Nation branding: the strategic imperative for sustainable market competitiveness

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Abstract

Purpose – Nation branding strategies are gaining priority as an area of research because of increasing market complexities and the rising importance of national competitiveness ranking. The sustainable development of a nation brand, when properly managed, will provide the economic incentive to attract investors, tourists and generate income for local communities. Therefore, this paper aims to focus on delineating the strategic imperatives for sustainable market competitiveness of nation brands.

Design/methodology/approach – The research adopts an eclectic approach in examining a wider range of factors such as sustainability and market competitiveness to develop a synergistic nation brand.

Findings – For nation brands to remain competitive, it is essential to understand the key determinants of market competitiveness. These determinants include sustainable tourism factors such as culture, heritage, environmental and integration of internal and external stakeholder groups from the public and private sectors.

Originality/value – This paper provides a framework for the analysis of sustainable market competitiveness factors of the nation brand. It also provides implications for nation branding and future research agenda.

Keywords Sustainability, Nation branding, Market competitiveness, Nation branding strategy

Paper type Conceptual paper

1. Introduction

On a global scale, nation branding has become an increasingly important strategy for world-class destinations. Nation branding strategies are gaining priority as an area of research because of increasing market complexity resulting from globalization forces, domestic and international government policies, foreign exchange fluctuations and changes in the natural environment. Researchers have concluded that brands, which are strongly rooted within a national culture and heritage have greater prospects for having a synergistic brand (Anholt, 2006, 2008). In addressing the need for synergistic nation brand, researchers are calling for a more eclectic approach in examining a wider range of factors such as sustainability and
market competitiveness (Hassan, 2000; Stephens Balakrishnan, 2009). These research studies included sustainable tourism factors such as culture, heritage, environmental, as well as an integration of internal and external stakeholder groups from the public and private sectors such as tourists, investors, government, nongovernmental organizations (NGOs), media, citizen groups and local businesses.

With major environmental pressures and calls for conservation, nations are now adopting preservation agendas for future generations and exploring sustainable development strategies and techniques. Nations, as destinations for tourism and foreign direct investment, are dependent on natural and cultural/heritage resources to form their attraction bases that are linked to the economic vitality of local communities. Therefore, the sustainable development of a nation brand, when properly managed, will provide the economic incentive to attract investors, tourists and generate income for local communities. For nation brands to remain competitive, it is essential to understand the key determinants of market competitiveness. This article provides a framework for the analysis of sustainable market competitiveness factors of the nation brand.

2. What is nation branding?

Previous studies defined the nation brand from both an etymological and an ontological perspective, which relates to a nation-as-people, a nation-as-state and a nation-as-country (Lee, 2009). From an etymological perspective, a nation is “a large body of people united by common descent, culture or language, inhabiting a particular state or territory” (the Oxford English Dictionary). However, from an ontological perspective, nations have been defined in terms of the people and culture that shape the nation’s construction internally and its competition in an external globalized world (Fan, 2010).

In recent years, Anholt (2008, p. 22), who coined the term, refers to nation branding as “the systematic process of aligning the actions, behaviors, investments, innovations and communications of a country around a clear strategy for achieving a strengthened competitive identity.” Accordingly, nation branding is about building a sustainable differential advantage that defies existing or pre-existing national or regional stereotypes. In this context, the nation brand identity is strategically balanced to effectively communicate with diverse target audience/stakeholder groups in ways that bring about positive perceptions.

Albeit being a relatively new subject, the origin of nation branding study can be traced to four different streams of literature as indicated in Figure 1. Nation branding has emerged as a practice as countries became focused on brand management techniques to compete effectively in the world arena (Dinnie, 2015, p. 21). The management of the nation brand is

**Figure 1.**
Classification of major research on nation branding

- Country of Origin (COO) (Papadopulous and Heslop, 2002)
- Place or destination branding (Kotler, et al., 1993; Kotler and Gertner, 2002; Morgan, et al., 2002)
- Public diplomacy (van Ham, 2001; Melissen, 2005; Fan, 2008)
- National identity (Smith, 1991; Bond, et al., 2003)
concerned with planning, governance or the economic development of a nation (Anholt, 2008, p. 23).

Different from the research on “Country of Origin” and “place branding,” which have a clear and strong focus on promoting specific economic interests (export, tourism or inward investment), nation branding focuses on the country’s whole image on the international stage encompassing cultural, economic and political dimensions (Quelch and Jocz, 2004; Fan, 2006).

A nation brand is the total sum of all perceptions of a nation in the mind of international stakeholders that may contain some of the following elements: people, place, culture/language, history, food, fashion, famous faces (celebrities), global brands, etc. A nation’s “brand” exists, with or without any conscious efforts in nation branding, as each country has a current image to its international audience, be it strong or weak, clear or vague (Fan, 2006, p. 12). Nevertheless, a distinction must be made between nation branding and commercial branding either for products or corporations. As can be concluded from Table I, nation branding is more different than similar to commercial branding. Many elements of nation branding are not under the control of the nation branding team, especially in the short run.

To this end, the notion of “nation branding” is now widely accepted, although the interpretations of nation branding are still debatable. The nation’s branding image/slogan is now more important than has ever been. Therefore, many countries place a huge emphasis on creating a country logo so the nation brand can be easily recognized by the intended target audience. Nation logos are tangible identifiers of the nation brands or a visual representation of national identity.

In light of the importance of nation branding, few indexes of ranking nation brands have been developed (Anholt, 2008; Lee, 2009). Few of these indexes include the country branding index by FutureBrand and the Anholt-GfK nation brands indexSM were developed to help

<table>
<thead>
<tr>
<th>Elements</th>
<th>Nation brand</th>
<th>Product brand</th>
<th>Corporate brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer</td>
<td>Nothing on offer</td>
<td>A product or service on offer</td>
<td>Related to the product or sector</td>
</tr>
<tr>
<td>Attributes</td>
<td>Too complicated to define in simple terms</td>
<td>Clearly defined</td>
<td>Well defined</td>
</tr>
<tr>
<td>Benefits</td>
<td>Purely emotional</td>
<td>Functional and emotional</td>
<td>Mainly emotional</td>
</tr>
<tr>
<td>Image</td>
<td>Complicated, diverse and vague</td>
<td>Simple and clear</td>
<td>Simple and visible or hidden</td>
</tr>
<tr>
<td>Association</td>
<td>Secondary, numerous and diverse</td>
<td>Primary and secondary, relatively fewer and more specific</td>
<td>Mainly secondary, fewer and specific</td>
</tr>
<tr>
<td>Purpose</td>
<td>To enhance the national reputation</td>
<td>To help sales and develop relationships</td>
<td>To enhance the reputation and develop relationships</td>
</tr>
<tr>
<td>Dimension</td>
<td>Political, economic, social and cultural</td>
<td>Mainly economic</td>
<td>Economic and social</td>
</tr>
<tr>
<td>Ownership</td>
<td>Multiple stakeholders unclear</td>
<td>Sole owner</td>
<td>Sole owner</td>
</tr>
<tr>
<td>Audience</td>
<td>International, diverse and “significant others”</td>
<td>Targeted segment</td>
<td>The general public or targeted</td>
</tr>
</tbody>
</table>

Source: Adapted from Fan (2006, p. 7)
governments, organizations and businesses understand, measure and ultimately build a strong nation brand image and reputation. For example, the Anholt-GfK index measures the power and quality of each country’s “brand image” by combining the following six dimensions as indicated in Figure 2.

3. Elements and character of nation branding
The elements of a nation brand are those elements that will define the nation brand and differentiate between it and other nation brands in the target audience's minds. The nation brand elements can be categorized into two groups, namely, nation brand tangibles and nation brand intangibles. Figure 3 explains these elements. Nation brand elements can be evaluated by the perceptions and attitudes of tourists and other stockholders about the country if the nation brand elements are all they know (Manual of Marketing, 2013).

Figure 2.
The Anholt-GfK nation brands hexagon

Source: Adapted from Anholt (2006, p. 186)
Nation brand elements play a crucial role in building the brand character. Countries must choose the element or bundle of elements that will create the brand character that will defend the nation brand from the attack of other nation brands. Therefore, there is a range of nation branding strategies from a brand umbrella that emphasizes creating an overall national character, such as the case of Argentina (Arkenbout, 2015), to sector-specific character branding as in the case of Egyptian tourism (Muskat et al., 2013). Figure 4 show examples of some nation brand characters. To this end, previous studies indicated that three-F’s of the tourism cluster, namely, fun, fantasies and feelings should be used to deliver the promise of the brand character. As Cunha and Cunha (2005) indicate the tourism cluster is:

A cluster, which ambition is to reinforce, in terms of sustainable development, the destination identity – what makes it different from other destinations – and which stakeholders are all responsible for it (p. 50).

Previous studies argue that tourist experience or the promise of specific experience will facilitate the development of a sustainable destination identity (Klaus and Maklan, 2011). In light of this, the emotions of customers/tourists such as fun, fantasies and feelings will shape the customer experience in a specific destination (Nikolova and Hassan, 2013). Nevertheless, most studies in tourism marketing and nation brand literature overlook the role of customer/tourist experience in creating the desired nation brand character. They focus on the destination rather than the customer/tourist as the core of the customer experience in a specific destination (Klaus and Maklan, 2011; Mahrous and Hassan, 2017). Therefore, tourism marketing studies should adopt the experiential marketing theory to identify the determinants of customer experience required to support the desired nation brand identity. Table II describes how to create the customer promised experience in specific destinations.
In light of the discussion thus far, it can be concluded that the branding strategy of a nation reflects the number and nature of common or distinctive tangible and intangibles elements applied to the portfolio of clustered brands offered by a given nation (i.e. tourism, technology, trade and textile) to reach key stakeholders. Accordingly, any approach to building the nation brand strategy should identify the brand elements that will create a distinctive differential advantage for the country. Therefore, the following section discusses the developments of the nation’s brand strategy.

4. Formulating sustainable strategy for nation brand competitiveness

In an increasingly saturated marketplace, building a nation brand must be guided by analytical frameworks that focus on the concept of competitiveness. Most competitiveness models have focused on the firm as a unit of analysis for a wide variety of industries. Because of the multiplicity of industries involved in the making of a competitive nation brand, it is essential to look at rivalry among nations rather than firms.

Traditional models of competitiveness (Porter, 1990) have limited the focus of competitive analysis to the factors associated with rivalry among firms within a given industry or country. This notable characterization of competitiveness limits the analysis to historic, predetermined performance indicators such as market share, market growth and gross domestic product. These are necessary indicators for measuring existing levels of competitiveness but they are not sufficient in determining the future direction of competitiveness. In a nation branding context, the multiplicity of industries involved in creating and sustaining performance requires the development of a competitiveness model that examines the extent of cooperation needed for the future of competitiveness of a nation.

Consequently, competitiveness is defined here as the nation’s ability to create and integrate value-added products, services and experiences that sustain its resources while maintaining market position relative to competitors. The development of a nation brand should focus on a systematic examination of its attributes as a destination that presents a unique comparative advantage to attract investors, tourists and other resources such as technology and talent. Several related comparative advantage attributes are critical to the development of a sustainable nation brand. These attributes include climate, location, natural resources, tourism awareness among local citizens and indigenous culture (Eccles, 1995; FMECD, 1995; Wight, 1993). Other comparative advantage attributes associated with the development of the nation brand include transportation, trade policies, facility/land use

<table>
<thead>
<tr>
<th>Country/city</th>
<th>Brand slogan</th>
<th>Experiential promise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>Let’s meet in Poland</td>
<td>Fantasy</td>
</tr>
<tr>
<td>Spain</td>
<td>Smile. You are in Spain</td>
<td>Feelings</td>
</tr>
<tr>
<td>Dubai</td>
<td>Definitely Dubai</td>
<td>Fun</td>
</tr>
<tr>
<td>Egypt</td>
<td>Where it all begins!</td>
<td>A new beginning and feelings</td>
</tr>
<tr>
<td>Australia</td>
<td>There’s nothing like Australia</td>
<td>Fun and Fantasies</td>
</tr>
<tr>
<td>Mexico</td>
<td>The place</td>
<td>Fantasy</td>
</tr>
<tr>
<td></td>
<td>You thought</td>
<td></td>
</tr>
<tr>
<td></td>
<td>You know</td>
<td></td>
</tr>
<tr>
<td>Jordan</td>
<td>Discover the kingdom of treasures</td>
<td>Fantasy</td>
</tr>
<tr>
<td>Brazil</td>
<td>Sensational!</td>
<td>Fun</td>
</tr>
<tr>
<td>Barbados</td>
<td>just beyond your imagination!</td>
<td>Fantasy</td>
</tr>
<tr>
<td></td>
<td>Discover, dream and enjoy!</td>
<td></td>
</tr>
</tbody>
</table>

Table II.
What is your nation brand promise? (3-F’s of the tourism cluster: fun, fantasies and feelings)
requirements, environmental issues, infrastructure, labor laws and labor availability (Nelson et al., 1993).

Sustaining a given nation brand in the marketplace becomes a function of turning its distinctive characteristics as a comparative advantage into a competitive market position. Branding is about adding value in a way that is consistent with market demand. The development of a sustainable competitive position for the nation brand requires responding to the changing nature of demand in the marketplace. Research studies established a link between the competitiveness of the nation as a destination and the sustainable development of its tourism industry (Hassan, 2000). When the tourism industry depends on the uniqueness of the environment, as in the Mexican Coastline, the resources must be protected to continue to draw tourists. Sustainable tourism destinations provide the nation brands with an alternative for economic development that will position the brand more competitively in the marketplace.

To this end, the following approach was developed to help in building a sustainable nation brand distinctive differential advantage as depicted in Figure 5. This approach provides sequential steps to create positive and compelling brand promise; i.e. developing a nation brand strategy. These steps are as follows:

- establishing a nation brand board;
- formulating a strategic plan and objectives;
- defining the cluster’s brand architecture and scope;
- monitoring nation brand reputation among stakeholders; and
- developing and evaluating tactical scenarios.

In light of this, nation brand leadership can be achieved by building a differential strategy of the whole destination experience from the point of view of all stakeholders. Therefore, the starting point should be “how to differentiate the nation brand.” This can be achieved through three main ways, namely, experience branding, cluster branding and cultural branding. Many countries nowadays have adopted experience branding through developing touristic programs that aim to create an authentic local experience to tourists such as the

![Diagram of Nation Branding Process](https://via.placeholder.com/150)

**Figure 5.** Framework for balancing the nation branding strategy
agrotourism (or rural tourism) in Greece, where tourists spend two weeks learning about milk production (participating) and learning how to make cheese with locals on a Greek island (Gogreeceyourway, 2017).

For effective nation brand strategy, there should be a specific entity to formulate and monitor the nation brand strategy such as establishing a nation brand board. There are many models for establishing a nation brand board. The most famous models are:

- government-led model, e.g. rebranding South Africa (Brand South Africa, 2008) and Mexico nation branding board (gob.mx 2017);
- hybrid model based on private-public sector involvement, e.g. branding Australia (Australia unlimited, 2017); and
- private sector/NGO led model, e.g. Brand USA (Brand USA, 2017).

Despite the type of nation brand board used, the nation brand board is responsible for formulating the nation brand strategy. The branding strategy should reflect the number and nature of common or distinctive tangible and intangibles elements applied to the portfolio of clustered brands offered by a given nation (i.e. tourism, technology, trade and textile) to reach key stakeholders as indicated in the previous sections. Finally, in formulating the nation brand strategy, there are many nation brand strategic options such as brand extensions (e.g. Poland and ecotourism), brand sponsorship (e.g. Brazil-FIFA) and cluster branding alliances [i.e. co-branding (e.g. Korea-Japan World Cup), industry cluster (e.g. fashion industry Italy) and advertising alliances (e.g. Silicon Valley)].

5. Sustainable tourism competitiveness and the nation brand

As mentioned before, nation branding is about building a sustainable differential advantage that defies existing or pre-existing national or regional stereotypes” (Nikolova and Hassan, 2013). In this context, the nation brand identity is strategically balanced to effectively communicate with diverse target audience/stakeholder groups in ways that bring about positive perceptions. To this end, a strategic approach for nation branding is needed to develop this nation branding identity. Figure 6 depicts the steps for developing the nation brand strategy.

A strategic focus on sustainable market competitiveness implies becoming committed to reaching diverse audiences, wherever they are found in the world, with a harmonious and synergistic brand strategy. The sustained growth of a nation brand will need to be guided by a global perspective to maintain competitiveness in an increasingly saturated marketplace.

Figure 6.
Steps for developing nation brand strategy

| Establishing a nation-brand board |
| Formulating a strategic plan and objectives |
| Defining the cluster's brand architecture and scope |
| Monitoring nation-brand reputation among stakeholders |
| Developing and evaluating tactical scenarios |
A global perspective to understand the key determinants of market competitiveness is critical for the destination brand to sustain its growth and vitality. In an overly segmented global marketplace, the emergence of niche and specialty segments on a transnational basis has changed, for example, the way in which tourism destinations develop their brand appeal and sustain their competitive positions. Some examples of this global niching phenomenon include “adventure tourism” as in the “there’s nothing like Australia” campaign and “shopping” tourism as in the “definitely Dubai.”

This differentiated nation brand positioning strategy has emerged as a direct result of two forces operating in the global marketplace: market diversification of needs and growing global awareness. The concept of demand-driven sustainable competitiveness implies targeting the globally segmented audience with a harmoniously integrated brand. Consequently, nation brands are competing globally with a differentiated message to reach globally connected audience groups. In reaching this informed and well-connected audience, it will be critical for the nation brands to develop a knowledge base on the determinants of market competitiveness. The strategic framework presented in this paper focuses attention on the four major determinants of market competitiveness. These four determinants are as follows:

1. **Comparative advantage.** The nation’s comparative advantage includes factors associated with both the macro and micro environments that are critical to market competitiveness.

2. **Demand orientation.** The nation’s ability to respond to the changing nature of market demand will influence its competitiveness.

3. **Brand awareness.** The existence or absence of brand awareness can be associated with the ability of the nation brand to compete.

4. **Environmental commitment.** The destination’s commitment to the environment will influence the potential for sustained market competitiveness.

Unlike other previously developed competitiveness models that focus on the firm as a unit of analysis (Porter, 1996), this framework focuses on the nation or the destination as the scope of analysis. The information provided here helps in mapping out key factors associated with the promotion of environmentally sustainable tourism as a critical link to meeting the global competitive challenge facing world-class destinations.

Furthermore, this competitiveness framework focuses on the uniqueness of the tourism market. Tourism destinations involve a multiplicity of industries (e.g. hospitality, transportation and entertainment) that contribute through their value-added activities to the overall competitive position in the marketplace. At the same time, destinations will achieve high market growth, and hence, become more competitive because of successful value-added programs. In the absence of environmental commitment, short-term market success might, in fact, lead to the deterioration of the destinations. Sustained market competitiveness requires a balance of growth orientation and environmental commitment at an acceptable rate of return to all industry partners involved in the marketing of the destination.

6. **An environmentally sustainable strategy for nation brand competitiveness**

A central component of this strategy is building relationships and alliances to strengthen the capacities of local communities and transform local economies in a sustainable way that also is good for the environment. The relationship-based approach to promoting
environmentally sustainable tourism requires building capacities for partnerships among three key constituencies, as shown below. The key components of this model are as follows:

(1) private sector (e.g. hotels, tourist villages, travel agencies and tour operators);
(2) public sector (e.g. ministry of tourism, tourism promotion authority and convention bureaus); and
(3) NGOs and informal citizen groups like friends of tourism.

The involvement of NGOs is essential in building a broader awareness of environmental issues. Obviously, cultivating broad citizen awareness of local environmental issues will enhance the climate for developing strong partnerships between the public and private sectors of the tourism industry. There is a critical need to promote self-regulation in the private sector with limited governmental intervention or with the right mix of environmental initiatives that are supported by investment bankers and offices of tourism (Marzouk and Mahrous, 2017). For example, environmental impact assessments and feasibility studies could be required before granting loan approvals for new development projects. Such actions would promote the right development values and attract environmentally friendly investors to the new destination, thereby enhancing the industry’s image.

The long-term objective of improving the image of the tourism industry in the new destination requires attracting investors with a strong commitment to environmental quality and sustainable development. Attracting such investors requires meeting three criteria:

(1) an assurance to provide quality infrastructure and support services that will economically and environmentally sustainable local communities and provide high levels of satisfaction among citizen groups, the private sector and potential tourists;
(2) legislative frameworks (prohibitions/decrees) that safeguard the natural environment and protect the quality of life in a sustainable manner; and
(3) a reinforcement program for the preservation of the culture/heritage of local communities at a satisfactory level to the expectations of citizen/civic groups, tourists and the private sector.

Sustainable tourism, as a relatively new concept, refers to tourism that attempts to minimize environmental impacts and sociocultural changes and also contributes to prolonging the life expectancy of destinations and creating a unique economic opportunity for local communities. This new concept is consistent with the expectations of a growing number of tourist segments that demand sociocultural and nature-related activities in attractive destinations on a global scope. For destinations to sustain their competitive positions, they need to develop integrated activities and products that usually range from culture/nature education and heritage/history orientation to outdoor adventure sports and wildlife viewing. Similar activities and products will enhance the comparative advantage of the destinations in appealing to an emerging global travel segment that tends to be above average in education, environmentally aware, experience-oriented and ready to accept local customs/culture.

7. Implications for nation branding: future research agenda
In the past, research on the determinants of competitiveness in a global environment has focused on indicators associated with the market performance of the firm. Most of this
research has been based on historical market performance data and has used econometric models for analysis. Furthermore, these models have been concerned with the rivalry among firms within any given industry or country. Hence, the analyzes have tended to be limited to past changes within an industry. For example, market growth and market share clearly are important to competitiveness but will not determine the sustained future direction. This article calls for future research initiatives that transcend beyond historic market performance to be proactive in attaining the sustained competitiveness objectives for tourism destinations.

This article has provided a detailed model for sustained competitiveness in the tourism sector. This model provides a starting point for future research that evaluates the identified variables and provides a long-term assessment of the competitiveness of tourism destinations. As part of a future agenda, it is proposed that competitiveness research will identify a new focus on sustained growth. The scarcity of research that examines the relationship between competitiveness and environmental sustainability should not deter future investigations. For example, how important is environmental sustainability to destination attractiveness? On a more basic level, what are the key variables associated with measuring the market and environmental sustainability? Is it possible to have a composite index with high levels of reliability to measure the market and environmental sustainability? What are the key constructs that truly determine market and environmental sustainability? In examining the relationship between market competitiveness and environmental sustainability, what are the intervening variables? How can these relationships be operationalized?

Because most competitiveness research has focused on the firm as a unit of analysis, how can we determine the best level of analysis for tourism destinations? Destinations are best defined by a geographic location that involves numerous industries serving the tourism sector. How can we augment the relationships among these destinations in a way that contributes to the total quality of the experience perceived by tourists? On an aggregate level, tourist experiences influence the overall image of the destination. For example, how important is the perceived image of the destination compared to other factors contributing to competitiveness? Can the level of environmental awareness among tourist segments influence the decision to choose among destinations? The use of future research agendas will rest on how actionable the results will be to improve the future competitiveness of tourism destinations. It is essential to provide destination managers and researchers with the needed tools to enhance their ability to develop effective programs that are consistent with market expectations.

References
Further reading

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