COUNTRY BRAND AS A COMPETITIVE ADVANTAGE IN SUSTAINING NATIONAL PRODUCTS: THE CASE OF ROMANIA

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Abstract: This paper introduces the concept of country brand for a more accurate understanding of the competitive advantage a country could rely on in the quest of obtaining a favorable positioning. Intensifying global competition leads to a higher value for the country involved, also sustaining the competitiveness between companies, based on both the company and the country's strengths. The legislative framework, infrastructure, natural resources, the educational system and the geographical location of the country are key determinants of national resources that may enhance a company's performance. Seen as an intangible asset, a brand plays an essential role in consumers' decision-making process, given the fact that people tend to choose products and services they trust. The same occurs to country brands, in order to sustain a national product, a country should clearly establish its competitive advantage based on the element that can outstand and gain a place in consumers' minds. Romania remains a country of traditions, a mix of extremes that could be exploited in order to maintain the strengths and improve the weaknesses, based on a long-term strategic approach. Through an exploratory research, based on investigation of secondary information as a data collection method, the research focuses on discussing Romania's strategies in terms of creating a unique competitive advantage on which the country's brand can rely on.

Keywords: competitive advantage, country-of-origin, country image, country brand, national products, consumer behavior.

1. Introduction

Consumers value products especially because they associate them with symbolic meanings and with related experiences (Levy, 1959). On the other hand, Dichter (1962) considers that people have different desires and tastes, so country-of-origin functions as a symbolic market that helps distinguish between consumers' needs more than unify them in a global category. Country image still is a vague term, usually referring to mental representation regarding a country or its inhabitants and the cognitive beliefs surrounding economic growth, technological development, political, social systems and affective elements such as experiences with the country. Moreover, research regarding country-of-origin concentrated on consumers' cognitive perception about the standard of quality they associate with a certain country. When discussing products, things seem to be well established, but when it comes to countries, it is vital to prove if the same principles of creating and sustaining a brand can be applied.

Globalization has encouraged the developing of new strategies for multinational corporations, in order to penetrate new markets, especially in countries with a low profile. These countries represent certainly a challenge because it is very hard to convey the same values and benefits to consumers (Hui & Zhou, 2003). In the same time, that could actually help the local economy. For example, the manufacturing boom seen in China in the past years has encouraged Chinese economy to prosper and, as result, the demand for Chinese products has increased (Sharma, 2011).

Initial trust, concept introduced by McKnight et al (1998), represents a precondition of gaining consumers' by transferring the perception about the company and the positive experiences with it on the company's products. The importance of initial trust is usually reflected for companies that enter transition economies. Meyer and Peng (2005) stated that organizational changes in terms of strategy could affect cultural values and even consumer behavior, by reducing trust in the company.

The branding process applies the same principles to countries as to organizations, but the methods are without doubt different. The major challenge countries face is a fierce competition on a global level and those countries with a bad reputation have to endure more difficulties on the international market than strong branded ones (e.g. Germany), which are not only appreciated, but their products are desirable for consumers (Popescu, 2007).

This article focuses on country brand as a tool in sustaining national products. While adopting a standardized strategy may help reducing costs and portraying a global image, unique elements from each country could make the difference and have a major role in influencing consumers' decisions. Therefore, it is important that each country that wants to help its products to gain notoriety and to be chosen by consumers to develop a suitable country brand based on the most notable competitive advantage. This paper highlights the importance of having a country brand not only for marketing purposes, but to improve the image of the country and help the national economy.

2. Country branding - An overview

Building a country brand has its roots in the marketing literature for physical products, commonly known as consumer goods. The terminology of branding have been transfered to new domains or areas, such as services or regions, in the 1990s, according to Berry (2000) and Grönroos (2001). Branding places started in the USA, in a time where immigrants moved from the East Coast and Europe to the West. Nowadays, branding a region or a country have multiple purposes, perhaps the most important being to create a positive image for the products and services originated from these places. There are examples of countries which succeeded in building a useful and competitive brand. Spain is one of them, its evolution in perception from poverty to a civilized and modern country demonstrating the importance of the process. Other positive example is Croatia, a country that nowadays is considered an interesting tourism destination (Moilanen & Rainisto, 2009).

Country branding includes a set of programs that helps differentiate one country from another and provide identity and uniqueness. The image created needs to be positive, attractive and engaging for consumers. The country brand functions as a visit card for the state involved and represents the start point for branding campaigns. Therefore, the branding process is a complex task and usually implies numerous advertising and PR agencies. Building a consistent brand brings certain benefits, perhaps the most notable being the investments that come along with the country notoriety and quality standard of the products (Popescu, 2007). On the other hand, Reddy et al (1994) consider that line extension of products represents an inherent danger because it is possible that the new product to cannibalize the sales of the other products. Similarly, it could conduce to brand dilution and the creation of unsuccessful products.

Country image is a concept that plays an essential role in branding a country because the elements that are considered to be important enough to be included and highlightened as part of the country image represent the structure of the new brand. In that case, it is necessary to define country image in order to better understand its participation in the process. The first definition was proposed by Nagashima (1970) who considers "the picture, the reputation, the stereotype that businessmen and consumers attach to products of a specific country" as components of the country image. Bilkey and Nes' (1982) describe country image as "consumers' general perceptions of quality for products made in a given country". Laroche et al (2005) highlightened the affective component of a country's image as the most important because it has a direct influence on consumers' evaluation of products.

The manufacture and distribution of products from developed countries to developing ones was encouraged in a high measure by globalization, the hybrid-products created are confirming the incongruity between the made-in country and the brand origin country (Jian & Guoqun, 2007). Research have shown that consumers tend to evaluate products based on their perception of product quality, which is usually influenced by situational factors that can affect reputation and self-image (Godey et al, 2012).

A bad experience with a product which comes from a particular country can lead to a negative attitude towards all products originated from that country (Insch & McBride, 2004). If a brand relies on national characteristics from its country-of-origin, the producing company considers as a competitive advantage associating the brand with its country-of-origin, as a source of brand appeal. For example, Porsche highlights its German origin by using a test track in the advertising campanigns and Christian Dior prefer the term "Parfum" precisely to accentuate its French provenance (Thakor & Lavack, 2003).

The term *nation branding* describes both a concept and a practice used by national governments for capitalist economies and developing ones. In order to establish a national identity, countries with different political programs like Poland, Taiwan or New Zeeland began to use profitable marketing techniques, similar to those followed by private companies. Nation branding authorise governments to manage and control the elements they wanted to be communicated as part of the country image (Aronczyk, 2008).

Applying branding techniques to countries is a phenomenon with an increasing frequency due to the fierce competition on the global market. The reasons for which countries should learn how to manage their branding process are nowadays very present because the need to attract tourists and investors is higher and requires conscious actions (Kotler & Gertner, 2002). Van Ham (2001) stated that an unbranded country will have difficulties in its developing stages, especially if it needs more to realize the importance of reputation in creating a adequate strategic equity.

Personal experience is essential for developing an appropriate perception for a certain country. Consumers' perceptions influence subsequent purchase of products originated from that country. For example, Gnoth (2002) acknowledges the power the tourism has on influencing consumers' future opinions. Culture is another element which strongly forms opinions and perceptions, the image of cultural characteristics can have great power and longevity. Papadopoulos and Heslop (2002) considered that whether positive or negative, every country or region has an image and is not always on marketing specialists to control that image, there are others independent influences that interfere.

A country brand has an impact on many levels, influencing (Moilanen & Rainisto, 2009):

- Businesses and investments
- Tourism
- Public diplomacy
- Exports
- National identity

The process of creating a country brand needs to integrate multiple variables, involves cooperation and a good coordination. A comprehensive research of the most important elements is vital in order to gain information about the strengths and the opportunities on the market.

Figure 1 illustrates the fusion of internal policies, culture, business environment, tourism attractions as global perceptions. A strong brand has to be represented by a powerful name which must include competency, creativity and attractiveness.



Figure 1: National brand's hexagon

Source: Popescu, R.I. (2007). National Brand – A Challenge for Romania. Transylvanian Review of Administrative Sciences, 21 E/2007, p. 89.

3. The importance of competitive advantage for a country

The concept of *nation* refers to a vast group of people who share the same race and language (Longman, 1995), different from the term *country*, which describes the geographic area occupied by that nation. The two are used interchangeably sometimes, but in this paper will be used country for country image. It is up to the country involved to define, create and develop the elements that contain the ingredients for competitive advantage. The country brand can be used as a vector of evaluation by those interested in justifying their decisions to invest, consume goods and services into or out of a country. The country brand is not enough to determine a favorable consumer behavior, but is part of an overall context composed by several factors that can influence a decision one way or another.

Based on the idea that national prosperity is created, not inherited and it develops following the country's capacity to innovate (Porter, 2011), the first step in acquiring economic success is to have a name that can sustain the local economy and the national products. Moreover, a country brand could be the competitive advantage that makes the difference in product sales and consumer perception, leveraging the value of domestic brands. The country brand can be used as a vector of evaluation by those interested to invest, consume goods and services from a particular country. Therefore, it is not enough to evaluate the economic performances of a country just by its national brand because this represents a part of an overall context that includes other factors.

Country-of-origin has a major role in influencing consumer behavior in different stages. Although the most recognizable refers to the impact on evaluating products, authors like Peterson and Jolibert (1995) consider that this effect is decreased for variables such as perception about product quality or

purchase intention. In other words, the influence of country-of-origin is weaker as consumers get closer to purchase a product.

Another important aspect is the developing of stereotypes associated with certain countries. There are stereotypes that have the power to highlight a variety of characteristics and images about a product's features and standard of quality, established by consumers based on anterior experience (Stoenescu, 2014).

According to Porter (2011), there are substantial differences between competitive advantage and comparative advantage. The various features and internal conditions of a nation rather define the elements of comparative advantage, while the ability of a nation to innovate and develop are components of competitive advantage. The lack of elements of comparative advantage can be complemented by elements of competitive advantage, for a promising future prospects for a nation, Japan being a positive example in this case. Competitiveness can be viewed from several perspectives, but productivity at the national level seems to be the most relevant concept.

Productivity should not be evaluated only in absolute terms, but also in relative ones, regarding competition. Sustainable competitive advantages are limited in time and therefore they may constitute support for new exploitable advantages. We consider it a risky race to develop and innovate only on successful elements of the past, in a world of disruptive technologies, evolving and in constant change. There are countries and companies that do not understand new trends of global development and can easily lose their dominant positions on certain segments or industries. Social and economic changes occur with a high frequency that redefines market standards, both locally and globally. To survive nowadays in the market, a company must aim a continuous invention of new market advantages (Kotler & Keller, 1998, p. 225). Context offers countries the support needed for creating competitive advantage, seen as a benefit for the consumer.

The legislative framework, infrastructure, natural resources and educational system are national elements that may enhance a company's resources. When the national environment provides rapid accumulation of skills dedicated to the development of a specific infrastructure in a field, companies gain competitive advantages. Competitive companies put pressure on partners to meet performance standards, which creates a positive spiral of regional development for the country.

In order to measure countries' performance, specialists use Anholt-GMI Nation Brands Index, the first analytic tools that measures national brands. Having an annual frequency, it ilustrates different consumer perceptions regarding political, cultural, commercial products and potential investments. Using all these variables, it generates an objective classament of national brands, functioning as a barometer. The last published report, Anholt-GMI Nation Brands Index 2014, ilustrates the following rank, compared to 2013:

2014 Rank	Country	2013 Rank
1	Germany	2
2	USA	1
3	UK	3
4	France	4
5	Canada	5
6	Japan	6
7	Italy	7
8	Switzerland	8
9	Australia	9
10	Sweden	10

Table 1: Anholt-GfK Roper Nation Brands IndexSM, Overall Brand Ranking 2014 (Top 10 of 50 Nations)

Source: Press Release, November 12, 2014, http://www.gfk.com/news-and-events/press-room/press-releases/pages/germany-knocks-usa-off-best-nation-top-spot.aspx, accesed on January 10th, 2015.

4. Romania - The beginnings of a country brand

First branding actions for Romania were made in the mid '90s. Since then, the process of branding Romania has been discussed in numerous debates, promotion campaigns and governmental actions. In the following sentences we analyze the most important aspects that compose a PEST research:

Politics: Romania is a parlamentary republic, in which Constitution stipulates freedom of speech and self expression, making Romania a democratic country since the fall of the communism system. The first branding opportunity is offered by the fact that Romania became a member of the European Union in 2007, gaining an easier access to other markets to export its products. In this case, Romania should take advantage of this and build a country brand upon those advantages.

Economics: Consumers tend to rely on stereotypes when it comes to evaluate a region or a country (Gilovich, Keltner & Nisbett, 2006). That implies that they usually equate a slow development to a lack of potential, this being the case of Romania, which received little attention from investors due to its negative reputation. Therefore, it is vital that the government to understand the importance of cleaning the image of the country as an effort to speed up its evolution (Kotler, Jatusripitak & Maesincee, 1997). This is where a positive brand image can help the economy, by expanding sectors as tourism and attracting foreign investments. Romania still has problems in creating a transparent business environment, despite the multiple strengths like cheap labor and multiple resources.

Social environment: In the global market, Romania should focus on arts, literature and its cultural legacy in order to differentiate from others countries and establish a unique competitive advantage. The major threat that Romania is facing refers to an unclear communication for a positive image, in an attractive manner for consumers. It is important to reduce stereotypes by providing an integrate communication that can create experiences and positive reactions.

The technological and legislative environment: Romanian tourism is not well sustained by the infrastructure, one of the main problems of the country. The infrastructure also affects investments and establishing new businesses in some regions. The legislative environment was not so inviting

for multinationals, especially before 2007, the year Romania became a EU member, especially because of bureaucracy, nepotism and bribery, according to Global Corruption Report of Transparency International.

Having in mind all the facts mentioned before, we consider that the main steps in creating a durable country brand for Romania are:

1) To establish exactly what a country brand should contain, so that politicians, marketers and the general public could have the same perspective on the subject.

The concept of country brand is relatively new in Romania and because of that we consider necessary that all parts involved should clarify the notion in order to create one. It could be discussed from advantages point of view, the purpose being to better understand its contribution in the economic development of the country.

2) To examine the current brand, in order to determine what are its weak elements.

The fact that Romania could not rely on a strategy in creating, developing and promoting its brand name, the image formed among people is confusing. The analyse should began by researching the perception of people about Romania, taking into account that there are numerous persons that base their opinion of Romania, its people and its products only on the information extracted from books, movies, articles, whether from newspapers or online, not having the chance to have a direct contact themselves. We consider beneficial to research both the Romanians' opinion and perceptions and people coming from others countries. Only research could determine the weak elements, but also the strong one that should be used in the strategy.

3) To create the brand strategy.

After performing a SWOT analysis, marketers could clearly identify the strengths and the opportunities on the market, as a foundation for the strategy. It is important that Romania embrace innovation in technology, culture, tourism and education in order to change its image. On the other hand, Romania has a negative image abroad because of the cases promoted in the press, TV or the internet where Romanian are presented as having only negative personality characteristics. If the strategy is strong enough to change some perceptions about the people, then it would be easier to promote Romanian products because consumers from other countries would not be influenced by stereotypes. The same benefit could be used for promoting Romanian tourism. An important element for creating a competitive advantage is represented by cultural personalities, like poets, painters, sculptors and world known writers.

4) To properly implement the strategy.

The strategy must be implemented after setting specific goals for every aspect that needs to be be be established using representative elements and to be communicated properly to the public.

5) To frequently verify the results.

After elaborating the brand's strategy and creating the image that is going to be presented to consumers, it is important to continue the process by evaluating the results. Depending on the findings, some elements might be changed in order to improve the brand's image.

5. Romanian competitive advantage from a strategic perspective

Success differs from an economy to another, depending on the standards given for every country because it usually focused on various segments or domains that use technology, processes and skills for high productivity. In building a competitive advantage, it is important for companies to understand that continuous effort is needed to support performance. It is mandatory to select the performance areas in order to allow identification on a global market for products and services where Romania already has a competitive advantage. Disruptive market conditions and developing new technologies require a capacity to adapt fast, forcing competitive companies to avoid Romania because it needs capital investment to exploit existing resources.

In his famous work "The Lexus and the olive tree", Thomas Friedman states that a nation is considered successful if fits the profile of what he calls the "golden straitjacket", meaning the adoption and implementation of the following rules:

- 1) To have as main engine for economic growth the private sector;
- 2) To maintain a low inflation rate;
- 3) To ensure price stability;
- 4) To reduce state bureaucracy;
- 5) To have a balanced state budget;
- 6) To eliminate or reduce duties on imported goods;
- 7) To remove restrictions on foreign investment;
- 8) To increase exports;
- 9) To ensure currency convertibility;
- 10) To fight corruption, bribery and grants;
- 11) To create a banking and a telecommunications system of private entrepreneurs open for private investors.

Following these minimal rules, Friedman believes that is the way for the economy to grow and political influence to be reduced. Romania is making efforts to fit Fridman's "golden straitjacket", to stimulate and develop a business-friendly environment for local entrepreneurs and foreign investors. Through EU funds for various environmental investments, infrastructure, health, education and other domains relaunches Romania as a consumer market opportunity, in an era in which exports have increased steadily, exceeding for the first time 50 billion euro in 2014. The last report of the International Monetary Fund from February 9th 2015 states that Romanian economy largely correct internal and external imbalances through sound macroeconomic policy mix, but remains vulnerable

to external shocks. Continuing sustainable macroeconomic policies and public spending efficiency are required to maintain a strong growth trajectory of Romanian economy.

Mixing export operations is relatively narrow and limited for products with low added value for Romania, which is still dependent on others international players and having small and sensitive margins to price fluctuations and trade conditions, technology being assimilated through imports, imitation and foreign direct investment (Pop, Draghescu & Cerghit, 2013). The existing dependence on foreign investments emphasizes the importance of country image, in order to develop an attractive investment environment.

Romania's comparative advantage is determined by resources, such as low cost of labor and access to natural resources. In this context, Romania should develop strategies to attract investment capital and to invest in factors affecting national competitiveness, especially health, education and infrastructure (Pop & Draghescu, 2015). A particular attention should be directed to stimulate investments with high added value, to support the creation of jobs and social added value.

We consider the maximum potential sectors for medium and long term in Romania are: energy, agriculture, automotive industry, IT, tourism and the extractive industry (Pop, Draghescu & Cerghit, 2013). Furthermore, we consider mandatory to proper select the areas with high performances, in order to allow identification on a global market for products and services where Romania has a competitive advantage.

6. Conclusions

Creating competitive advantage means understanding the importance of competitive strategies. Encouraging market forces to express freely and the decentralization of national economies must be accompanied by regulations that limit the excesses of greed of individuals interested only in obtaining benefits for their own interest. Today we witness national crises in different countries because the advantages proposed were unsustainable on the long term, literally suffocating financially the future of a nation. Postponing vital infrastructure projects, education and health could only affect in a negative manner a country's potential progress and its sustainable development.

Romania still has a long way until it can achieve building a strong country brand. In our opinion, Romanian people can contibute to the creation of the brand by believing in it, understanding the importance of having a national identity. Of course, to actually design and implement the idea of a country brand, it is necessary that the government cooperates with marketing agencies and other experts in order to establish priorities and concentrate all efforts in one direction.

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