PART I--What should a successful national brand be based on?

Introduction [to Spain's success]
Excerpted with permission from "A Country—Can it be Repositioned? Spain—the Success Story of Country Branding" by Fiona Gilmore in the Journal of Brand Management, April 2002.

Most people would question whether a country can be repositioned or even branded. These doubts are quickly dispelled, however, when one considers the example of Spain. Twenty-five years ago, Spain was suffering from the effects of having been under the grip of the Franco regime. As such, it was isolated, poverty stricken and not really part of modern Europe, and neighboring countries like France raced ahead of it. Its tourist industry was largely based on low cost, low value-added package tours with 'kiss me quick' hats and prints of 'Watney's Red Barrel' alongside a full English breakfast. Today, it has transformed itself into a modern European democracy with much-improved economic prosperity, the destination of choice for holidays, second homes, retirement homes and partygoers anxious to have spent the obligatory summer at Ibiza. Real gross domestic product (GDP) growth averaged 3.3 per cent in 1986, and 5.5 per cent in 1987 for Spain, this latter figure being roughly double the West European rate and the strongest rate of expansion among OECD countries. For the period 1991 to 2000, Spain's GDP grew 23.3 per cent. This exceeded that of France, which grew by 17.8 percent, and of the Euro zone, which grew by 19.1 percent. The reality that is Spain as well as its image and identity has changed dramatically.

How did this happen? Spain is a success story of active orchestrated repositioning by a country involving a national promotional program using Joan Miro's sun to symbolize the step change in the modernization of Spain. This modernization program was accompanied by advertising on a national and regional level, and strengthened by the privatization and rapid global expansion of Spanish multinationals such as Telefonica in Latin America, the impact of hosting the Barcelona Olympics, the rebuilding of great cities like Bilbao with the Guggenheim Museum, the films of Almodovar and even the prominence of actresses such as Penelope Cruz. It was part of careful planning and coordination and part inspired individual and corporate action. Spanish clothes designer Adolfo Dominguez, film maker Pedro Almodovar and architect Santiago Calatrava pooled their artistic talents and worked together as a team to assist the Spanish government in expressing a Spain that was fresh, free and more competitive.

'Experts on location note that Spain is among the best examples of modern, successful national branding because it keeps on building on what truly exists. Its branding efforts incorporate, absorb, and embrace a wide variety of activities under one graphic identity to form and project a multi-faceted yet coherent, interlocking and mutually supportive whole. Joan Miro's sun is used to graphically unify a myriad of activities, publicity events and ads, even though the different programs are driven by both public and private sectors. The net result is that Spain's branding effort is both efficient and impactful—one symbol leverages everything together in the eyes of Spain and the world.'

The fact that Spain has been able to attain so much in such a short time is proof that country branding can be done and can be done successfully. It also makes it even more important that Spain continues to take an active approach to marinating its brand going forward. We have seen the effects of the 11th September terrorist attacks on tourism and trade in New York City. Spain is suffering the same on a local scale with bomb attacks by the separatist group ETA, who are now targeting tourist populated areas such as Malaga in order to make their voice heard. If the country is not to backslide or acquire negative associations that will tarnish its image, it must act continuously on all fronts to protect its brand.

Communication Equities and a Competitive Barrier to Entry
Excerpted with permission from "A Country—Can it be Repositioned? Spain—the Success Story of Country Branding" by Fiona Gilmore in the Journal of Brand Management, April 2002.

The fact is that most countries already have some semblance of an identity—each carries with it certain associations, both positive and negative. Think Argentina and you think of beef, the tango, Eva Peron, and the Falklands War. Think Colombia and you think of coffee, drugs, jungle, kidnappings and guerilla wars. Unless carefully managed, a country can come to be dominated by a particular negative image or stereotype. Working in Belfast, for instance, the author came to realize that the greatest challenge was to refute the stereotypical imagery, mainly stimulated by the stark, uncompromising (often black and white) pictures on the front pages of the press. Often a country's stereotype can lag behind reality—in such an event, there is great scope for country branding.

The positive elements of brand identity can be called 'communication equities' (referring to the 'ownable' brand communication assets that reflect the brand ideology and could be any number of the following: a logo, a strapline, a series of works, a visual language used in every context, a particular color or colors, a sound, a packaging shape or material, the architecture of the retail outlets, the physical design of the product a) and they can come in all forms. For a country, they can range from historical and political events to particular individuals to physical structures like buildings and bridges. Ownership of positive communication equities offers a country the opportunity to use these as a barrier to competitive threat. Ownership exists on many levels, from a mere space within stakeholders' minds to real physical and legal ownership, depending on what the communication equity is. For instance, Switzerland has been associated with 'discreet banking services' but the ownership of this equity is cemented in its banking client secrecy laws. In promoting its prominence as the world's center for private banking and asset management, the fact that ownership is not just at the level of awareness but also in terms of the actual legal and regulatory environment means that other countries trying to promote themselves as a personal financial center would have difficulty entering this market and competing on this front.

In an age of uncertainty, effective country branding is like a preventive injection against bad publicity. Great brands—whether they are country, corporate, or product, are not easily destroyed by disaster. Perrier, for example, withstood the effect of a contamination disaster. At the time of writing, the enormous power of the 'I Love New York' brand is being demonstrated as tourists return to the city after the 11th September attacks.

Amplification Not Fabrication

Excerpted with permission from "A Country—Can it be Repositioned? Spain—the Success Story of Country Branding" by Fiona Gilmore in the Journal of Brand Management, April 2002.

The important thing to realize about branding a country is that it must be an amplification of what is already there and not a fabrication. A country or region's positioning can never be an artificial creation, imposed from the outside. Taking a proactive approach to repositioning a country does not therefore mean whitewashing the canvas, painting the desired picture of it and expecting that picture to sell. The country's brand should be rooted in reality and in fundamental truths about the destination, and it needs to connect people. Individuals' very clear sense of place and its values, in almost a spiritual and certainly an emotional sense, would indicate that, if the right nerve was touched, the connection could be very powerful indeed.

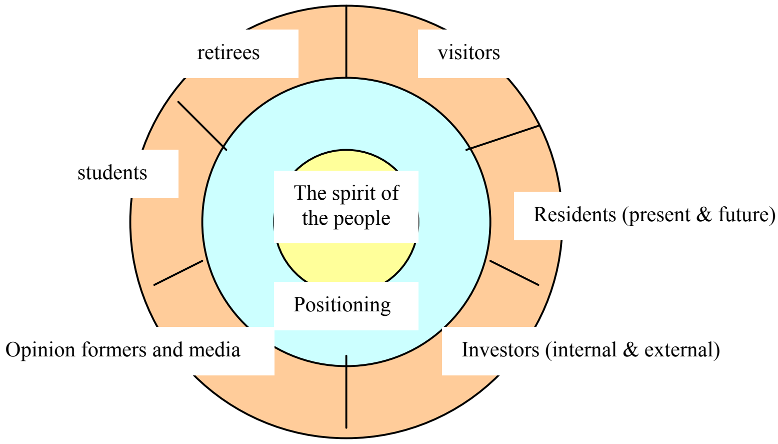
Take the example of 'Cool Britannia.' A few years ago, a British Council survey revealed that people outside the UK perceive the British to be competent in one area—the past—and so a think-tank was created with the aim of giving Britain an image overhaul. 'Cool Britannia' was to characterize the new national identity with its promise to people and businesses located here that they too could be cool just by association. The problem was that half of the British population is not into cutting-edge fashion, design, music, and the arts. And many industries actually thrive on traditional characteristics, such as honor and reliability: the British service industries for example. The brand 'Cool Britannia' was not inclusive enough, and amplified only one part of Britain. It is useful at times to highlight one particular facet in order to shift attitudes, but that facet should nonetheless be presented in its wider context. Britain evokes both the cool and the traditional, 'a contrast between the traditional and the unconventional' as the author's firm defined it in 1997 for the British Tourist Authority; it can tell stories of tolerance, creativity, warmth and diversity. If the image that is chosen for a country fails to represent the people, then how can they believe it themselves? How can it then be believed elsewhere?

Another example of amplification not fabrication can be found in the story of how the [U.S.] state of Iowa repositioned itself.

> 'Iowa has long resented its image of 'hogs, corn, and hicks' so the state made a concerted effort to help the national media not promote the stereotype when covering the 2000 presidential race there. Instead, the state purposefully staged press conferences on the campuses of the universities. And while not denying their agricultural roots, an effort was made to showcase high-tech agriculture, like biotechnology.'

The state of Iowa wisely resisted the temptation to reinvent itself without any basis, choosing instead to amplify to maximum potential the best of what it had.

A Framework for Country Branding
Excerpted with permission from "A Country—Can it be Repositioned? Spain—the Success Story of Country Branding" by Fiona Gilmore in the Journal of Brand Management*, April 2002.*



…. The author believes that a brand of a country must sit at its heart. The core of a country's brand must capture the spirit of the people of that nation and their shared purpose. The spirit of the people and the spirit of their place are deeply connected. Part of this spirit consists of values—these are values that endure no matter what the times because they represent what the nation's citizens believe in and believe about themselves. Other factors such as environment, resources, culture, history, economy, and the people's experiences will also all have played a part in influencing the development of this spirit—making it unique to the country. Although identifying and articulating this spirit is difficult, it is very real and palpable. When researching the spirit of Hong Kong, for example, the author was confronted with the spirit of the people—their unstoppable energy and their 'can-do' approach to life (*hoh yi*). In Belfast, it was impossible to forget the people's genuine warm welcome, their wry and witty 'craic' (humor) and their sense of optimism. In Wales, '*hywi*,' the spiritual yearning of the country, the resilience (from a history of heavy industry and limited income) and the strength of feeling in communities resonate through poetry and music and the ups and downs of everyday life. The Welsh spirit is not like Italian passion on a hot day in Venice, but more like a wet and windy day in Wrexham.

The second layer in the positioning wheel is the positioning that the country will derive from its core values and spirit. Deriving this positioning is the most difficult part of the branding exercise because the positioning needs to 'aspirational, inspirational, challenging, and differentiated.' And most importantly, it also needs to be 'translatable' for the different audiences. The first two aspects—aspirational and inspirational—need no explanation. A country's brand will not get off the ground unless it manages to capture hearts and minds. Unlike in an organization, where employees may be constantly urged to think about their corporate principles in their day-to-day jobs, the people of a country may be oblivious to the country's brand and not necessarily motivated to live the brand. To overcome this, it is necessary to have a poisoning that is in itself captivating and fascinating. The aspect of 'challenging' is to ensure that the positioning is forward looking, energized, stretching.

"A Framework for Country Branding" (continued)

The need for a 'translatable' positioning is because a country has different stakeholders to address with its positioning—these stakeholders are represented in the third layer. The positioning must therefore be sufficiently rich and deep to 'translate' into multifaceted sub-positioning with relevance and meaning for each relevant stakeholder, and yet retain its integrity by staying true to its spirit and core values. This last aspect holds great importance because one of the great difficulties of country branding lies in the complicity an diversity of its various audiences.

To illustrate, the development of the Hong Kong brand had at its core the '*hoh yi'* or 'can-do' spirit which was discerned through research undertaken with 250 CEOs and opinion formers and workshops carried out with 18-22 year old Hong Kong students. One positioning that was derived from this core value was that of 'Hong Kong—Boundless Possibility': a concept that was thought to be aspirational, inspirational and challenging. This positioning was translatable—'in business and for pleasure, Hong Kong offers a unique environment for making the most of every precious moment. Plug into the energy and adrenaline of this special place and its special people; unlock the imagination and enjoy a unique zest for life.' Another positioning concept that was considered was 'Hong Kong—the international word for yes.' Here this proposition translated into 'hung Kong represents the impossible dream made concrete. "*Hoh yi*," the "can-do" spirit of the people is at its heart. For business and for pleasure, dreams become reality in Hong Kong.

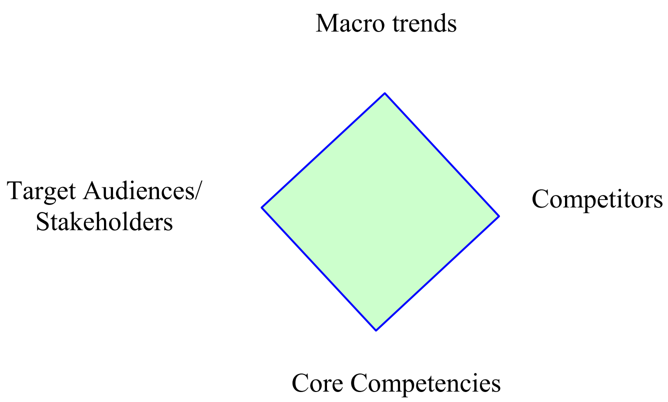
The Positioning Diamond

Excerpted with permission from "A Country—Can it be Repositioned? Spain—the Success Story of Country Branding" by Fiona Gilmore in the Journal of Brand Management, April 2002.

Developing a positioning is difficult, but the use of a positioning diamond helps make the task easier. The positioning diamond has at its corners four essential factors that need to be considered for each country:

- Macro trends
- Target audiences/stakeholders
- Competitors
- Core Competitors

The process of using this positioning diamond is invaluable because it forces you to assess the priorities of your branding exercise, to think broadly as well as to narrow the parameters governing the development of your country's brand.



Macro trends

Macro trends affecting a country include socio-economic trends, political and legal status, population trends, cultural and lifestyle trends, emerging industries, etc. The study of these macro trends places the current situation of the country into proper context and helps to highlight the issues the country is facing and could face in the future. Examples of questions that arise from a macro trend analysis are:

- Is the economy of the country being dominated by traditional economic sectors and does it need to be diversified?
- Is there a labor shortage in the country and why is that so?
- Are people moving out of the country or state into neighboring states, and what are they pursuing? Why are they leaving?

Target Audiences/Stakeholders

A country has many target audiences, the list could include:

- Present and future residents
- Investors, both home and from abroad
- Skilled workers
- Students
- Retirees
- Tourists, both home and from abroad as well as local day trippers.
- Media and opinion formers
- Travel companies, travel agencies, airlines, transport companies.
- Service Industries
- Foreign governments and foreign investment/economic development bodies
- Export purchasers

These target audiences are not mutually exclusive. A student of a country could become an investor in 20 years' time, and the tourist of today could become the export purchaser tomorrow. With these overlapping categories, it is important to develop a brand that has holistic potential and will not alienate one stakeholder group at the expense of another. At the same time, the precise sub-positioning for each stakeholder group, although each is subtly different, should be compatible and mutually supportive when taken together.

"The Positioning Diamond" (continued)
Focusing on target audiences also forces a definition of the scope of the branding project. Who is the country trying to attract and how do they view the marketplace? Depending on the who, what is the message that the country is trying to convey?

Competitors
It is important to realize that the competitive country/region set would in turn depend on the target audience that the country brand sub-positioning is focused on. Obviously a region such as Hong Kong, which is trying to market itself as the financial center and company headquarters location of choice for Asia, would not be competing against a country like Vietnam. Vietnam is unable to pose a credible competitive threat because it lacks the infrastructure, the rule of law, and similar levels of corporate governance and transparency. Hong Kong, in this regard, would be competing against countries such as Singapore and possibly a city such as Shanghai. Therefore its brand in this respect would have to be mapped against the brands of these two places. On the other hand, some other cities in China that are focused on trying to attract companies such as Hewlett-Packard to site their chip manufacturing plants there would be competing against incumbents such as Taiwan and Singapore which are perceived to have a highly skilled efficient workforce, but whose labor costs are rising, and also countries like Malaysia which are trying to improve the skill level of their workforce.

It appears that the consideration of the competitive landscape is a complex process, but it is no different from a competitive audit that needs to be undertaken by a corporation trying to enter a new market with a product or service. In fact one may find that information on competitor countries and regions easier to come by, as these would be in the form of publicly available statistics and information.

Core Competencies
For the purposes of this factor, this paper will discuss two broad types:
- Physical assets
- Human assets

Depending on the country, however, there can be many more.

For example, a country such as Botswana is well known for its huge deposits of diamonds—a physical core competency linked to the fact that Africa is one of the oldest land masses on earth and Botswana happens to be sitting on that part of it which holds diamonds. Such a core competency gives the country a specific advantage that cannot be replicated by another country unless the same physical conditions of pressure and geographic changes and tectonic movements have reoccurred elsewhere.

If suitable, such a core competency can be brought to the fore with a country's brand because it is a differentiator and also a substantiator. Witness Switzerland and its legendary hold on 'banking confidentiality' and 'superior-quality asset management'—associations that are true because of Switzerland's expertise and long-standing tradition in successfully safeguarding and increasing private assets. Or its association with being 'the country of makers of precision time pieces,' deeply rooted in its long history of clock and watch making which began in the middle of the 16th century in Geneva. There are unique points of superiority that no other country will be able to copy.

In terms of human assets, part of the branding exercise must involve searching out 'exceptional individuals,' because these are the individuals who will have the potential to place their country on the world map irrespective of population size, economic wealth or political power. Exceptional individuals and their exceptional stories have the potential to bring a country's brand alive and make it more real to audiences worldwide for the simple fact that people relate to people.

“The Positioning Diamond” (continued)

It is no different from the fact that the Virgin brand derives much of its recognition from the exploits of its chairman, Richard Branson. The potential in terms of country branding is that much greater because the focus is not necessarily on leaders but can be on otherwise people who manage to achieve exceptional results—for instance, long-distance runners from Kenya, gymnasts from Romania, musicians from Cuba or past explorers from Scotland. One must also not underestimate the value of stories—traditionally from tribal times the main method by which the history of a race or culture is preserved. Not only a good source of values for the core of the country brand, the life stories of exceptional individuals can form a store of real ‘myths and legends’ to be told, retold and remembered about a country.

Tourism and Brands

Excerpted with permission from “Leveraging Export Brands Through a Tourism Destination Board,” by Juergen Gnoth in the Journal of Brand Management, April 2002.

The World Tourism Organization in Madrid, Spain, defines tourism as the activity of people who are leaving their home or more than 24 hours to stay at a destination for leisure or recreation before they return home. In general, the lack of attention paid to tourism as a source for country branding is surprising given that, for a considerable time now, all economic indicators show that tourism has developed to be a promising industry for many nations which have either embraced it or have tourism potential. The total demand for tourism worldwide for 2001 has been estimated at US$ 4.495.5 billion. It is expected to contribute 4.2 percent to the world’s gross domestic product and employs one in every 12.2 persons, which should grow to one in every 11.2 jobs by 2011. The growing importance of the industry and its potential to expose large numbers of visitors to a country’s achievements strongly suggest benefits that derive from an analysis of the links between ‘country’ as tourism destination, the export economy and brands.’

Tourism is characterized by a rather confusing complexity. There are a number of generic industries that generate the tourism product but, other than in highly packaged tourism products, rarely do we discern a clear marketing and distribution channel. Increasingly, one finds the tourist to be taking on the role of ‘quasi-channel captain’: as the tourist travels, s/he chooses the operators of services, and thereby creates the channel. These structural phenomena—multiple producers of a heterogeneous service, and the consumer as channel captain—are the main reasons why it appears difficult for any national tourism industry to develop a branding exercise, especially since it requires a high amount of managed cohesion among product elements (e.g., the equivalence of quality standards between, say, transport and accommodation). Similarly, branding also requires a high level of control over brand attributes, their communication and management. Consequently, if management structures are confusing, other producers from primary and secondary industries would find it hard to be motivated or realize their opportunities of using the tourism industry to showcase their wares and assist in systematically building the country as a brand.

Managerially, the interface has two fundamentally different dimensions: the mechanics and dynamics of branding in the context of export marketing to a foreign market-place, and marketing goods and services to tourists from that market within the country of origin. In the case of the foreign marketplace, the opportunities of leveraging new brands on the back of more established brand s have been discussed and analyzed widely. A subgroup of that literature deals with how the country brand assists in giving leverage to new brands.

"Tourism and Brands" (continued)

The second dimension relates to the export 'industry' of tourism itself. Its contrasting—and most consuming—characteristic is that the tourist comes to the producer to consume the export product, rather than the other way round as is usual for export markets. Leveraging national brands off a country brand, while congenial as an idea, is a complex issue. Tourists rarely come to holiday destinations with the intention of becoming acquainted with that country's export articles other than its tourism services. In order to motivate tourists to learn about national brands, it follows that one needs to explore the links between the destinations, tourists' holiday experiences and export products. It involves identifying the drivers for synergies that can evolved between individual tourism sectors in developing and propagating the brand and its attributes. These drivers are closely related to motivations and what the tourist experiences during his sojourn, and how these link in with characteristics of brands.

Countries and tourism destinations do not lend themselves easily to brand. It will always be easier to brand individual products than nations for the well-argued reason that the image of a product brand is limited to a controlled number of attributes whereas the images of a nation tend to be dependent on the situations in which they are instantiated. O'Shaugnessy and O'Shaugnessy also write that such images are usually fuzzy due to the complexity of a country or nation. Nonetheless, in principle, the same rules for developing a product brand apply to a country brand: attributes need to be selected, developed and managed. The decision as to what attributes are chosen cannot be solved here. Suffice to say, it needs to be regarded as a process that develops and expands over time. It involves the inclusion and consideration of all stakeholders through out the lifetime of destination and brand.

All countries own 'reputation capital' of one sort or another. Building a destination brand to develop and enhance the country as brand involves giving particularly expressive and affective meaning to an otherwise mere geographic or political entity. The brand promises 'a memorable travel experience that is uniquely associated with the destination; it also serves to consolidate and reinforce the recollection of pleasurable memories of the destination experience.

The Channel and Networks: Tourism Brands
Excerpted with permission from "Leveraging Export Brands Through a Tourism Destination Board," by Juergen Gnoth in the Journal of Brand Management, April 2002.

The Channel
Brands need to be managed and controlled. It thus becomes a focal issue as to who controls and manages a country brand, especially if its potential national brand extensions—the service providers together with their potential partners from primary and secondary industries—lack community, common vision and control. Furthermore, the question arise as to how to position companies strategically and expose desired markets to products and brands as tourists travel through the destination, when these companies follow a channel captain who is, at the same time, the customer.

Superficially, we are dealing with marketing and distribution channels. The tourist moves to and from the destination and makes use of a variety of services, all contributing to the holiday experience. Marketing channels emerged to form 'sets of interdependent organizations involved in the process of making a product or service available for use or consumption.' In tourism, the service facilitator of, say, a bed-night often sees his own channel as a two-step process consisting of suppliers who, in this case, furnish the hotel and supply consumables, and the deliverer who is the service staff member. Product composition and service delivery are under the operator's control. In addition, this particular service may also include good advice and recommendations or even inducements to the tourist of future accommodation and attractions 'further down the road.' However, to all intents and purposes, the service, the responsibility for and the contact with tourists end as soon as they have left the premises.

For the tourist, however, the facilitation of this bed-night was only one part of a large number of service encounters the tourist requires to satisfy his motivations to travel. We may thus view a string of accommodation providers who service the tourist' needs on their journey as a marketing channel of sorts. Alas, concepts and structures supplied by the channel literature become less helpful once we acknowledge that service providers from other industries, such as transport and hospitality providers, need to be included too: first, as channel members, secondly, as channels in their own rights with a clearly differentiated service, and thirdly, as competitors.

The apparently diminishing usefulness of the existing channel literature derives from the absence of a channel captain in the delivery system who, with the branding process in mind, negotiates, coordinates and manages brand attributes. The normal way of achieving channel coordination rests on the channel captain and his use of power. Yet, in the case of an free and independent tourist [the increasingly common type of traveler], this concept of power can hardly be applied as it is indeed the tourist who has become the channel captain, albeit without the traditional tools of managerial power. In spite of this, the success and competitiveness of the destination as a whole depends on coordinated product development and a strategically designed counters branding process.

Ever since tourism began, a horizontal and vertical structure of facilitation could be discerned as service operators tired to manage their occupation rates and loading factors. As an example of horizontal collaboration, accommodation suppliers try to get tourist to stay exclusively with their business partners. (e.g. a chain). Similarly, there is evidence for vertical structures when accommodation and transport operators cooperate or even merge. Without question, these various operators can be expected to develop complementary services with an approximate match in price, quality, reliability, etc. so as to deliver according to tourists' expectations and to develop competitive advantages. Resulting efficiencies and service characteristics can subsequently all serve in the pool of country brand attributes, to which this paper will return in due time. However, what are the mechanisms whereby such a match of service quality attributes can occur across destinations?

The idiosyncrasies of the tourism production process thus create tow complex problems that tourism operators need to mange: first, the issue of consistent quality and second, the commitment to the industry. Both issues are interrelated and form the barrier to developing a cohesive pool of brand attributes that tourists need to be exposed to consistently through out their sojourn at the destination. The creation of a strategy for these brand attributes needs to be spearheaded by the industry in conjunction with all stakeholders, and efficient network structures need to bee formed to accomplish this. At the same time, while the created brand is shared by all, industry members compete often fiercely for custom and are required to build their own competitive brand in conjunction with the destination brand. Network theory can give assistance in operationalizing these apparent conflicts.

"The Channel and Networks: Tourism Brands" (continued)

<u>Networks</u>
A lack of business skills among tourism operators who tend to come from all walks of life and industries might be one reason for the lack of consistency between various tourism services. Generic industry structures are another. Any lack of coordination is not by design but evolutionary, as each member of the tourism industry belongs to his/her own generically grown industry. This often involves different training and career paths, managerial structures, communications systems and values. In short, 'industries' such as transport, accommodation or hospitality often show characteristics of (different) communities. As far as these industries are concerned, communities imply diversity and depth from which the brand can dray valuable attributes that indicate functional qualities. At a higher level of abstraction and to the benefit of the brand, the notion of community allows the tourism industry to reflect on its origins in the culture of its country and dray from its attributes that define the character of its people. Attributes such as these add to the 'mystical' qualities of the brand.

According to Muniz and O'Guinn, a community is signified mainly by three characteristics. Members share an intrinsic connection to one another, they have shared rituals and traditions, and lastly, they share a sense of moral responsibility—which, in the case of tourism, comes to the fore in situations such as industrial trouble or political lobbying, and formulating industry standards or ethical codes. Considering a generic industry as analogous to a community, the tourism industry is a new or extended community that requires its own new sets of commonality, values and moral responsibility. In a way, this goes beyond what the channel literature is designed to accomplish. Although it deals with these and related issues of social conflict, a more promising research stream to support the development of such a new community is network theory, which is able to include channel theory. One of the most powerful reasons why network theory may be considered as more appropriate in developing country as brand leverage is that networks, like communities, rely strongly on trust.

Defined as a system of exchange linkages, networks are distinguished by 'their density, multiplexity, and reciprocity of ties and shared value systems defining membership roles and responsibilities.' Tourism service operations thus belong to at least two sets of networks which have hallmarks of communities. Interactions among the members of one network, and between networks, have been analyzed further and defined according to their type, frequency and levels of commitment expressed during interactions. By representing the structure of the closer external environment of business, it is these networks that have an influence on channel shape and policy and are vital in the formation and delivery of brand attributes with the tourism system.

For it is only through value-oriented, networked cooperatives and share d vision that a tourism brand community can evolve. A tourism brand community is here understood as a heterogeneous group of service producers who give a sense of homogeneity of experience to tourist through employing the same brand attributes during service production. When adhered to throughout a destination, these attributes become destination brand attributes.

It may be added here that these attributes need to fit the service brands individual companies develop for themselves. Depending on the level of fit, the command is more or less part of the tourism industry as a community that tries to develop its brand. Strengthening the ties of these communities is therefore the central metaphor for brand development. Defection, non-participation or inconsistent brand management are the main reasons for the brand's dilution, as are 'bullying tactics' by self-styled channel captains that have no network but only channel support (airlines to island destinations, for example, rarely have regard for a destination brand, as they are often driven by numbers or 'bums on seats' rather than helping tourist profiles fit the product). The growth of destinations usually brings with it diversification and commoditisation. Both often cause the original attraction and its values to get lost. It depends on the brand community to overcome these causes of brand dilution.

Delivering on the Country Brand's Promise
Excerpted with permission from "A Country—Can it be Repositioned? Spain—the Success Story of Country Branding" by Fiona Gilmore in the Journal of Brand Management, April 2002.

There are two aspects of delivering on a country's brand promise. The first is ensuring that the country is actually able to substantiate what its brand is saying about it.

It is important to realize that his is not a clear-cut rule of only branding what is already there—in most cases it is a matter of seeing the potential of a country's competitive advantage and both branding and physically developing and building it at the same time. In some cases, it may be a matter of crafting a proposition that can be launched now but that can grow with the country as various initiatives get it closer to delivering on true relevant differentiation.

The second is using the country's brand post-development to discern what other activities, industries or projects the country should jump start because they complement the brand. The truth is that a country's brand, if properly developed, is based on relevant macro trends, core competencies and the country's competitive position. Therefore, it can be a guide to what the country should promote. For example, the positioning 'unspoilt natural ness' developed for Northern Ireland could lead to the conceptualization of activity-based holidays such as pony trekking and walking—with different locations around Northern Ireland specializing in a different activity. There is definitely potential for the private sector and entrepreneurs to use the positioning as a springboard for commercial ventures that in turn continue to reinforce the country brand and help support the public sector.

A Summary of Key Findings

Excerpted with permission from "Country Equity and Country Branding: Problems and Prospects" by Nicolas Papadopoulos and Louise Heslop in the Journal of Brand Management, April 2002.

The main findings from this large body of research can be summarized into nine important conclusions about the nature and role of product country image [PCI].

- *National and other place images are powerful stereotypes that influence behavior in all types of target markets.* This includes not only consumers and, of course, tourists, but also industrial and retail buyers as well as foreign investors when they consider countries for expansion (in which case the country is the product and the investor the buyer). For example, one study of purchasing managers found that 'the explanatory power of brand name was much smaller than that of [the] country of origin cue.' Similarly, a more recent study found that PCI effects for industrial and consumer goods was highly similar, helping to debunk the belief that 'industrial buyers are more 'rational'…than the average consumer.
- *The effects of national images vary depending on the situation*. Multiple-cue studies that assessed the relative importance of origin versus other cues have found that it varies depending on the strengths of the cues studied in each case, and is often more influential than price, dealer reputation or even brand name.
- *Origin images affect price expectations*. Nebenzahl and Jaffe and others have reported that the lower the image of a country, the greater the price discount that buyers expect compared with an identical product from an origin with a stronger image. This helps to explain Volkswagen's 'German-*engineered'* and Suzuki Nitara's '*Born* in Japan' claims, aimed to disguise manufacturing in countries with weaker images and thus to reduce discount expectations.
- *PCIs appear to consist of seven key constructs*. Drawing from a study of 6,094 consumers in 20 cities in 15 countries, the authors recently confirmed earlier results from a sample of 2,247 in eight of these countries concerning the structure of product-related country images. This consists of three country constructs (comprising 16 variables) representing a nation's level of advancement, feelings about its people, and the respondents' desire for closer links with the country; and four product constructs (20 variables) representing assessments of the products themselves, their price, their market presence, and the respondents' level of satisfaction with them.
- *In the case of hybrid products, buyers may distinguish between a product's country of design, manufacture, assembly and/or the producer's home country.* For example, a study of industrial buyers found that they evaluate developed countries higher than developing ones as design locations, while the reverse is true for the products' manufacturing and assembly; and, the more complex the product technology (e.g. computers versus pens), the greater the perceived importance of design skills.
- *PCIs of specific product classes are related to a country's global product image.* The images of specific products may be weaker or stronger than the 'global' image of their country of origin, but they move in tandem with it. That is, one may think more highly of French than of Japanese fashion—but the higher one thinks of Japan, the higher one thinks of its fashion products.
- *Buyers distinguish between national and product images, and between major, niche and less developed countries as producers.* Developing countries are rated lower than developed ones. At the same time, consumers clearly distinguish between their views of a country's products and those of the country itself.

"A Summary of Key Findings" (Continued)
The findings suggest both problems and opportunities for various countries, and points to the halo effects of their image on their products. For instance, countries with stronger product than country images may be faced with weaker demand if suitable alternatives become available to buyers at some future point, while those in the reverse situation may be able to leverage their country image to achieve greater penetration of foreign markets.

- *PCIs may shift slowly over time or quickly as a result of intervening events.* Some studies have researched the influence of events on the images of countries. Of these, two that focused on the effect of the Olympic Games on the image of South Korea and of Tiananmen Square on China found corresponding, and major and immediate, positive and negative influences on these countries' images. A small number of longitudinal studies also suggest that origin images may shift over time, albeit very slowly in the absence of such major events. This suggests that PCIs are very strong stereotypes that are not easy to change:
    - Images change over time, but slowly;
    - Penetration pricing and other incentives can help to overcome initial consumer resistance;
    - Events can help to speed up (or hinder) the process;
    - A focused overall plan for market development is a must (this is particularly relevant to such emerging economies as those Eastern Europe, which appear to have put more emphasis on 'promotion' than systematic marketing—e.g., the 'Czech Made' campaign—and whose national images have not changed significantly in spite of the time elapsed since the fall of Communism).
- *The effects of 'buy domestic' campaigns are unclear.* Product-country images are of obvious interest not only to exporters but also to domestic producers whose local market dominance is being challenged. There appears to be a research consensus that patriotic appeals may generate positive feelings but will not necessarily lead to purchases if superior foreign products are available, suggesting that domestic producers do not necessarily have a *de facto* edge over imported products: and that many, if not most, government or industry sponsored campaigns do not appear to be very effective, and their design often suggests a lack of concrete marketing know-how.

Go to Part II