

subtracted from each wave of the survey fielded based on the specific requests and interests of the index subscribers or as world events dictate.

The nation branding literature also abounds in suggestions and recommendations for applying nation branding to the specific conditions of developing countries: it is recommended that smaller or emerging nations with limited financial resources, highlight their national culture through music, film, literature, art, and food and drink to build nation-brand equity rather than create potentially expensive and superficial advertising campaigns[93]; or that less-developed and emerging countries that do not have the financial resources to fund expensive image-building advertising campaigns, should rather commit to the sustainable development agenda and communicating this commitment to the rest of the world[94].

As we have seen in the first chapter, the nation brand is a complex, multifaceted, interdisciplinary concept. From what was defined as a technical-economical approach (see chapter 1), nation branding's impact on a developing country's economic development manifests itself in four sectors: exports, foreign investments, and tourism and development co-operation. These will be discussed in the continuation of this chapter.

2.1 Export promotion

Nation brands are strongly related to the concept of *country-of-origin* biases for both industrial and consumer products. Country-of-origin serves often as a product characteristic that can influence the decision-making process of purchase. Developing countries are globally competing for consumers to their goods and services.

In 2014 over 82% of the world's population lived in countries that can be classified as less developed, following the UN classification, where all more developed countries comprise all of Europe and North America, plus Australia, Japan, and New Zealand (author's own calculation based on 2014 World Population Data Sheet[95]). Nevertheless, according to the WTO data[96], in 2013, 44% of the world's merchandise exports, originated from developing economies, with over half them being sent to other developing economies. When it comes to

[93] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p.69.

[94] Ibid, p.177-178.

[95]*2014 World Population Data Sheet* [online]. Population Reference Bureau, 2014 [cit. 2014-12-07]. ISSN 0085-8315. Available at: http://www.prb.org/pdf14/2014-world-population-data-sheet_eng.pdf , p.3.

exports of commercial services, despite positive developments especially in Asia (now the second largest regional service exporter, driven by increasing travel receipts recorded by Macao, China and by Thailand as well as higher exports of other commercial services by India and China) and more modest growth in other regions, Europe and North America still acount for almost 64% of the world's exports, with Africa's share even declining to 1.9%. LDCs' participation in world exports of commercial services remained at only 0.7% in 2013.

According to Anholt, developing countries engage in patterns of behaviour that keeps them poor, one of it being the sale of unbranded goods to richer nations at low margins.[97] They export a limited range of products and services, almost exclusively unbranded, and have a higher exposure to a single export and a single client, therefore having a vulnerable position in the global supply chain. Their products, since they are unbranded, are generally identical to those of their competitors, thus being price-sensitive and generating small profits. This effect of globalization intensifies competition between supplier nations, which means greater risks and ever tighter margins for the suppliers, and better opportunities and better negotiating positions for the purchasing companies in the West.[98] This leads to a polarization of roles, where developed countries are designers and brand owners, adding a large margin through finishing, packaging, branding and retailing products to end users, while developing countries supply companies in rich countries with raw materials, basic manufactured goods and labour. By branding their products the countries, which had already generated great wealth through trade and empire-building, have managed to become richer still.

Still, in Aholt's view the Western brand-owners have done supplier nations a favour: a low-pressure public relations campaign on behalf of the emerging world has effectively communicated to hundreds of millions of consumers – with far more patience and subtlety than most global companies ever apply to the promotion of their own brands – the simple fact that most of the best products in the world are now manufactured in developing countries, thus paving the way for manufacturers in those countries to start developing their own brands, and for people in the first world to buy them.[99] So, if companies in developing countries already produce goods or services to international standards, then what has to become the

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[96] I. World trade developments. *International Trade Statistics 2014* [online]. World Trade Organization, 2014 [cit. 2014-12-07]. Available at: http://www.wto.org/english/res_e/statis_e/its2014_e/its14_highlights1_e.pdf

[97] ANHOLT, Simon. *Brand New Justice: How Branding Places and Products Can Help the Developing World*. Rev. ed. Amsterdam ;London: Elsevier Butterworth-Heinemann, 2005. ISBN 07-506-6600-5, p. 8.

[98] Ibid, p. 9.

[99] Ibid, p. 115

objective of nation branding is changing the foreign audience's perception about them. This is where nation branding comes into play. A government can work towards the country achieving a strong national reputation for producing quality products, and companies would have to recognize their government as final arbiter on issues of brand, contribute to and comply with its strategy, collaborate with other companies and competitors to promote the nation's reputation, and acknowledge and promote their country of origin.[100]

Companies with successful export brands would inspire other companies in their environment, they would generate national pride and prosperity, but most importantly, they can serve as an ambassador of the country: *they make foreign consumers and investors think again about their country: a place which is capable of producing attractive, desirable, high-quality exports is a place worthy of some respect*.[101] In this view, commercial brands increasingly become vectors of national reputation and image, the development of these export brands should then enjoy the support and encouragement of the government, as part of a nation brand strategy. Anholt also gives recommendations such as a direct export for the beginning, a focus on exporting to diaspora populations, or markets with common cultural or linguistic heritage, use media overspill, or even in case a country of origin is negative or inappropriate, to wait until the brand itself has accumulated sufficient reputation and market share for it to be safe to begin communicating where it comes from and.[102]

The success of export promotion depends on many factors. Dinnie identifies as key the need to build high-quality brands, establish effective country of origin positioning through management of country image perceptions, the strategic development of target markets and high levels of innovation.[103] For a brand's home country to add free equity, the product should befit the country of origin in the consumer's mind. In this way, both the nation brand and the product reinforce each other.

In a way, promoting merchandise from developing countries is already the objective of a rising number initiatives, amongst which fair trade is most known. According to the World Fair Trade Organization, fair trade contributes to sustainable development by offering better

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[100] ANHOLT, Simon. *Brand New justice: How Branding Places and Products Can Help the Developing World*. Rev. ed. Amsterdam ;London: Elsevier Butterworth-Heinemann, 2005. ISBN 07-506-6600-5, p. 103.

[101] Ibid, p. 11.

[102] Ibid, p. 78-81, p. 93.

[103] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 222.

trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South.[104] Anholt calls fair trade laudable, but finds it faulty in marketing terms: fair trade is based on sympathy and it plays on the guilt, anger or sense of charity of the consumer, it presents the producers, as weak or as victims, but in marketing-wise is unsustainable; the model shifts the dependence of certain producers from cynical to ethical buyers, but doesn't provide the producer with a long-term benefit.[105] In other words, fair trade cannot help build a loyal relationship between a brand and consumers, nor does it the image consumers abroad have about its country of origin. In his writing Anholt addresses mainly the case of transition economies, because in his view *if a country isn't able to provide food and shelter for its population, or if its main problems are disease, illiteracy and war, then talk of enhancing the image of its exports and of the country itself would be, to say the least, misplaced.* [106] In most LDCs, the companies able to become brand owners do not exist, creating a branded export business and planning a national branding strategy requires many pre-conditions. For LDCs it is more adequate for the national communication strategy to target generating immediate aid and investment.

Nation branding theory and practice emphasizes with great conviction the promotion of exports. It is an important component of nation branding strategies, because of the existence of the so-called country of origin effect: *the effect that a product or service's origin has on consumer attitudes and behaviour towards that product or service.*[107] The country where a product was made is seen to have great impact on purchasing decisions. The country of origin is mostly communicated at the introduction phase of products on the market and it can play an important role as a differentiator that is valued by consumers. FutureBrand's *Made In* report[108] confirms that country of origin is a driver of consumer choice, but also includes amongst its key findings the fact that the strongest countries of origin are clear in consumers' minds, a country of origin's reputation is stronger when it excels in multiple categories, and successful brands contribute to a stronger country of origin brand.

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[104] Definition of Fair Trade. *World Fair Trade Organization* [online]. [cit. 2014-12-07]. Available at: http://www.wfto.com/fair-trade/definition-fair-trade

[105] ANHOLT, Simon. *Brand New Justice: How Branding Places and Products Can Help the Developing World*. Rev. ed. Amsterdam ;London: Elsevier Butterworth-Heinemann, 2005. ISBN 07-506-6600-5, p. 150.

[106] Ibid, p. 15.

[107] Ibid, p. 84-85.

[108] Made In: The value of Country of Origin for future brands. *FutureBrand* [online]. 2014 [cit. 2014-12-07]. Available at: http://www.futurebrand.com/images/uploads/studies/cbi/MADE_IN_Final_HR.pdf

In fact country of origin is commonly referred to as one of the origins of nation branding and there has been a vast amount of country of origin research conducted by marketing academics (see Figure 2). Some of these are however criticised methodological grounds, and a few that did examine the impact of country of origin effects on the consumption and evaluation of services tended to focus upon services in the West rather than in the rest of the world.[109] Studies on country of origin also try to assess the relevance of ethnocentrism and demographics for nation branding activities. Different demographic groups may have different attitudes towards products of foreign origin: consumers with a high level of education were found to be more favourable towards foreign products than consumers with a lower level of education; female consumers evaluated foreign products more highly than males; and younger consumers evaluated foreign products more highly than older ones.[110] However, such results enjoy little consensus. Ethnocentrism, though is studied in such detail, because it can offer important insights to producers from developing countries: they are more likely to be successful as exporters on a foreign market where consumers display less ethnocentrism, and also indirectly, they can capitalize on the ethnocentric consumers in their own country of origin and gain market share in detriment of imported goods.

When promoting exports, nation branding practitioners suggest that with tight budget constraints, resources should be targeted at those products for which country of origin is most relevant.[111] The high recognition of flags, as visual expression of national identity, results in them being used as visual shorthand by products that wish to highlight their country of origin. This is however problematic, because any brand from a given country is free to use a design of the flag in its packaging or other forms of marketing communications, which makes it difficult for nations to ensure that only high-quality products and brands use it in their branding.[112] Countries try to establish organizations to promote their products and services and create a logo or trademark that can only be used by member companies, and this is one means of protecting quality perceptions of a nation's brands (see the case study of Thailand). This link goes both ways however: for a brand to be closely associated with a country of origin leaves them vulnerable to political or military events beyond their control.

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[109] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 84-85.

[110] Ibid, p. 90-91.

[111] Ibid, p. 90.

[112] Ibid, p. 114.

2.2 FDI attraction

Globalization has sharpened the competition between nations to attract inward investment. Developing countries are competing for the attention of multinational companies, who have the adequate resources that can be used to improve certain economic sectors and boost economic development.

The *country-of-origin* bias is important as well for multinational investors when choosing the location of their production activities, with preference given to countries to which consumers show a positive country bias. Companies looking to make long-term investments in foreign nations are typically searching for a country with a stable political situation and economy, a skilled workforce (minimizing the need for companies to pay for the training of their workforces in foreign locations), efficient administrative procedures and modern infrastructure.[113] Similarly, the strength of nation brands may be used as a source of information about the quality of a country as an investment decision: its social, economic and political environment.

Recognizing that FDI can contribute to economic development, all governments seek to attract it. Indeed, the world market for such investment is highly competitive, and developing countries, in particular, seek such investment to accelerate their development efforts. With liberal policy frameworks becoming commonplace and losing some of their traditional power to attract FDI, governments are paying more attention to measures that actively facilitate it, as the TNCs are increasingly looking for a distinctive combination of locational advantages (human resources, infrastructure, and market access) and, especially, created assets that a country or region can offer potential investors (communications infrastructure, marketing networks, technology, innovative capacity). [114]

According to the UNCTAD data, the flows to developing countries have increased from representing less than a third's of the world's total in 2003 to accounting for more than 53% in 2013 with US$ 778 372 millions (the UNCTAD distinguishes between developed,

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[113] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 221-222.

[114] MALLAMPALLY, Padma a Karl P. SAUVANT. Foreign Direct Investment in Developing Countries. *Finance & Development: A quarterly magazine of the IMF* [online]. 1999, vol. 36, no. 1 [cit. 2014-12-07]. Available at: http://www.imf.org/external/pubs/ft/fandd/1999/03/mallampa.htm#author

developing and transition economies with the latter accounting for 7%).[115] The developing countries in this way have become the main destination for FDI, but there are significant regional differences with over half of them flowing to developing economies in Asia, followed by America with over 37%, and Africa lags behind at some 7%. This means that developing countries do not only have to compete with their more developed counterparts, but also with other countries in their own category. Africa's reluctance in increasing its share on the growing FDI flows to developing countries is amongst other causes explained by its negative overall image: it is still seen as the *Dark Continent*, and its brand impacts heavily on all of its distinct economies.[116] In this context, nation branding can be seen as the key catalyst for the initiation of investment promotion for African nations.

In an article that tried to study the effect of nation brands for FDI flows, Kalamova and Konrad found that the Anholt–GfK Roper Nation Brands Index had significant and strong impact on FDI with distinct effects on developed and developing countries.[117] They conclude that FDI may be driven by intangible factors that are often disregarded in economic analysis, such as country stereotypes or consumer perceptions, which can be used as a heuristic or a source of information about the quality of a country as an investment location (punctuality and reliability of workers, efficient public administration). FDI flows into a host country rise as its nation image (the value of its intangibles) improves. The index plays a role for both developing and developed countries with the effect being weaker for the latter group. The nation brand of a developed country affects its incoming FDI flows in a different way than that of a developing country. Implicitly if not explicitly, the perception of consumers worldwide about the products, people, or government quality of a certain country may be a much more determining factor for a multinational company which plans to invest in a developing country in comparison to an investment in a developed one.[118] These findings indirectly suggest the importance of nation tracking studies as information-bringers, in particular, about countries which do not belong to a well-known league.

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[115] Inward and outward foreign direct investment flows, annual, 1970-2013. *UNCTADstat* [online]. [cit. 2014-12-07]. Available at: http://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=88

[116] MATIZA, Tafadzwa a O.A ONI. The Case for Nation Branding as an Investment Promotion Methodology for African Nations: A Literature-Based Perspective. *Mediterranean Journal of Social Sciences* [online]. 2014, vol. 5, no. 3 [cit. 2014-12-07]. DOI: 10.5901/mjss. 2014.v5n3p262. Available at: http://www.mcser.org/journal/index.php/mjss/article/viewFile/2141/2128

[117] KALAMOVA, Margarita M. and Kai A. KONRAD. Nation Brands and Foreign Direct Investment*. *Kyklos* [online]. 2010, vol. 63, issue 3, p. 400-431 [cit. 2014-11-16]. DOI: 10.1111/j.1467-6435.2010.00480.x. Available at: http://doi.wiley.com/10.1111/j.1467-6435.2010.00480.x

[118] Ibid

Another important contribution of the above mentioned study is that each of the six dimensions of the Nations Brand Index may have an impact on FDI.[119] If a country is perceived as attractive from a tourism point of view, it can attract investment targetting the building of hotels or holiday resorts in order to exploit the local public goods. If the label of origin *Made in* is associated with high-quality, reliable, and particularly stylish products, then firms may want to invest in production facilities in this country. The use of this label typically requires a large share in the value added of the product to be generated in the respective country and the investment incentive here indirect, since buyers' perceptions influence the producer's investment decisions. If investors perceive a country as overly bureaucratic, or if they consider the government to be disrespectful of investors' property rights, this will negatively affect their investment behaviour. The willingness to work in a certain country and the perceptions about the local social and economic conditions also count, because an investment projects require the investor or the managerial team to spend a considerable amount of time and resources in the host country. Stereotypes about the labour market in the host country, including employees' qualifications, abilities, motivation and skills are a determining factor for FDI decisions, because, typically, locally trained people cover the employment needs of the foreign investor. Perceptions about the host country's achievements in culture, history and sports may affect the investment behaviour again indirectly: a reputation for creative skills or for research excellence may have positive spill-over effects for creative industries or innovators.

2.3   Tourism promotion

Processes of tourism development are linked to wider aspects of economical and social change in the global system. Tourism has also been tangled up in the development theory, from modernization to environmentalism, and is today considered to be both a feature and a cause of globalization.[120] Tourism is attributed with positive economic impact on a country's balance of payments, employment, gross income and production. Developing countries are increasingly part of this world circuit.

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[119] KALAMOVA, Margarita M. and Kai A. KONRAD. Nation Brands and Foreign Direct Investment*. *Kyklos* [online]. 2010, vol. 63, issue 3, p. 400-431 [cit. 2014-11-16]. DOI: 10.1111/j.1467-6435.2010.00480.x. Available at: http://doi.wiley.com/10.1111/j.1467-6435.2010.00480.x

[120] HARRISON, David (ed.). *Tourism and the Less Developed World: Issues and Case Studies*. New York, N.Y.: CABI Pub., c2001, xi, 272 p. ISBN 08-519-9830-5, p. 8.

According to UNWTO, tourism provides one of the most effective tools in alleviating poverty as a viable and sustainable economic option and a main source of foreign revenue and employment in many of the developing and least developed countries.[121] This acknowledgement of the development potential is also visible at an institutional level: UNWTO has a Sustainable Tourism – Eliminating Poverty Initiative and a Technical Cooperation Programme, while UN has a Steering Committee on Tourism for Development.

In the case of developing countries, tourism also benefits from rich natural and cultural potential. As such, tourism acts as an engine for development through foreign exchange earnings and the creation of direct and indirect employment and is seen as the most viable and sustainable economic development. As a result, many developing countries increasingly invest in building appealing destination brands to compete for international tourists on the global marketplace. In the area of tourism, nation branding is known as *destination branding*.

According to UNWTO[122], in 2013 emerging economies had a share of 46.6% of the global tourism market. UNWTO uses IMF's classification, where countries are divided into *advanced* and *emerging* economies. Between 2010 and 2030, arrivals in emerging destinations (+4.4% a year) are expected to increase at twice the rate of those in advanced economies (+2.2% a year). The market share of emerging economies increased from 30% in 1980 to 47% in 2013, and is expected to reach 57% by 2030, equivalent to over 1 billion international tourist arrivals. By UNWTO region, prospects for 2014 are strongest for Asia and the Pacific (5% to 6%), followed by Africa (4% to 6%).

Many nations are heavily dependent upon tourism. Island states, remote, landlocked countries or countries poor in resources rely heavily on tourism as a revenue stream and therefore turn to tourism as a key component of economic development. Tourism is also one of the areas where stereotypes about developing countries thrive. At the end of the 1990s it remained the case that tourists were spread unequally amongst the less developed countries, extremely poor countries, lacking an adequate infrastructure and modern communications, do not attract tourists in any numbers, and, however unjustified the reputation, those thought to be unable to protect tourists from illness, accidents or crime, and political violence are unlikely to

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[121] WORLD TOURISM ORGANIZATION (UNWTO). *UNWTO Annual Report 2013* [online]. 2014 [cit. 2014-11-24]. Available at: http://dtxtq4w60xqpw.cloudfront.net/sites/all/files/pdf/unwto_annual_report_2013_0.pdf , p. 34.

[122] WORLD TOURISM ORGANIZATION (UNWTO). *UNWTO Tourism Highlights, 2014 Edition* [online]. [cit. 2014-11-23]. Available at: http://www.e-unwto.org/content/r13521/fulltext.pdf, p. 4.

experience a tourist boom.[123] As Dinnie notes, some key success factors are clearly beyond the control of national tourism organizations; yet, tourism boards can and do take initiatives to try and drive up overall levels of customer service levels.[124] Amongst the other key success factors, one can find reasonable levels of safety and law and order; value for money and accessibility.

For some countries, tourism is the primary stakeholder in promoting the national brand. Tourism promotion is also usually the most visible outcome of nation branding initiatives, because it is the only way in which countries ever consciously engage in marketing themselves to the outside world: it is just about the only area of activity where, traditionally, a government minister and a director of marketing will actually work side by side, and where the division between public sector and private enterprise is unclear.[125] De Chernatony stresses that branding techniques in nation branding are used to create meaningful differentiation and this is especially difficult in the tourism sector, as most destinations make almost identical claims regarding the beauty of their scenery, the purity of their beaches, the hospitable nature of the locals, and therefore, the need for destinations to create a unique identity, to find a niche and differentiate themselves from their competitors, is more critical than ever.[126]

Tourism promotion works with fundamental features of the national identity, such as landscapes, traditional dress and architectural styles and others. Landscape is one of the great equalizers in nation branding – even if a nation is economically poor or disadvantaged in other ways, it may possess landscape that is sufficiently distinctive to represent a powerful asset, with Bolivia and Nepal as prime examples.[127] Iconic landscapes represent a powerful visual manifestation of national identity and have been used for several decades by national tourism organizations. For emerging nations yet to fully exploit their tourism potential, the concept of *cultivating poetic spaces* – the identification of a sacred territory that belonged

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[123] HARRISON, David (ed.). *Tourism and the Less Developed World: Issues and Case Studies*. New York, N.Y.: CABI Pub., c2001, xi, 272 p. ISBN 08-519-9830-5, p. 12.

[124] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 221.

[125] ANHOLT, Simon. *Brand New Justice: How Branding Places and Products Can Help the Developing World*. Rev. ed. Amsterdam ;London: Elsevier Butterworth-Heinemann, 2005. ISBN 07-506-6600-5, p. 161-164.

[126] DE CHERNATONY, Leslie. In :DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p.19.

[127] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 69.

historically to a particular community – may be adopted as part of a sustainable development agenda centred on the fast-growing ecotourism sector.[128]

The fast-growing sector of ecotourism provides a contemporary context within which a focus on the past, in terms of promoting a nation's traditional culture, represents a potentially key aspect of sustainable development. Sustainable tourism is not synonymous with sustainable development, increasing visitor numbers to environmentally sensitive areas can contribute to their repletion. If properly managed, however, and considering its size, tourism can be a highly effective way of persuading people to change their priorities and consumption habits: through mitigating its transport and energy consumption and through favouring the suppliers that conform to ecological standards.[129] In this sense, tourism can serve as an example to other industries as well as other consumers.

Tourism promotion, although widely expanded, does have its flaws. As Anholt points out, the image presented by the tourism industry is often irrelevant, unhelpful or even damaging to the country's other international initiatives, especially promoting for trade or investment.[130] One of the key challenges in nation branding lies in how to position a country so that it is not perceived solely as a tourist destination but also as a credible location for inward investment, a source of high-technology products etc.

2.4   Development Co-operation

Developing countries are recipients of foreign aid with many being dependent on it in order to finance growth. The DAC OECD lists as countries and territories eligible to receive ODA all low and middle income countries based on GNI per capita as published by the World Bank (with the exception of G8 members, EU members, and countries with a firm date for entry into the EU) and all of the LDCs as defined by the UN. [131]

Out of those 148 countries on the list, aid dependency varies. For LDCs, ODA still represents over 70% of total external finance and around 50% compared to domestic tax revenus, and

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[128] DINNIE, Keith. *Nation Branding: Concepts, Issues, Practice*. 1st ed. Oxford: Butterworth-Heinemann, 2008. ISBN 978-075-0683-494, p. 112-113

[129] ANHOLT, Simon. *Brand New Justice: How Branding Places and Products Can Help the Developing World*. Rev. ed. Amsterdam ;London: Elsevier Butterworth-Heinemann, 2005. ISBN 07-506-6600-5, p. 161-164.

[130] ANHOLT, Simon. *Brand New Justice: How Branding Places and Products Can Help the Developing World*. Rev. ed. Amsterdam ;London: Elsevier Butterworth-Heinemann, 2005. ISBN 07-506-6600-5, p. 126-128.

[131] DAC List of ODA Recipients. *OECD* [online]. [cit. 2014-12-07]. Available at: http://www.oecd.org/dac/stats/daclistofodarecipients.htm

their capacity to attract other forms of external finance remains limited, with access to FDI and other external financing being modest and usually more volatile.[132] Given the significance of aid for developing countries, it could be argued within the nation branding framework that the countries would need to project a positive international image in order to obtain these funds.

With the raise of the partnership paradigm in the development co-operation discourse, it is important for recipients to achieve a reputation of being reliable partners committed to development goals. Donor's decision itself to allocate foreign aid funds to recipients depends on the image that these recipients have in a foreign country: recipients with a negative image would not benefit from the consent of a donor country's taxpayers. This theoretical assumption though is hard to prove in practice. If we take, for example, corruption in a recipient country as an important factor influencing this country's image, we encounter mixed results. Alesina and Weder found that there is no evidence that corrupt government receive less aid, or that an increase in aid would reduce corruption.[133] In fact, some corrupt countries receive more aid than their less corrupt counterparts. An explanation to this by arguing that in a bilateralaid relationship, the responsiveness of a donor state to corruption in a recipient state depends on the level of corruption in the donor state itself.[134] Governments of donor states with a low level of corruption allocate less aid to corrupt recipients than to better performing countries, whereas more corrupt donor governments do not make such a distinction. Less corrupt donor governments dislike the prevalence of corruption in recipient countries, because they respect the interests of the electorate in their own country and thus use aid to foster the economic development of poor countries.

The effect of countries' reputation seems to be more visible in the fund allocation of international NGOs. The informal and unsystematic way in which most international NGOs make their geographic decisions provide a fertile ground for country stereotypes to surface

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[132] The "Where" of Development Finance: Towards Better Targetting of Concessional Finance. *OECD* [online]. 2013 [cit. 2014-12-07]. Available at:
http://www.oecd.org/dac/externalfinancingfordevelopment/externalfinancebycountrytype.htm

[133] ALESINA, Alberto and Beatrice WEDER. Do Corrupt Governments Receive Less Foreign Aid?. *American Economic Review* [online]. 2002, vol. 92, issue 4, p. 1126-1137 [cit. 2014-12-07]. DOI: 10.1257/00028280260344669. Available at:
http://dash.harvard.edu/bitstream/handle/1/4553011/alesina_corruptgovernments.pdf?sequence=2

[134] SCHUDEL, C. J. W. Corruption and Bilateral Aid: A Dyadic Approach. *Journal of Conflict Resolution* [online]. 2008-04-01, vol. 52, issue 4, p. 507-526 [cit. 2014-12-07]. DOI: 10.1177/0022002708316646. Availabe at z: http://jcr.sagepub.com/cgi/doi/10.1177/0022002708316646

and have an impact on country choices for international NGOs. [135] Negative country images and low levels of involvement mutually reinforce each other, as perceptions prevent organizations from becoming operational in these countries, and this in turn, hampers an emotional rapprochement between international NGO personnel and the country. This could feed into future allocation decisions, perpetuating the marginalization of these countries.

Moreover, it has been suggested that development aid can function in a low-information environment as a signal that can attract FDI.[136] Typically, low information environments are post-conflict situations, where reliable information is poor, and investors cannot use it to assess a potential return on investment. Aid functions as a signal because it suggests some level of trust of the recipient government on the part of the donor government. This effect decreases as time elapses after the conflict.

Related to foreign aid however, Anholt also points out to the inconsistency of what he calls the *double-edged blade of aid*[137] – the deliberate degrading of the images of recipient states by donors. The continuation of providing assistance to poorer countries is conditioned by the support of domestic taxpayers to donor governments and the voluntary donations to charities and NGOs, therefore donors often portray recipients negatively to persuade their publics of the cause's immediacy and worthiness. Using their vast credibility, resources and media influence, donors deliberately project an exaggeratedly negative image of the recipient country and its population. As a result, the donor governments and NGOs take over control of the recipient country's international image, which can undermine a developing country's own nation branding efforts and their efforts of building an economy through the stimulation of trade, tourism, investment, and productive cultural and political relations with other states. The foreign aid mechanism not only distorts and corrodes the economies and administrations of recipient countries in the longer term, but also makes brands countries as victims or

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[135] KOCH, Dirk-Jan. *Aid from International Ngos: Blind Spots on the Aid Allocation Map*. Routledge, 2009. ISBN 9780415546508, p. 105-106.

[136] GARRIGA, Ana Carolina and Brian J. PHILLIPS. Foreign Aid as a Signal to Investors: Predicting FDI in Post-conflict Countries. *Journal of Conflict Resolution* [online]. 2014-03-27, vol. 58, issue 2, p. 280-306 [cit. 2014-12-07]. DOI: 10.1177/0022002712467937. Available at: http://jcr.sagepub.com/cgi/doi/10.1177/0022002712467937

[137] ANHOLT, Simon. *Competitive Identity* to *Governmental Social Responsibility*: *Place 'Brand' in an Interconnected World. In:* GO, Frank M. and Robert GOVERS (eds). *International Place Branding Yearbook 2011: Managing Reputational Risk*. 1. publ. Basingstoke: Palgrave Macmillan, 2011. ISBN 9780230279537, p.5-6.

beggars when viewed through international public opinion, stealing their dignity as proper states with history, culture, nature, wisdom, language, learning and human endeavour. [138]

Most donors believe that this portrayal of the recipient country would improve when their economic condition improves, but public perceptions are very slow to adapt to new realities and reality, and the media and public tend to focus on shocking or tragic issues, rather than improvements, as can be seen in the situation of the continent brand effect of Africa, where its negative connotations extend to all of its component nations. These negative perceptions are also reinforced through Western celebrities, who managed to boost donations, but harmed the long-term development prospects of the whole continent with its depiction as a hopeless basket case: *while many people would happily donate money to a basket- case, few will think it prudent to invest in a basket- case, buy products or services produced in a basket- case, go on holiday to a basket- case, or hire somebody born and raised in a basket- case.*[139]

The above discussion of the implications of nation branding for the international economic relations of the developing countries has elucidated unconventional aspects on the way economic exchanges shape the image of developing countries. But nation branding of developing countries has a far more reaching scope.

The case of developing countries also provides a distinct context for another common objective of nation branding: attraction of people, not only in terms of prospective citizens, but also retaining of own citizens. A positive brand image can help a country to reverse the brain drain: one of the consequences of globalization which is hardest on emerging markets is the emigration of its educated and talented workers, entrepreneurs and academics to the developed nations, a sense that these individuals could be part of the process which makes their own home country a land of opportunity is often enough to lure them back home.[140]

The political implications of nation branding have already been briefly mentioned above. In the case of developing countries, these become more prominent as nation branding becomes a synonym of nation building in countries that share troubled histories of colonialism and

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[138] ANHOLT, Simon. *Competitive Identity* to *Governmental Social Responsibility*: *Place 'Brand' in an Interconnected World. In:* GO, Frank M. and Robert GOVERS (eds). *International Place Branding Yearbook 2011: Managing Reputational Risk.* 1. publ. Basingstoke: Palgrave Macmillan, 2011. ISBN 9780230279537, p.5-6.

[139] Ibid

[140] ANHOLT, Simon. *Brand New Justice: How Branding Places and Products Can Help the Developing World.* Rev. ed. Amsterdam ;London: Elsevier Butterworth-Heinemann, 2005. ISBN 07-506-6600-5, p. 142.

current realities of multi-ethnicity, authoritarianism and inequality. Nation branding becomes in many cases the result of reconciliation between ideology and economic pragmatism.

In the case of developing countries, there is still another factor that comes into play: it should not be overlooked that the states which find it easiest to build their profiles are also the ones that don't bother with democracy: it is no accident that the countries which are run most like corporations are also the ones that appear to have the least difficulty in building exactly the 'brand image' they desire: Dubai, Singapore, China and North Korea[141]. But Anholt dismisses it as merely an interesting paradox and fails to discuss it further. On one hand, the lack of democracy is perceived negatively by foreign publics, on the other hand, it is precisely in authoritarian regimes that governments can at ease build the image they aim. In their study, Kemming and Humborg focus on the interplay between nation branding and democracy and found a positive correlation amongst the two. [142] They conclude that democracy is a core value of any nation brand and that professional nation branding strategies can function well within a consensus-driven framework. Nation-states with apparently functioning democratic processes also generally manage to score rather well as a nation brand overall, with a few notable exceptions (China, Russia and Singapore).

[141] ANHOLT, Simon. *Brand New Justice: How Branding Places and Products Can Help the Developing World*. Rev. ed. Amsterdam ;London: Elsevier Butterworth-Heinemann, 2005. ISBN 07-506-6600-5, p. 10.

[142] KEMMING, Jan Dirk and Christian HUMBORG. Democracy and nation brand(ing): Friends or foes?. *Place Branding and Public Diplomacy* [online]. 2010, vol. 6, issue 3, p. 183-197 [cit. 2014-05-18]. DOI: 10.1057/pb.2010.19. Available at: http://www.palgrave-journals.com/doifinder/10.1057/pb.2010.19

2. Case studies

This last chapter is dedicated to the illustration of how the nation branding theory and its techniques are applied in developing countries. It will try to unravel its specific practices and potential shortcomings, and compare the real application of nation branding with the postulates of its theory.

For the case studies two countries were chosen, according to the following criteria:

- Inclusion in the list of the countries that the UN defines as *developing* countries;[143]

- Location in distinct world regions;

- Existence of deliberate nation branding efforts, as in government or sectoral strategies or initiatives.

These criteria were established to ensure the below case studies can offer a more comprehensive overview of how nation branding is perceived and embraced in distinct developing countries. As emphasized throughout nation branding theory, a country does not need to consciously engage in nation branding activities for it to have a nation brand. Developing countries are already brands as they have a specific image in the minds of its foreign audiences, shaped by many factors that range from its exports, its tourism attractions to its international sporting performance and portrayal in international media. However, the existence of deliberate nation branding was chosen as a criterion, because it can better exemplify not only the potential of these countries, but also how this potential is assessed and managed in practice for nation branding objectives.

The countries chosen are Uruguay (South America) and Thailand (South Eastern Asia). First, each country's nation brand dimensions are briefly described in accordance with Anholt's Brand Hexagon (see Figure 1), based on data from international organizations, think-tanks and national statistics. Then each country's branding activities are discussed, with an attempt at visual and discursive analysis of their nation brand concept and its communication.

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[143] United Nations Statistics Division - Standard Country and Area Codes Classifications (M49). UNITED NATIONS. [online]. [cit. 2014-11-28]. Available at:
http://unstats.un.org/unsd/methods/m49/m49regin.htm#developed

3.1   Uruguay

Uruguay is a country in South America, bordering the South Atlantic Ocean, between Argentina and Brazil. It is the second-smallest South American country (after Suriname) and its conventional name is the Oriental Republic of Uruguay.[144] Uruguay declared its independence in 1825, after a four year annexation by Brazil, and secured it three years later.

Until the 1950s Uruguay used to be known as the *Switzerland of Latin America*, and was praised as a model country and a unique experiment in democracy, having the most advanced economy on the continent, progressive social legislation attempting to build a welfare state, a liberal democracy, and a homogenous population as a result of destruction or absorption of relative little indigenous population and a mass immigration from Western Europe in the 19th century.[145] Although Uruguay had to pass through troubled times, since 1985 it went back on track to democracy and liberalization, and still retains some its above mentioned specifics. Over the past decade, the country had a strong economic performance, and since 2013 the World Bank ranks Uruguay as a high-income country with a GNI per capita of US$ 13,580.[146] A priority for the country is to obtain higher levels of investment and improve the competitiveness of its economy, ranked 80th in the world based by the Global Competitiveness Report 2014-2015.[147]

- People

According to the CIA World Factbook, around 88 % of Uruguay's total population of over 3 million are white, of European origin, while the rest are mestizo or black, with Amerindian ethnic groups practically non-existent.[148] Uruguay is also a largely urbanized country, with more than half of the population living in the country's capital city, Montevideo.

The Legatum Prosperity Index, an annual ranking of 142 countries, taking into account health, education, safety and security, personal freedom, social capital, economy, entrepreneurship

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[144] The World Factbook: Uruguay. CIA. *CIA Web Site - Central Intelligence Agency* [online]. [cit. 2014-11-23]. Available at: https://www.cia.gov/library/publications/the-world-factbook/geos/uy.html

[145] ARRARÁS, Astrid. *Uruguay*. In *The South America Handbook*. HEENAN, Patrick a Monique LAMONTAGNE (eds). Routledge, 2014. ISBN 1135973148, p. 120-121.

[146] Uruguay Overview. THE WORLD BANK GROUP. [online]. [cit. 2014-11-23]. Available at: http://www.worldbank.org/en/country/uruguay/overview#1

[147] Uruguay: Global Competitiveness Report 2014-2015. *World Economic Forum* [online]. [cit. 2014-11-24]. Available at: http://reports.weforum.org/global-competitiveness-report-2014-2015/economies/#economy=URY

and opportunity, governance, to measure national prosperity, ranks Uruguay as the 30th most prosperous country in the world.[149] Uruguay rates high for most development indicators and is known for its secularism (almost half is Roman Catholic, although there is no official religion), liberal social laws, and well-developed social security, health, and educational systems. Uruguay is ranked 50th in the world in the UNDP's Human Development Report for 2014 with a high human development indicator of 0.79 and an adult literacy rate of 98.1%.[150] The country has a large middle class and is largely free of serious income inequality. Still, the minority who are of African or mixed European-indigenous descent form a higher proportion of its poorest people.[151]

- Tourism

Tourism gained central importance for the economy, becoming the largest foreign currency earner in the 1990s, which led the Uruguayan business and political elite to initiate a project of place promotion centred on the marketing of the country's beaches and countryside under the product slogan *Uruguay Natural*.[152] Thanks to its colonial towns, beach resorts and a year-round mild climate, Uruguay emerged as a destination for eco-tourism, at a time when sustainability started to be demanded in development and tourism.

 The website of the Ministry of Tourism and Sports of Uruguay lists amongst recommended activities surfing, living the experience of a *gaucho* (nomadic horseman and cowhand of the Uruguayan grasslands, now also a folk hero), traditional festivals, golf and landscapes, cruises, water springs, protected areas, wetlands, exploring islands, navigating the rivers and lagoons and others.[153] The tourists are also invited to organise conferences, experience the cuisine, the football, the culture and traditional music and celebrations, such as the carnival, the mate drink and others.

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[148] The World Factbook: Uruguay. CIA. *CIA Web Site - Central Intelligence Agency* [online]. [cit. 2014-11-23]. Available at: https://www.cia.gov/library/publications/the-world-factbook/geos/uy.html

[149] The 2014 Legatum Prosperity Index Table Rankings. *Legatum Prosperity Index* [online]. [cit. 2014-11-23]. Available at: http://www.prosperity.com/#!/ranking

[150] Uruguay: Human Development Indicators. UNDP. *Human Development Reports* [online]. [cit. 2014-11-23]. Available at: http://hdr.undp.org/en/countries/profiles/URY

[151] Uruguay Profile - Overview. BBC. *BBC News* [online]. [cit. 2014-11-24]. Available at: http://www.bbc.com/news/world-latin-america-20041847

[152] RENFREW, Daniel. *"We are All Contaminated": Lead Poisoning and Urban Environmental Politics in Uruguay*. ProQuest, 2007. ISBN 0549158146, p. 72.

[153] Tourism Experiences. *Ministerio de Turismo y Deporte del Uruguay* [online]. [cit. 2014-11-24]. Available at: http://www.turismo.gub.uy/index.php/en/tourism-experiences

Tourism was in 2013 responsible for over 60% of Uruguay's total export of services.[154] According to UNWTO's Tourism Highlights for 2014[155], Uruguay had 2,684 million tourist arrivals and its receipts amounted to US$ 1,920 million in 2013, which accounts for a share of 1.6% and 0.8% of the world's international tourist arrivals and international tourism receipts, respectively. Both are in decline since a boom in 2011.

The World Economic Forum's Travel and Tourism Competitiveness Report 2013 ranks Uruguay 59th out of 140 countries around the world.[156]

- Exports

According to its WTO Trade Profile[157], Uruguay is the world's 99th exporter of merchandise, while for commercial services it ranks 87th in export (including intra-EU trade). Thus, it accounts for 0.05% of world's total exports for merchandise trade and 0.07% in world's exports for commercial services. A rather surprising fact about Uruguay's merchandise exports is that almost 75% of them are agricultural products, amongst them notably, beef, soybeans, cellulose, rice, wheat, wood, dairy products, and wool. Its export destinations are Brazil (accounting for almost one fifth of its merchandise export), China, the EU, Argentina and Venezuela.

Uruguay is a member of Mercosur, along with Argentina, Brazil, Paraguay and Venezuela, which is now a full custom union. In fact, Mercosur has its headquarters in the capital of Uruguay, Montevideo, and in virtue of this, Uruguay aspires for the title of *gateway to Mercosur*.[158]

As it can be seen, Uruguay's membership in this organization is also reflected in its other members being amongst the country's most important trade partners. In the last decade, Uruguay achieved export market diversification in order to reduce dependency on the

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[154] Trade Profiles: Uruguay. WTO. *World Trade Organization* [online]. [cit. 2014-11-23]. Available at: http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=UY

[155] WORLD TOURISM ORGANIZATION (UNWTO). *UNWTO Tourism Highlights, 2014 Edition* [online]. [cit. 2014-11-23]. Available at: http://www.e-unwto.org/content/r13521/fulltext.pdf, p.10.

[156] Table 1: The Travel & Tourism Competitiveness Index 2013 and 2011 comparison. WORLD ECONOMIC FORUM. *The Travel & Tourism Competitiveness Report 2013* [online]. 2013 [cit. 2014-11-23]. Available at: http://www3.weforum.org/docs/TTCR/2013/TTCR_OverallRankings_2013.pdf

[157] Trade Profiles: Uruguay. WTO. *World Trade Organization* [online]. [cit. 2014-11-23]. Available at: http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=UY

[158] Digital Map. *Uruguay XXI* [online]. [cit. 2014-12-07]. Available at: http://www.uruguayxxi.gub.uy/uruguaydigitalmap/index.html

country's main trade partners: in 2000 Uruguay placed 80% of its sales in 14 markets, while in 2012 the same percentage went to 19 destinations.[159] This diversification was needed, as Uruguay is a small country in the shade of two big economies and it is heavily dependent on the economic situation in Argentina and Brazil, and its dependence on livestock and related exports has left Uruguay vulnerable to ups and downs in world commodity prices. Only 9.3% of Uruguay's exports are deemed to be High Technology Exports.[160]

Created in 1996, Uruguay XXI, the Investment and Export Promotion Agency, presents itself as Uruguay's reference institution in both the private and public sector for matters on export promotion and productive investment attraction and sees its mission as the internationalization of the Uruguayan economy, promoting export growth and positioning the country as a strategic destination for productive investments and boosting the country brand.[161] It works to engage more companies, especially SMEs, in exporting processes, joins exporters in international trade fairs and promotes the exporting culture throughout the country. One of the associations that work in cooperation with Uruguay XXI and the National Institute of Vitiviniculture (INAVI) is Wines of Uruguay, whose purpose is to promote the quality and image of Uruguayan wine in the world. It associates 21 wineries representing practically 100% of Uruguay's exports of fine wine in bottles.[162] Uruguay's wine industry is famous for producing the Tannat wine, first introduced in the second half of the 19th century by Basque immigrants, and today a national variety.

Amongst other organizations involved it is important to mention Uruguay's National Meat Institute (INAC), an organization created to advise the Government, directed by a board with representatives from the private sectors of the industry and the producers.[163] It is responsible for promoting Uruguay as a cattle raising country and its meat and also for the commercial quality control of products which are exported.

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[159] Uruguay Overview. THE WORLD BANK GROUP. [online]. [cit. 2014-11-23]. Available at: http://www.worldbank.org/en/country/uruguay/overview#1

[160]*World Development Indicators 2014* [online]. Washington, DC: World Bank, 2014 [cit. 2014-12-07]. ISBN 978-1-4648-0164-8. Available at: http://data.worldbank.org/sites/default/files/wdi-2014-book.pdf

[161] Who We Are: Uruguay XXI. *Uruguay XXI - Invest and Export Promotion* [online]. [cit. 2014-11-24]. Available at: http://www.uruguayxxi.gub.uy/en/uruguay-xxi/

[162] *Wines of Uruguay* [online]. [cit. 2014-11-24]. Available at: http://www.winesofuruguay.com/?lang=en

[163] Quienes somos. *Instituto Nacional de Carnes* [online]. [cit. 2014-12-07]. Available at: http://www.inac.gub.uy/innovaportal/v/732/1/innova.net/pagina_de_internet_quienes_somos

- Governance

Uruguay is a constitutional republic with the president as both chief of state and chief of government. The Uruguayan constitution allows citizens to challenge laws approved by Parliament by use of a referendum or to propose changes to the Constitution by the use of a plebiscite. This element of direct democracy is another feature that earned Uruguay the name of the *Switzerland of South America.* Direct democracy matured legally within the Uruguayan milieu in the late sixties and began to be used widely in the country's post-authoritarian period, however even if it represents a powerful tool for organized groups today and Uruguay is the most prodigious user of citizen-initiated mechanisms of direct democracy in the Third World, the potentialities of these institutions lag far behind current Switzerland.[164]

According to the Worldwide Governance Indicators[165] Uruguay scores well on all indicators: voice and accountability, political stability and absence of violence/terrorism, government effectiveness, regulatory quality, rule of law, control of corruption, qualifying on all of them amongst the best 1/3 of countries in the world, and on control of corruption to the highest 10 percentile. This success in fighting corruption also translates in Uruguay's securing of the 21st world position in the Transparency International's 2014 Corruption Perception Index.[166]

Although in worldwide comparison these results might not seem laudable, seen in the context of Latin America or South America, the perspective changes. On many of these indicators, Uruguay comes as first or amongst the top in the region.

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[164] ALTMAN, David. Collegiate Executives and Direct Democracy in Switzerland and Uruguay: Similar Institutions, Opposite Political Goals, Distinct Results. *Swiss Political Science Review* [online]. 2008, vol. 14, issue 3, p. 483-520 [cit. 2014-11-24]. DOI: 10.1002/j.1662-6370.2008.tb00110.x. Available at: http://doi.wiley.com/10.1002/j.1662-6370.2008.tb00110.x

[165] Worldwide Governance Indicators. THE WORLD BANK. *WGI 2014 Interactive* [online]. 2014 [cit. 2014-11-23]. Available at: http://info.worldbank.org/governance/wgi/index.aspx#reports

[166] TRANSPARENCY INTERNATIONAL. *Corruption Perception Index 2014* [online]. 2014 [cit. 2014-12-07]. Available at: http://www.transparency.org/cpi2014/results

- Investment and Immigration

According to the UN's *World Investment Report*[167], Uruguay has experienced a decrease in growth of FDI flows in 2009, either than this year, the FDI flows grew at a steady, even if moderate, rate, not surpassing US$ 3 billion. Its FDI inward stock has seen a large increase, growing from US$ 671 million in 1990 to US$ 2 billion in 2000, and then 10 times more, to over US$ 20 billion in 2013.

Uruguay XXI, the Investment and Export Promotion Institute, states in its 2014 report that the country has positioned itself as a trustworthy and attractive destination for foreign investors, by virtue of a favourable investment climate and promising macroeconomic performance. According to its data, 2013 was another record year for Uruguay in the attraction of FDI: in terms of private productive investment, US$ 2,796 million entered the country, 4.1% more than in 2012, thereby consolidating a decade of uninterrupted growth of FDI. [168] Uruguay has thus become the second largest FDI recipient in South America, in term of percentage of GDP, 5%, after Chile. FDI focused mainly on construction, the agricultural and industrial sector, in particular in relation to the agro-exporting sector, while investment in the services sector has also gained importance. Uruguay's inward FDI has its main origins in Argentina, Brazil, Spain, USA, Canada, Netherlands and Belgium. The country emphasizes its legal framework, equal treatment of foreign and domestic capital, no restriction on profit transfer or capital repatriation, free exchange market, respect for intellectual property, in its efforts to attract investment.[169]

In terms of immigration, it has a negative migration rate of -1.08 migrant(s)/1,000 per population.[170] Nowadays, young Uruguayan emigrants predominantly choose the US or Spain because of better job prospects. The country has not experienced large influxes of new arrivals since the aftermath of World War II, and more recent immigrants include Peruvians and Arabs.

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[167] UNITED NATIONS. *World Investment Report 2014: Investing in the SDGs: An Action Plan* [online]. 2014 [cit. 2014-11-23]. ISBN 978-92-1-056696-4. Available at: http://unctad.org/en/PublicationsLibrary/wir2014_en.pdf , p. 207, 211.

[168] New FDI record in 2013. *Uruguay XXI* [online]. [cit. 2014-12-07]. Available at: http://www.uruguayxxi.gub.uy/invest/new-fdi-record-in-2013/

[169] Uruguay, a reliable country. *Uruguay XXI - Invest and Export Promotion* [online]. [cit. 2014-11-24]. Available at: http://www.uruguayxxi.gub.uy/en/reliable-country/

[170] The World Factbook: Uruguay. CIA. *CIA Web Site - Central Intelligence Agency* [online]. [cit. 2014-11-23]. Available at: https://www.cia.gov/library/publications/the-world-factbook/geos/uy.html

- Culture and Heritage

Seen through the perspective of Hofstede's dimensions, Uruguay is a country which scores high on power distance and uncertainty avoidance, and low on individualism, masculinity and pragmatism.[171] This means that it is a society where hierarchy is accepted, collective goals are given priority, valuing equality, solidarity, quality of life, security, and traditions.

Uruguay's national identity consolidated around a series of foundational myths of exceptionalism: averageness (a centralized state promotes security and the mesocratic values of middle class), differentiation (different from other Latin American countries due to its cosmopolitanism, its European origins and political stability, but also superior to Europe because of its egalitarianism and lack of violence), consensus (order and respect for the law ensure a highly democratic society), and a cultured population (highly educated and civilized).[172] All of these helped promote Uruguay as the *model republic*, and as *Switzerland of South America* and Montevideo as the *Athens of the River Plate* for decades. Incidentally, a potent vehicle in the formation of the Uruguayan national identity is deemed to be football. Being a nation of immigrants, the new Uruguayans had few national symbols to unite them and football soon became the unifying element. Uruguay's early modernization coincided with the rise of the football national team on an international level in the 1920s and 1930s.[173]

Although its majority lives in cities, urban Uruguayans have a real and symbolic tie to the countryside. The countryside permeates Uruguayan social consciousness at all levels, the past urban writers fascinated with it and the present sees it expressed in the current celebration of a rural lifestyle.[174] This revalorization of nature has coincided with rising forms of eco consciousness. In terms of Uruguay's contribution to the global heritage, it has one site on the UNESCO World Heritage list – the Historic Quarter of the City of Colonia del Sacramento, and 8 more on the tentative list.[175]

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[171] Uruguay - Geert Hofstede. *Cultural Insights - Geert Hofstede* [online]. [cit. 2014-11-23]. Available at: http://geert-hofstede.com/uruguay.html

[172] PERELLI and RIAL. In: RENFREW, Daniel. *"We are All Contaminated": Lead Poisoning and Urban Environmental Politics in Uruguay*. ProQuest, 2007. ISBN 0549158146, p. 65-66.

[173] ROBERTSON, Roland and Kathleen E. WHITE (eds). *Globalization: Critical Concepts in Sociology*. 1st pub. London: Routledge, Taylor, 2003, xi, 497 p. ISBN 04-153-0222-6, p. 338.

[174] RENFREW, Daniel. *"We are All Contaminated": Lead Poisoning and Urban Environmental Politics in Uruguay*. ProQuest, 2007. ISBN 0549158146, p. 70.

[175] Uruguay. *UNESCO World Heritage* [online]. [cit. 2014-11-23]. Available at: http://whc.unesco.org/en/statesparties/UY/

Above we have looked at how Uruguay positions itself in terms of the six dimensions of Anholt's Nation Brand Hexagon. Uruguay is one of the developing countries that have embraced nation branding with enthusiasm, which materialized in the development of its own nation brand.

The name of Uruguay's nation brand is *Uruguay Natural.* Besides the country's name, it features the word *natural*, intended to promote the country as an authentic space, relating to its quality of life. It claims not only to act as an umbrella brand, a framework or a quality indicator for products, services, tourist sites and conditions for investment, but also create a feeling of national pride at home. The country brand is visually reflected in its logo (see Figure 3). The logo consists of both visual and verbal features. It represents two curves that make an initial *U* with a sun in the centre (an element of Uruguay's national flag). The initial *U* comes from the country's name and its shape is also supposed to suggest a person with raised arms.[176] The brand colours are taken from the national flag: blue and yellow.

The process of constructing Uruguay's nation brand started in 2009, with the initiation of a joint institutional strengthening program by Uruguay's Government and the UN System in Uruguay called Building Development Capabilities Program, intended for the construction of a *country image* and the improvement of Uruguay's positioning in the world[177]. As part of it, a Country Image Perception Audit was carried out and based on its recommendations, the implementation of the nation brand started. From 2011, the Inter-ministerial Committee for Foreign Trade (consisting of The Minister of Foreign Affairs, as chair, and the Ministers for The Economy and Finance; Cattle, Agriculture and Fisheries; Industry, Energy and Mining; and Tourism and Sports) has ensured the continuity of the process by forming a Country Brand Working Group, supported by the Ministry of Tourism and Sports and the Uruguay XXI Institute. Since 2012 this group provided workshops to involve all sectors in the brand positioning process, created the country's brand official website Marca Pais Uruguay[178] and the signed agreements of use of the Uruguay Country Brand with various national institutions and companies. In 2013 an international forum on the nation brand was organized to exchange

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[176] Country Brand. *Sitio Oficial Marca País Uruguay Natural* [online]. [cit. 2014-11-23]. Available at:
http://marcapaisuruguay.gub.uy/en/country-brand/

[177] Ibid

[178] *Sitio Oficial Marca País Uruguay Natural* [online]. [cit. 2014-11-23]. Available at:
http://marcapaisuruguay.gub.uy/en/

experiences of management, organized by the Country Brand Group, with the support of the Inter-American Development Bank and with the cooperation of UNWTO.[179]

The website of the nation brand presents Uruguay as a country with heart, capable of surprising achievements, valuing all that is authentic and natural, searching for balance and harmony in every sense, with a unique vision reinforced by generations.[180] This unique vision reinforced by generation also is put in context by the more recent reforms on sexual and reproductive health law, tobacco control law, marijuana regulation law. It also emphasizes Uruguay's political, economic and social achievements that set it apart from other countries in Latin or South America: egalitarianism, tolerance, freedom of speech and political freedom, regulatory framework, rule of law, democracy, fight against corruption, safety, educational system and employment opportunities, quality of life, healthcare, prosperity, on which Uruguay is ranked as a top country in the region. The website also claims that Uruguay is *one of the few countries in the world, where tourists outnumber locals, with more than 3,000,000 tourists in 2013,* although the tourism statistics mentioned above state that Uruguay welcomed less international tourists in the same year. It keeps an up to date section of news documenting articles about Uruguay appearing in international media, projects of international cooperation and the standing of Uruguay in a variety of global rankings.

The implementation of the nation brand in Uruguay shows high coordination, with the Ministry of Tourism and Sports[181] and Uruguay XXI[182] and Uruguay's state portal[183] using the *Uruguay Natural* logo on their websites. The country brand's website, the website of the Ministry of Tourism and Sports and also the website of Uruguay XXI are available not only in Spanish, but also in English and Portuguese, which can be interpreted as high awareness of the need to communicate these policies globally, but also of the significance of Brazil, as a fellow member of Mercosur and important trade partner and investor.

The Uruguay nation brand strategy thus is an application of the way in which nation branding theory sees nature as providing countries with a comparative advantage, one that does not

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[179] Foro Marca Pais. *Sitio Oficial Marca País Uruguay Natural* [online]. [cit. 2014-12-07]. Available at: http://marcapaisuruguay.gub.uy/foromarcapais/

[180] *Sitio Oficial Marca País Uruguay Natural* [online]. [cit. 2014-11-23]. Available at: http://marcapaisuruguay.gub.uy/en/

[181] *Ministerio de Turismo y Deporte del Uruguay* [online]. [cit. 2014-11-23]. Available at: http://www.turismo.gub.uy/index.php/en/

[182] *Uruguay XXI* [online]. [cit. 2014-12-07]. Available at: http://www.uruguayxxi.gub.uy/index.html

[183] *Portal del Estado Uruguayo* [online]. [cit. 2014-12-07]. Available at: http://portal.gub.uy/

need to be *invented*, but rather emphasized and communicated. The choice of the logo and the slogan also makes uses of official elements, such as the country's name, the flag colours and the symbol of the sun, but also more deeply entrenched constructs of the country's identity, such as the deep connection of the Uruguyan culture and society to its countryside. The statements of the nation brand are also in accordance with the foundation myths of the Uruguayan national identity, communicating its exceptionalism in South America. Given the fact that, as discussed above, a majority of Uruguay's exports are agricultural products, the choice of the word *natural* seems adequate and enforcing. It is also worthy to be mentioned that *natural* has the same form in Spanish, Portuguese and English and is therefore a slogan that does not need to be altered substantially in communication with foreign audiences. The focus on *natural* also fits into general economic and social trends, such as the emergence of CSR, eco-tourism, demands for sustainable development and so on.

Recently Uruguay has been getting increasing positive international media coverage, mainly liked to the presidency of José Mujica and his progressive reforms. As the Financial Times noted, Uruguay *may not be important in geopolitical terms, but it punches well above its weight in other area,* applauded as one of the most progressive countries in the world – which makes promoting the national brand much easier for the government agency charged with the task, whose budget would never have been able to fund a media campaign capable of generating the kind of coverage that Mujica has achieved.[184] The Economist called the *modest yet bold, liberal and fun-loving* Uruguay its 2013 *country of the year*, commending the adoption of laws in favour of gay marriage and legalisation and regulation of the production, sale and consumption of cannabis, while calling its president *admirably self-effacing: he lives in a humble cottage, drives himself to work in a Volkswagen Beetle and flies economy class.*[185] Foreign Policy chose Mujica, and Almagro (Uruguay's Minister of External Affairs) amongst its *100 Leading Global Thinkers* in 2014.[186]

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[184]MANDER, Benedict. High for Uruguay's progressive policies. *FT.com* [online]. 23.09.2014 [cit. 2014-11-24]. Available at: http://www.ft.com/cms/s/0/1504ec82-1ef0-11e4-9d7d-00144feabdc0.html#axzz3K1JE2Bbf

[185] The Economist's country of the year: Earth's got talent. *The Economist* [online]. 2013 [cit. 2014-11-23]. Available at: http://www.economist.com/news/leaders/21591872-resilient-ireland-booming-south-sudan-tumultuous-turkey-our-country-year-earths-got?zid=305&ah=417bd5664dc76da5d98af4f7a640fd8a

[186] A World Disrupted: The Leading Global Thinkers of 2014 | Luis Almagro, José Mujica. *Foreign Policy* [online]. [cit. 2014-11-23]. Available at: http://globalthinkers.foreignpolicy.com/#decision-makers/detail/almagro-mujica

Uruguay is not measured in the Anholt-GfK Nation Brands Index, but other tracking studies such as the FutureBrand Country Index rank it 52nd in the world.[187] BrandFinance asseses the country's brand value at US$ 30 billion, and awards Uruguay a rating of A-, which places it at a 76th place globally, slightly lower than its 71st spot and A ranking the previous year.[188]

Anholt's Good Country Index places it on the 41st spot, ahead of countries as Slovakia, Czech Republic South Africa and others.[189] This is due to its contribution on issues such as international peace and security, planet and climate, and world order.

It is important to note nation branding is a long-term process and the effectiveness of Uruguay's nation branding efforts cannot be assessed at this stage. What is clear, however, is that Uruguay has taken a clear proactive attitude and embraced nation branding. This is in itself an action with a high symbolic power: through its involvement in nation branding efforts, Uruguay reinforces its progressive character that sets it apart from the rest of its region.

3.2   Thailand

Known as Siam until 1939, Thailand is the only country in South East Asia never to have been taken over by a European power. Today it is a popular tourist destination and an emerging economy, belonging to a second generation of Asian Tigers, also called the Tiger Cub Economies.

Notwithstanding political uncertainty and volatility since 1970, Thailand has made remarkable progress in social and economic issues, moving from a low income to an upper-income status in less than a generation: it became an upper-middle income economy in 2011.[190] Most of its indicators portray an emerging nation on the rise.

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[187] Country Brand Index 2014-2015. *FutureBrand* [online]. [cit. 2014-12-07]. Available at: http://www.futurebrand.com/cbi/2014

[188] *BrandFinance® Nation Brands 2013* [online]. 2013 [cit. 2014-11-24]. Availabe at: http://www.brandfinance.com/knowledge_centre/reports/brandfinance-nation-brands-2013

[189] Overall Rankings - The Good Country Index. *The Good Country Index* [online]. [cit. 2014-11-23]. Available at: http://www.goodcountry.org/overall

[190] Thailand Overview. THE WORLD BANK GROUP. [online]. [cit. 2014-11-23]. Available at: http://www.worldbank.org/en/country/thailand/overview

- People

The Thai are a relatively homogenous population with the only important official minority being the Burmese (around 2%). The official and predominant religion is Buddhism, to which 93.6% of the total population of 67,741,401 adhere.[191] The country thus has the 21st largest population in the world, with a low current population growth rate, and than 8 million inhabit its capital city, Bangkok, where there is a great diversity of ethnicities, including a large number of expatriate residents from across the globe.

Thailand is ranked 89th in the Human Development Index Report, with a high development index of 0.72 and a literacy rate of 93.5%.[192] More than a third of Thailand's population is currently employed in agriculture, while close to half work in services and industry employs only about 13.6% of the total workforce, which translates in its low unemployment rate, only 0.7%, or the third lowest in the world.[193] The Legatum Property Index ranks Thailand as the 51st most prosperous nation out of 142 in the world.[194]

Minorities in Thailand include the Chinese, Indian, Malay, Mon, Khmer, Burmese, and Lao descent and other geographic distinctions of the population include a Muslim majority in the south near the Malaysian border, and hill tribe ethnic groups, such as the Hmong and Karen, who live in the Northern mountains.[195] Although the majority of population identifies at Thai, there is violence associated with the ethno-nationalist insurgency in Thailand's southern Malay-Muslim majority provinces. Since January 2004, thousands have been killed and wounded in the insurgency.[196]

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[191] The World Factbook: Thailand. CIA. *CIA Web Site - Central Intelligence Agency* [online]. [cit. 2014-11-23]. Available at: https://www.cia.gov/library/publications/the-world-factbook/geos/th.html

[192] Thailand: Human Development Indicators. UNDP. *Human Development Reports* [online]. [cit. 2014-11-23]. Available at: http://hdr.undp.org/en/countries/profiles/THA

[193] The World Factbook: Thailand. CIA. *CIA Web Site - Central Intelligence Agency* [online]. [cit. 2014-11-23]. Available at: https://www.cia.gov/library/publications/the-world-factbook/geos/th.html

[194] The 2014 Legatum Prosperity Index Table Rankings. *Legatum Prosperity Index* [online]. [cit. 2014-11-23]. Available at: http://www.prosperity.com/#!/ranking

[195] Fast facts and information about Thailand. TOURISM AUTHORITY OF THAILAND. [online]. [cit. 2014-11-23]. Available at: http://www.tourismthailand.org/Thailand/fast-facts

[196] The World Factbook: Thailand. CIA. *CIA Web Site - Central Intelligence Agency* [online]. [cit. 2014-11-23]. Available at: https://www.cia.gov/library/publications/the-world-factbook/geos/th.html

- Tourism

While one of the premier tourist destinations in the world, Thailand relies on tourism to provide only about 7% of its GDP.[197] Tourism is however the country's top service export earner, accounting for 71.8 % of its export of commercial services.[198] According to the UWTO 2014 report[199], Thailand moved up two positions in the ranking by international receipts to the 7th, while it entered the top 10 by arrivals in 10th position. This is the result of a bumper 2013, when international arrivals were up by 19% to 27 million and receipts rose by 23% to US$ 42 billion. Thailand thus accounts for 10.7% of the world's international tourist arrivals and 11.7% of global international tourism receipts. The Travel and Tourism Competitiveness Report ranks Thailand as the 43rd most competitive travel destination in the world.[200]

The Tourism Authority of Thailand presents it as a wonderland of festivals, attractions, and activities, ranging from traditional Buddhist festivals and Thai New Year's celebrations to spectacular national parks and an array of land, sea, and air activities.[201] The Royal Thai Government established the Tourist Organisation in 1960, to be responsible for the promotion and marketing of Thailand's tourism industry. Now renamed Tourism Authority of Thailand, it has 35 domestic offices and 26 offices overseas.[202] TAT launched its first tourism campaign, *Visit Thailand Year,* in 1980, and turning tourism into the country's then top export earner. This campaign was re-launched in 1987 to mark the 60th birthday of the King. In 1998 the *Amazing Thailand* campaign was launched to mark another of the King's birthdays and also as part of the recovery efforts from the 1997 Asian crisis. Subsequent campaigns continued to be launch to mark anniversaries of the King's accession to the throne, but also to mitigate negative economic effects, such as the SARS epidemic in 2003.

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[197] Fast facts and information about Thailand. TOURISM AUTHORITY OF THAILAND. [online]. [cit. 2014-11-23]. Available at: http://www.tourismthailand.org/Thailand/fast-facts

[198] Trade Profiles: Thailand. WTO. *World Trade Organization* [online]. [cit. 2014-11-23]. Available at: http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=TH

[199] WORLD TOURISM ORGANIZATION (UNWTO). *UNWTO Tourism Highlights, 2014 Edition* [online]. [cit. 2014-11-23]. Available at: http://www.e-unwto.org/content/r13521/fulltext.pdf

[200] Table 1: The Travel & Tourism Competitiveness Index 2013 and 2011 comparison. WORLD ECONOMIC FORUM. *The Travel & Tourism Competitiveness Report 2013* [online]. 2013 [cit. 2014-11-23]. Available at: http://www3.weforum.org/docs/TTCR/2013/TTCR_OverallRankings_2013.pdf

[201] See & Do. TOURISM AUTHORITY OF THAILAND. [online]. [cit. 2014-11-23]. Available at: http://www.tourismthailand.org/See-and-Do

[202] History. *Tourism Authority of Thailand Newsroom* [online]. [cit. 2014-11-23]. Available at: http://www.tatnews.org/history/

The slogan *Amazing Thailand* is still in use by the TAT today and at the beginning of 2014 it added a new tagline: *It begins with people* (see Figure 5). This tagline aims to highlight the Thai mentality and hospitality, and to communicate the human aspects of Thailand, or *Thainess* as it is called.[203] *Thainess* is about the Thai way of life and the feeling that visitors experience in the country. *Thainess* alongside *happiness* was established by TAT as the core themes of its tourism marketing plan for 2015.[204] This plan aims to take advantage of what it calls to be the return to peace and order in the kingdom to restore visitors' confidence in Thailand by promoting *Thainess*, happiness, sustainability, as well as balanced and equitable growth. The plan also plans the launch of a new global tagline, *Amazing Thailand: Happiness Within* targeted at both first-time and repeat visitors to experience the *Thai Way of Happiness*. This plan would follow the policies and guidelines of the 11th National Economic and Social Development Plan, Ministry of Tourism and Sports' National Tourism Development Plan and the policy of the National Council for Peace and Order. It envisions opportunities arising from the enhanced facilitation and transportation connectivity under the integrated ASEAN Economic Community 2015, such as the development of special cross-border tour packages and caravans to Lao PDR., Cambodia and beyond to Vietnam and China.

While the tourism industry in Thailand contributes to a positive image of the country, it also has undesirable side-effects, which have the potential to thwart it. Problematic aspects include the popularity of sex tourism, tourists' safety and even the purchase of ivory (taking ivory or ivory products outside Thailand is illegal and punished with prison, a hefty fine or both penalties, and could face arrest in their country of origin[205]). The proliferation of multiple forms of the sex trade has been found to occur simultaneously with the growth of the entertainment industry, particularly if government policy is to promote the overall recreation sector. The strong association between Thailand and sex tourism started during the Vietnam War in the 1960s and 1970s, when Thailand and the US military signed a treaty allowing US soldiers to come to Thailand for *Rest and Recreation* the country image of Thailand has been

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[203] What's New: Tourism Authority of Thailand launches new slogan: Amazing Thailand. It begins with the people. *Tourism Authority of Thailand*. [online]. 2014 [cit. 2014-11-23]. Available at: http://ba_en.tourismthailand.org/What-news/detail/Tourism-Authority-of-Thailand-launches-new-slogan-Amazing-Thailand-It-begins-with-the-people--1561

[204] TAT to make "Thainess" and "Happiness" core themes of Tourism Marketing Plan for 2015. *TAT Intelligence Center* [online]. 2014 [cit. 2014-12-07]. Available at: http://marketingdatabase.tat.or.th/ewt_news.php?nid=1751&filename=default_en

[205] What's New: Don't buy ivory. *Tourism Authority of Thailand* [online]. 2014 [cit. 2014-11-23]. Available at: http://www.tourismthailand.org/What-news/detail/Don%E2%80%99t-buy-ivory--1860

jeopardised by this association with sex tourism over a long period.[206] Finally, following concerns raised by the political situation in Thailand and attacks on tourists, foreign offices of Western countries release warnings advising against travelling to certain areas of the country (Thai-Malay border, Thai-Cambodian border, the Samui Archipelago).[207]

- Exports

With a well-developed infrastructure, a free-enterprise economy, generally pro-investment policies, and strong export industries, Thailand achieved growth in the last decades due to industrial and agriculture exports. The Thai economy has weathered internal and external economic shocks in recent years, such as the global economic recession that severely cut Thailand's exports, the historic flooding in the industrial areas in Bangkok and its five surrounding provinces, crippling the manufacturing sector and the political instability.[208]

As we can see from Thailand's WTO Trade Profile[209], Thailand has a share of 1.21% in world total merchandise exports. Almost three quarters of Thailand's products are manufactures, second come agricultural products with over 17.7% and a third important component is fuels and mining products at 7.6%. Thailand is the world's 24th largest exporters and its main export destinations for merchandise are China, the US, the EU, Japan and Hong Kong. Thailand is a regional production hub for various industries, such as the automotive, clothing and electronics industries. In terms of commercial services, Thailand's is the world's largest 23rd exporter of services with a share of 1.26% of the world's total. Tourism, already mentioned above, accounts for 71.8% of these, with the rest divided between transportation and other commercial services.

Thailand's main export sectors include electronics, computer parts, automobiles and parts, electrical appliances, machinery and equipment, textiles and footwear, fishery products, rice

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[206] NUTTAVUTHISIT, Krittinee. Branding Thailand: Correcting the negative image of sex tourism. *Place Branding and Public Diplomacy* [online]. 2007, vol. 3, issue 1, p. 21-30 [cit. 2014-11-23]. DOI: 10.1057/palgrave.pb.6000045. Available at: http://www.palgrave-journals.com/doifinder/10.1057/palgrave.pb.6000045

[207] See for example: Thailand travel advice. *GOV.UK* [online]. [cit. 2014-11-23]. Available at: https://www.gov.uk/foreign-travel-advice/thailand

[208] The World Factbook: Thailand. CIA. *CIA Web Site - Central Intelligence Agency* [online]. [cit. 2014-11-23]. Available at: https://www.cia.gov/library/publications/the-world-factbook/geos/th.html

[209] Trade Profiles: Thailand. WTO. *World Trade Organization* [online]. [cit. 2014-11-23]. Available at: http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=TH

and rubber. It is the world's second-largest tungsten producer and third-largest tin producer. Thailand has a relatively high share of high technology exports, around 20.5%.[210]

Within the Ministry of Commerce of Thailand there is a Department of International Trade Promotion[211], which provides trade information and advisory services, match-making link-ups, business networking, statistics on Thai products and manufacturers, as well as help to find trade partners. The DITP currently operates 63 offices in 48 major cities around the world, plus 5 regional offices in Thailand. Its brochure, presents Thailand as a *land of opportunities* and a *Hub of Asia,* a business gateway, logistics centre, regional hub and a world-class MICE venue.[212] It lists Thailand's key industries as food and health, lifestyle, fashion, hi-tech, and services. Thailand's brand for exports carries the name *Thailand. Diversity & Refinement* (see Figure 4)*.* The Thailand's brand logo is licensed by the Department of Export Promotion to companies, whose branded products and services meet government criteria, covering such positive attributes as refined craftsmanship, quality, originality and distinction. There is also a Prime Minister's Export Awards to outstanding Thai exporters in five categories: Best Exporter, Thai-Owned Brand, Design Excellence, Best Service Provider, and Export Recognition, to provide encouragement to exporters to raise the quality of their products and brand names.

Thailand is a founding member of ASEAN, which was founded in Bangkok in 1967 and has now come to include 9 other states. One of the main pillars of the ASEAN community is Economic Cooperation and ASEAN's regional economic integration objective is to built an economic community by 2015 with the following key characteristics: a single market and production base, a highly competitive economic region, a region of equitable economic development, and a region fully integrated into the global economy.[213] This envisions to transform ASEAN into a region with free movement of goods, services, investment, skilled labour, and freer flow of capital. Through ASEAN's pursuit of FTAs with major trading partners, Thailand and its foreign investors gain access to new markets.

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[210] UNITED NATIONS. *World Investment Report 2014: Investing in the SDGs: An Action Plan* [online]. 2014 [cit. 2014-11-23]. ISBN 978-92-1-056696-4. Available at: http://unctad.org/en/PublicationsLibrary/wir2014_en.pdf

[211] Trade with Thailand begins at DITP. *Thaitrade.com: Your Ultimate Sourcing Destination* [online]. [cit. 2014-12-07]. Available at: http://www.thaitrade.com/trade_with_th_begins_at_DITP

[212] Thailand: Golden Trade Opportunities. [online]. Department of Export Promotion Thailand [cit. 2014-12-07]. Available at: http://www.thaitrade.com/stocks/media/LinkClick.pdf, p. 27

[213] ASEAN Economic Community. ASEAN. [online]. [cit. 2014-11-23]. Available at: http://www.asean.org/communities/asean-economic-community

- Governance

Thailand is a constitutional monarchy with King Bhumibol Adulyadej as a chief of state since 1946, which also makes him the longest serving head of state. [214] Starting 2005, Thailand experienced several rounds of political turmoil, with the most recent in late 2013. The elected prime minister and the bicameral parliament, comprising elected and appointed members, determine the policies of the government. The military and the monarchy have played significant roles in party politics: Thailand's approximately 18 military coups since 1932 have fostered a political culture that has tolerated such intervention by powerful unelected groups.[215]

The think-tank Freedom House[216] awards Thailand with a status of a partly free country, because of its aggressive enforcement of lèse-majesté laws (offense violating the dignity of the monarch and the state), the political bias of Thai courts, the growing use of laws such as defamation to quash criticism, the practice of blocking websites and the observation of internet users.

According to the Worldwide Governance Indicators [217] Thailand's scores have been in decline for the past decade for government effectiveness, regulatory quality, and for political stability and absence of violence/terrorism, which has experienced the worst result. The other indicators, such as voice and accountability, rule of law and control of corruption have worsened since 2003, but they have started slightly improving or stagnating in 2008, without however reaching the 2003 levels. Corruption is widespread at all levels of Thai society. This is also reflected in Thailand being ranked the 85th country in the world in Transparency International's 2014 Corruption Perception Index.[218]

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[214] The World Factbook: Thailand. CIA. *CIA Web Site - Central Intelligence Agency* [online]. [cit. 2014-11-23]. Available at: https://www.cia.gov/library/publications/the-world-factbook/geos/th.html

[215] Thailand. *Freedom House* [online]. 2014 [cit. 2014-11-23]. Available at: https://freedomhouse.org/report/freedom-world/2014/thailand-0#.VHJTGWd4DIh

[216] Thailand. *Freedom House* [online]. 2014 [cit. 2014-11-23]. Available at: https://freedomhouse.org/report/freedom-world/2014/thailand-0#.VHJTGWd4DIh

[217] Worldwide Governance Indicators. THE WORLD BANK. *WGI 2014 Interactive* [online]. 2014 [cit. 2014-11-23]. Available at: http://info.worldbank.org/governance/wgi/index.aspx#reports

[218] TRANSPARENCY INTERNATIONAL. *Corruption Perception Index 2014* [online]. 2014 [cit. 2014-12-07]. Available at: http://www.transparency.org/cpi2014/results

- Investment and Immigration

The Board of Investment Thailand operates under the Ministry of Industry and is the principal government agency for encouraging investment. The BOI also acts as Thailand's marketing arm and actively promotes the country worldwide as one of the best investment locations in Asia. It currently has 14 overseas offices in China, Germany, the USA, India, Japan, France, South Korea, Sweden, Australia and Taiwan.[219] In presenting Thailand as an investment destination, the BOI also makes reference to several international rankings, such as the A.T. Kearney 2013 FDI Confidence Index, who assessed Thailand's global rank at 17, and its popularity in expatriates surveys.[220]

According to the World Investment Report 2014[221] Thailand's FDI inflows oscillated during the past 5 years due to the global economic crisis, but also the 2011 floods, each halving the yearly amount of FDI flows, but then kept growing in the next two years, attaining almost US$ 13 billion in 2013. The FDI inward stock was only around US$ 8 billion in 1990. By the year 2000, this almost quadrupled, and finally between 2000 and 2013 the FDI stock rose from US$ 31 billion to US$ 185 billion. The same report also ranks Thailand as the 8th top destination in the world in a survey of prospective host economies for TNCs and the 5th top host economy in East and South East Asia.

The biggest investor in Thailand is by far Japan (accounting for example for more than half of Thailand's total FDI flows in 2012), The Netherlands, the US, China, Malaysia.[222] Even while FDI flows to Thailand fluctuated, Japanese investment in manufacturing in Thailand kept rising significantly: TNCs from Japan have invested in capital-intensive manufacturing industries such as automotive and electronics, for instance, Toyota has invested heavily in Thailand in recent years, making the country its third largest production base.[223]

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[219] *BOI: The Board of Investment of Thailand* [online]. [cit. 2014-11-23]. Available at:
http://www.boi.go.th/index.php?page=index

[220] Thailand's Rankings. *BOI: Board of Investment of Thailand* [online]. [cit. 2014-11-23]. Available at:
http://www.boi.go.th/index.php?page=thailand_rankings

[221] UNITED NATIONS. *World Investment Report 2014: Investing in the SDGs: An Action Plan* [online]. 2014 [cit. 2014-11-23]. ISBN 978-92-1-056696-4. Available at:
http://unctad.org/en/PublicationsLibrary/wir2014_en.pdf, p. 206-210

[222] Thailand: FDI. UNCTAD. [online]. [cit. 2014-11-23]. Available at:
http://unctad.org/Sections/dite_fdistat/docs/webdiaeia2014d3_THA.pdf

[223] UNITED NATIONS. *World Investment Report 2014: Investing in the SDGs: An Action Plan* [online]. 2014 [cit. 2014-11-23]. ISBN 978-92-1-056696-4. Available at:
http://unctad.org/en/PublicationsLibrary/wir2014_en.pdf, P. 50

Investment cooperation is another important facet of Thailand's regional economic integration efforts. ASEAN as a single market and production base aims to have a free and open investment regime where non-discriminatory treatment is extended to ASEAN and ASEAN-based investors, save for limited exceptions that are also due for progressive elimination; rules and regulations are made transparent; and protection for investors and their investments. ASEAN is achieving these via the implementation of the ACIA, which took effect on 29 March 2012.[224] Comprehensive in scope, it covers investment liberalisation, protection, promotion and facilitation.

Thailand also attracts nearly 2.5 million migrant workers from neighbouring countries, although its net migration rate is zero, thus being the 81st country in the world.[225] In recent decades Thailand has evolved into a regional migration hub in South-East Asia, and is concurrently a country of origin, transit and destination for large numbers of both regular and irregular international migrants, some of them subjected to forced labour and sex trafficking. Overall it is estimated that there are currently about 3.5 million migrants in Thailand, of which only about 100.000 are foreigners with work permits and over 19.000 students enrolled in higher education.[226] The rest is formed by tourists, temporary stay, refugees and asylum seekers, unregistered or undocumented.

As such, Thailand has been one of the widely cited development success stories, with sustained strong growth and impressive poverty reduction, particularly in the 1980s.[227] Currently Thailand is both a donor and recipient of ODA. Alongside Turkey, DAC OECD mentions it as a both significant provider and recipient of ODA, reporting their flows to DAC.[228] The country aims to become a development partner with former donor countries, through increasing bilateral trade agreements and decline in foreign aid, but also to become a donor country itself assisting countries in its region and beyond through its South-South

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[224] ASEAN Investment Area (AIA) Council. ASEAN. [online]. [cit. 2014-12-07]. Available at: http://www.asean.org/communities/asean-economic-community/category/asean-investment-area-aia-council

[225] The World Factbook: Thailand. CIA. *CIA Web Site - Central Intelligence Agency* [online]. [cit. 2014-11-23]. Available at: https://www.cia.gov/library/publications/the-world-factbook/geos/th.html

[226] HUGUET, Jerrold W. and Aphichat CHAMRATRITHIRONG (eds). *Thailand Migration Report 2011: Migration for development in Thailand: Overview and tools for policymakers* [online]. International Organization for Migration, Thailand Office [cit. 2014-11-23]. ISBN 978-92-9068-613-2. Available at: http://publications.iom.int/bookstore/free/TMR_2011.pdf, p. 15

[227] Thailand Overview. THE WORLD BANK GROUP. [online]. [cit. 2014-11-23]. Available at: http://www.worldbank.org/en/country/thailand/overview

[228] DAC List of ODA Recipients. *OECD* [online]. [cit. 2014-12-07]. Available at: http://www.oecd.org/dac/stats/daclistofodarecipients.htm

cooperation policy. Thailand also prides itself in being the only non-OECD country in the world to have produced a report on Millennium Development Goal 8: the Global Partnership for Development.[229]

- Culture and Heritage

Analyzed through the perspective of Hofstede's cultural dimensions, Thailand is a culture of high collectivism, power distance, low pragmatism and masculinity, and intermediate uncertainty avoidance.[230] It is thus a society that accepts inequality, feels loyal to its wider group, adopts laws and regulations to avoid risk and have great respect for traditions. Its high level of femininity means that assertiveness and competitiveness are less valued.

Thailand has several symbols that are officially deemed to clearly represent the Thai nation, which, apart from the flag and the national emblem, are the national flower, national animal, and Thai architecture.[231] The bright yellow flower of the *Cassia fistula* tree has been decreed the national flower of Thailand, yellow signifying Buddhism, but also regarded as a royal colour. The Thai elephant, or Asian elephant, has long been linked to the Thai Kingdom: they served as royal carriers and fought in royal battles throughout Thailand's history and white elephants, in particular, were deemed sacred, in accordance with Brahmin and Buddhist beliefs. Looking over a map of Thailand will reveal a country whose borders form the rough shape of an elephant's head.[232] The traditional pavilion reflects the local wisdom of local craftspeople, and also reflects the ancient Thai style of accommodation. The national emblem is *garuda* (mythical half-man, half-bird figure), known as *Khrut Pha*, or the Garuda as the vehicle of the god Vishnu. It represents the authority of the monarch.[233]

In terms of national identity the task to define *Thainess*, or the national identity in Thailand, is given to a National Identity Office, previously called the National Identity Board, which exists under the Prime Minister's Office. Throughout the 1980s and 1990s, this body defined

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[229] Emerging Status. *United Nations in Thailand* [online]. [cit. 2014-12-07]. Available at: http://www.un.or.th/services/emerging-status/

[230] Thailand - Geert Hofstede. *Cultural Insights - Geert Hofstede* [online]. [cit. 2014-11-23]. Available at: http://geert-hofstede.com/thailand.html

[231] About Thailand: Geography. *Tourism Authority of Thailand*. [online]. [cit. 2014-11-23]. Available at: http://www.tourismthailand.org/Thailand/geography

[232] About Thailand: Geography. *Tourism Authority of Thailand* [online]. [cit. 2014-11-23]. Available at: http://www.tourismthailand.org/Thailand/geography

[233] Thailand In Brief: National Flags and Symbols. *Foreign Office The Government Public Relations Department Thailand* [online]. [cit. 2014-11-23]. Available at: http://thailand.prd.go.th/ebook/inbrief/page.php?cid=4

the essence of Thainness based on three key pillars: nation-religion-monarchy.[234] For a century the Thai state has attempted to transform a multi-ethnic kingdom into a mono-cultural nation-state and impose a defined national identity accompanied by a process of political centralization. As Jory notes, recently there has been a resurgence of expression of ethnic culture and diversity that is generally represented by the Thai government in regional terms, through the division into regions that specific linguistic and cultural features: Central, Northern, Northeastern, and Southern Thailand.[235] This challenges the previous official rhetoric about Thailand as a homogenous nation and is seen as a step forward to accepting and promoting diversity.

Buddhism permeates a big part of Thai culture and daily life. It is reflected in architecture, sculpture, literature, and music, and the reverence of senior monks (their images adorn walls of businesses or homes). In many towns and villages the temple is the heart of social and religious life, and people go there on Buddhist holidays and other important days to pay homage to the Buddha and give alms to monks. The Thai also use a Buddhist calendar, which is 543 years ahead of the Gregorian calendar, and many Buddhist celebrations are national holidays.[236]

Nationalism is strongly enforced through public policy. For example, by law, people are required to stand for the national anthem at 8 am and 6pm every day; the anthem is played in schools, offices, theatres, and on television and radio during this time.[237]

Thailand sees itself as a *democracy with a king as a head of state*[238]. The current king Bhumibol Adulyadei is revered and seen as pivotal for the stability of the country. Many of Thailand's cultural practices are set up to strengthen and enforce the institution of monarchy for example, the through strict lèse-majesté laws, but also through subtler practices such as the choice of the Garuda, representing the authority of the monarch, as a national emblem, a

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[234] CONNORS, Michael Kelly. *Democracy and national identity in Thailand*. Rev. and updated ed. Copenhagen: NIAS Press, 2007, xviii, 293 p. ISBN 978-87-7694-002-7, p. 82.

[235] JORY, Patrick. Multiculturism in Thailand? Cultural and Regional Resurgence in a Diverse Kingdom. *Harvard Asia Pacific Review* [online]. 2000 [cit. 2014-11-23]. Available at: http://www.hcs.harvard.edu/~hapr/winter00_millenium/Thailand.html

[236] Thai Calendar 2557/2014. *ThaiWorldView* [online]. [cit. 2014-12-07]. Available at: http://www.thaiworldview.com/feast/feast.htm

[237] The World Factbook: Thailand. CIA. *CIA Web Site - Central Intelligence Agency* [online]. [cit. 2014-11-23]. Available at: https://www.cia.gov/library/publications/the-world-factbook/geos/th.html

[238] CONNORS, Michael Kelly. *Democracy and national identity in Thailand*. Rev. and updated ed. Copenhagen: NIAS Press, 2007, xviii, 293 p. ISBN 978-87-7694-002-7, p. 128.

yellow (royal colour) flower and the Asian elephant (royal carriers in battles) as a national symbols. Many of the public holidays are directly associated with the monarchy

In terms of Thailand's contribution to the heritage of the world, UNESCO lists five Thai sites on its World Heritage list: three cultural properties (Ban Chiang Archaeological Site, Historic City of Ayutthaya, Historic Town of Sukhothai and Associated Historic Towns) and two natural sites (Dong Phayayen-Khao Yai Forest Complex, Thungyai-Huai Kha Khaeng Wildlife Sanctuaries) and four more properties submitted on the tentative list.[239]

Above we have outlined the different dimensions of the Thai nation brand according to Anholt's Nation Brand Hexagon. Thailand has taken up nation branding efforts. A Branding Thailand Project was initiated by the government in 2001 with the support of two business schools, Sasin Graduate Institute of Business Administration at Chulalongkorn University (Thailand) and the Kellogg School of Management at Northwestern University (USA). The purpose of the project was to determine Thailand's brand equity from the perceptions of prospective consumers towards Thailand and its major industries: namely cuisine, fashion and tourism. The research was conducted between 2002 and 2003, on a diverse consumer base of both potential users and non-users of Thai products or services, consisting of focus groups and in-depth interviews in the United States and 1,000 online surveys of consumers in 30 countries.[240] Based on consumer perceptions of Thailand, the four major characteristics of *Thainess* were defined as *Fun*, *Fulfilling*, *Friendly* and *Flexible*. These brand personalities illustrate a mix of the characteristics of the lifestyle and places in Thailand, its peace of mind, comfortable environment, and diversity.

While Thailand can benefit a great deal from positive perceptions, such as the hospitality of the Thai people, it also suffers from negative stereotypes, such as sex tourism. As Nuttavuthisit notes, Thailand undeniably has serious problems regarding the sex trade, as do many other countries, but there is a perception that the problem is much worse in Thailand because many think that the country provides easy access to these types of services.[241] This negative image has been widely and wildly publicised through the impact of global media.

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[239] Thailand. *UNESCO World Heritage* [online]. [cit. 2014-11-23]. Available at: http://whc.unesco.org/en/statesparties/TH/

[240] NUTTAVUTHISIT, Krittinee. Branding Thailand: Correcting the negative image of sex tourism. *Place Branding and Public Diplomacy* [online]. 2007, vol. 3, issue 1, p. 21-30 [cit. 2014-11-23]. DOI: 10.1057/palgrave.pb.6000045. Available at: http://www.palgrave-journals.com/doifinder/10.1057/palgrave.pb.6000045

[241] Ibid

Thailand is known for prostitution as well through the many documentaries and newspaper articles on the nature and extent of sex industry that travel agents need to do little to promote the country as a place for male sexual fantasy.[242]

As branding theory preaches, first the causes of the problems need to be addressed through real improvement (policy, reforms etc.) and then communicate the change in order to improve the reputation. The country has undertaken several policies to tackle the problem, but once the results become apparent, its strategy needs to change to communicate this improvement. Nuttavuthisit recommends for the country to evoke a clear and concrete brand positioning as opposing the business of sexual exploitation and be aware of the implying negative connotations the current branding might have: the word *exotic* is most frequently associated with the image of Thailand, but it can convey also sexual attribute and trigger an impression of sex tourism.[243] The same applies for the concepts of warmth, intimacy, friendliness, flexibility that the nation promotes, and the use of pictures of Thai women. The Tourism Authority of Thailand already tries to generate a better understanding and correct the negative association between *massage* and the common perception of massage parlours and brothels.

Another problematic aspect raised by Nuttavuthist is that although the research found that tourists place less emphasis on such factors compared to recreational and entertainment attractions, infrastructure must be improved and public services (protection of people and property, social security and education) must be developed to accommodate expansion of the tourism industry.[244] Bangkok has always portrayed itself using a picture of the Grand Palace depicted as a picturesque and serene location, whereas in reality the Grand Palace is situated in the middle of the city amid highly congested traffic. This fact may lead to disappointment amongst visitors as they have been fed a false image. The same applies to the underdeveloped infrastructure, and the traffic jams, pollution and poor waste management it entails,.

Ever since its inception however and despite its generally positive feedback, the *Amazing Thailand* has been subject to critique. It is claimed that the campaign seeks to magnify the

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[242] MONTGOMERY, Heather. *Child sex tourism in Thailand*. In: HARRISON, David. *Tourism and the less developed world: issues and case studies*. New York, N.Y.: CABI Pub., c2001, xi, 272 p. ISBN 9780851997049, p. 192

[243] NUTTAVUTHISIT, Krittinee. Branding Thailand: Correcting the negative image of sex tourism. *Place Branding and Public Diplomacy* [online]. 2007, vol. 3, issue 1, p. 21-30 [cit. 2014-11-23]. DOI: 10.1057/palgrave.pb.6000045. Available at: http://www.palgrave-journals.com/doifinder/10.1057/palgrave.pb.6000045

[244] Ibid

size and scopes of the tourism industry, while at the same time, the Thai government continues to argue paradoxically for the need for carefully monitored, small scale and sustainable tourism development.[245] Its emphasis on an array of cultural and recreational attractions shows a lack of commitment to sustainable development.

Thailand's portrayal in the international media tends to focus either on its political troubles or on the occasional mishappenings of Western tourists on vacations there. Some of the Western sensationalist media even call it one of the most dangerous tourist destinations on Earth.[246] This is an example of what the nation branding theory calls the uncontrollable dimension of nation branding, Thailand cannot directly manage these messages about it that circulate internationally, it can merely address the facts that caused them, and once the situation has changed, it can communicate the improvement.

Thailand is one of the countries evaluated by Aholt's Anholt–GfK Roper Nation Brands Index SM. In 2008 (the only report freely available) it was no. 34 of the 50 countries included.[247] In BrandFinance 2013 Report, Thailand is defined as the 3rd nation brand that had the biggest brand change value, 43% or US$ 107 billion, between 2012 and 2013. It is also the top tourism performer in 2013, and it now has the 26th most valuable nation brand in the world, with an estimated value of US$ 359 billion and a rank of AA-.[248] In the 2014 Country Brand Index of FutureBrand, Thailand's brand is ranked 38th in the world.[249]

All of these results show that Thailand has managed to build awareness about itself amongst foreign audiences. This is largely due to its booming tourism industry, which allows people to experience the country, its products and culture first-hand and create an emotional tie with it. The promotion of tourism is also the dimension of the nation brand that is the systematically

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[245] KONTOGEORGOPOULOS, Nick. Sustainable Tourism or Sustainable Development? Financial Crisis, Ecotourism, and the 'Amazing Thailand' Campaign. *Current Issues in Tourism* [online]. 1999, vol. 2, no. 4 [cit. 2014-12-07]. Available at:
http://www.pugetsound.edu/files/resources/8342_Current%20Issues%20in%20Tourism.pdf

[246] CABLE, Simon. Thailand 'one of the most dangerous tourist destinations on Earth': Expat investigation lifts lid on dark side of the Land of Smiles. *Mail Online* [online]. 2014 [cit. 2014-11-23]. Available at:
http://www.dailymail.co.uk/travel/travel_news/article-2833369/Thailand-one-dangerous-tourist-destinations-Earth-Ex-pat-investigation-lifts-lid-dark-Land-Smiles.html

[247] 2008 Anholt-GfK Roper Nation Brands Index SM Report Highlights. [online]. [cit. 2014-12-07]. Available at: http://www.gtai.de/GTAI/Content/CN/Invest/_SharedDocs/Downloads/Studies/diw-wochenbericht-9-2010.pdf

[248] *BrandFinance® Nation Brands 2013* [online]. 2013 [cit. 2014-11-24]. Availabe at:
http://www.brandfinance.com/knowledge_centre/reports/brandfinance-nation-brands-2013

[249] Country Brand Index 2014-2015. *FutureBrand* [online]. [cit. 2014-12-07]. Available at:
http://www.futurebrand.com/cbi/2014

and strategically planned and enhanced. The *Amazing Thailand* campaign has been carried out for more than a decade, and this shows significant commitment and long-term vision. Even the findings of research on Thailand's brand mentioned above mostly concern the tourism sector.

On the other hand, although Thailand's exports are growing and now have a greater share in the country's economy compared to tourism, they haven't yet reached the status of nation brand communicators. It can be argued that this happens precisely because most of these exports are unbranded. Institutional initiatives to promote exports and FDI do exist (see above), but they operate with a different brand, logo and slogan *Thailand: Diversity and Refinement* (see Figure 4). Tourism promotion and export promotion are therefore uncoordinated and aim to create somewhat distinct images of the same country.

If Thailand aspires to build a strong nation brand however, it will have to seek a way to merge the two in a single, unified brand, so that it can capitalize on the existing perception about the country and enhance it adding a second dimension. The tourism industry as well could benefit from a modern, high-quality image that Thailand's exports create, because these could help improve perceptions about the country's safety and infrastructure.

Conclusions

The aim of this thesis was to place the nation branding of developing countries within the broader framework of theory and practice of both nation branding and development studies. The nation branding discourse commonly references developing countries as its main beneficiaries and argues that it can be employed as a strategic tool for development. Nation branding also matches several new trends in the development theory, which for the future can facilitate its integration into the discipline.

Nation branding draws a parallel between countries and commercial brands. Its key premise is that similarly to commercial brands, countries compete on a global market place for assets such as exports, tourists, investors, prospective citizens, attention, credibility and influence. A nation's brand consists of the mental perception that people around the world hold of the country. As a brand, a country has an identity (its self-perception) and an image (the way people around the world perceive it), and the two are frequently mismatched. Through nation branding countries attempt to align their image to their identity in order to achieve political, economical and social goals. It is quintessentially an interdisciplinary field, drawing from marketing, management, tourism studies, international relations, public relations and communication. But while the field itself has still to receive academic legitimacy, it has translated into extensive practice, with the emergence of nation branding consultants, the development of governmental nation brand strategies and empirical research attempting to quantify the international standing of countries in this framework. The practice of nation branding revolves around the assessment of a country's current standing, its objectives and the creation of a strategy not only to remediate of the causes for a country's lagging reputation, but also to persuade foreign audiences through coordinated communication (advertising, organization of events abroad, appointment of nation brand ambassadors, activating the diaspora network and the support of citizens). The literature review in the first chapter showed that given its interdisciplinary nature and its overarching scope, the discourse and practices of nation branding are subject to critique addressing its legitimacy and ideological foundations, as well as its threat of cultural imperialism and commodification.

The scope of nation branding is highly relevant for developing countries. Nation brand scholars and practitioners argue, that it is the developing countries who need it most, given the long-lasting persistence of stereotypes and the international media bias. Nation branding as such also fits into the wider framework of development studies and the current neoliberal

paradigm advanced by supranational organizations. In terms of theory, it is concurrent with the trend for increasing interdisciplinarity and discourse analysis in development thinking, in terms of policy it is accordant with the emergence of themes such as communication and intersectoral cooperation on the development agenda.

Increasing globalization also generates a demand for more competitiveness and within the nation branding discourse a powerful nation brand is seen as a competitive advantage on the global marketplace. From a technical-economic approach, the nation branding activities that have the most impact on the development of developing countries are identified as export, tourism and FDI promotion and development co-operation.

Considering the value-adding impact of branding, the export promotion within nation branding does not advocate for increasing exports *per se*, but investing and encouraging branded exports underlining their country of origin. Currently, developing countries serve as suppliers of unbranded goods and although they produce high quality products (that are then branded, packaged and retailed by TNCs), they cannot capitalize on these exports to improve their image. Successful branded exports do not just lead to more wealth, but also to a stronger overall nation brand. Reputation, rather than hard data, was also found to have an effect on the FDI decisions of foreign investors. If the products, infrastructure, level of qualification, governance and quality of life of a developing country have a good reputation, investors are more likely to invest in production facilities there. For many remote countries, island states or nations poor in resources, tourism is an important industry, and nation branding activities promoting tourism are amongst the most visible and well-established. Each country's landscape and architecture is also an effective point of differentiation that can materialize in competitive advantages, and developing countries in particular can benefit from the rising trend of ecotourism. It is key then to improve the state and the perception of a country's infrastructure and safety, in order to attract visitors. Tourism also offers an opportunity for the foreign public to experience the nature, products, culture and cuisine of a country first-hand and create an emotional bond. Lastly, nation branding also offers an insight into how the current development co-operation institution impacts on the international image of developing countries. As much as the current development aid paradigm emphasizes partnership, recipients of foreign aid are still seen and depicted by donors as victims or beggars, which perpetuates often unfounded negative stereotypes and thwarts these countries' development efforts by limiting their access to the world's export, tourism and investment market.

Developing countries proved to be responsive to the promises of nation branding, as it can be concluded from the case studies of Uruguay and Thailand. Both of these countries are emerging economies with adequate premises to produce quality products, attract investors and tourists. The nation brand *Uruguay Natural* manages to capture the nature of the country's exports, tourism and national identity. Its communication shows a high level of coordination across different platforms and it has benefitted from the international popularity of its main ambassador, President Mujica. Thailand, at the other end has extensive experience with tourism promotion, having become one of the top world destinations. Not as much known worldwide, Thailand is currently a regional production hub for various industries. Thai branded exports carry a logo that is distinct from its tourism promotion campaigns, which could lead to the creation a contrasting image abroad. Potentially, the country could create a single brand as a stronger communicator: through tourism it would raise the awareness of exports and the high quality of its products could contribute to conveying progress in the modernization of infrastructure and combating negative issues, such as sex tourism, safety etc.

Taking into consideration its long-term framework and its complexity, at this stage the effectiveness of nation branding efforts cannot be assessed. The case studies can merely show what the self-awareness of the countries is, what significance they attach to exports, FDI, tourism etc.; how they perceive their potential and what actions they take in order benefit from the global exchanges today. A desire to improve their reputations on the side of developing countries acts as an indicator of their political will to become fully-involved participants in the world system.

Being an emerging field and a field driven by practice, nation branding is still in its infancy. As its practice and theory expands, more will be known about its long-term results and implications. An intensification of nation branding activities will likely expand its theory and as part of its consolidation some of the shortcomings put forward by the critique could be integrated into the mainstream discourse and allow the discipline to achieve academic legitimacy. It is though important to keep in mind that nation branding is conditioned by the functioning of a capitalist (neoliberal) system at a global scale and it remains to be seen whether the discipline can re-invent itself in the dawn of a new global paradigm or in the case of rise of fundamentalism and hostility towards capitalism and globalization in some parts of the world. Future research can focus on the evolution of the nation branding discourse and practices, its effectiveness and its domestic social, political and cultural implications.

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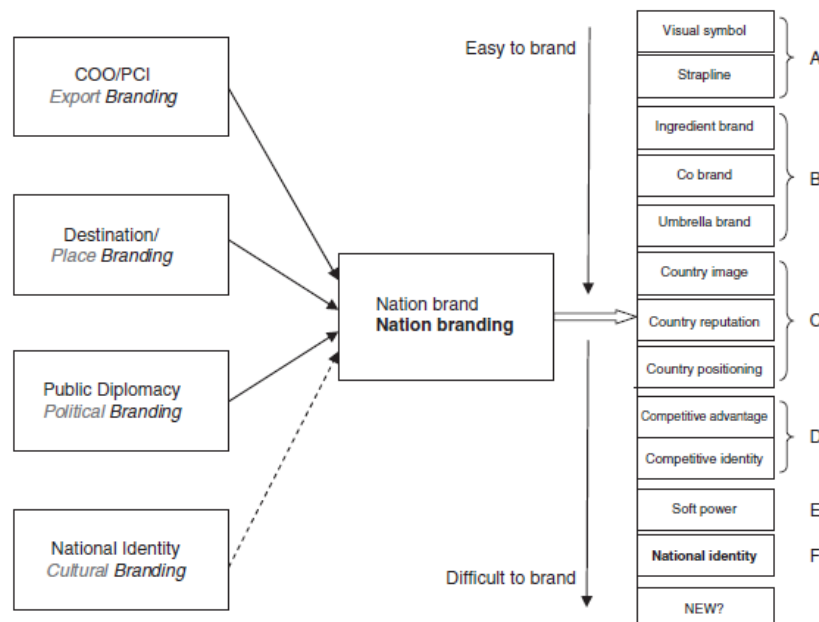
Annexes

Figure 1: The National Brand Hexagon

Source: Place Branding Research. *GfK* [online]. [cit. 2014-12-07]. Available at:
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Figure 2: The concept of nation branding: Origins and interpretations.

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Figure 3: Uruguay's Contry Brand: Uruguay Natural

Source: Country Brand. *Sitio Oficial Marca País Uruguay Natural* [online]. [cit. 2014-11-23]. Available at: http://marcapaisuruguay.gub.uy/en/country-brand/

Figure 4: Thailand's Export Brand

Source: Thailand: Golden Trade Opportunities. [online]. Department of Export Promotion Thailand [cit. 2014-12-07]. Available at: http://www.thaitrade.com/stocks/media/LinkClick.pdf, p. 27

Figure 5: Thailand's Tourism Brand

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