

Toward Nation Branding Systems: Evidence from Brand Korea Development*

Kyung-Mi Lee

This paper offers an integrated view of nation branding on the competitiveness of the country. Nation branding research has evolved through multidimensional contexts, lying on a continuum with 'the local' at the one end and 'the global' at the other. Despite ample evidence showing the great necessity of conceptual clarity of nation branding, there has been little challenge to theoretical convergence of nation branding. Particularly emphasizing the brand Korea development from the 1960s to the 1990s, our paper corroborates the conceptual evidence of nation branding and provides an understanding about the legitimate role of nation branding to international and area studies.

Keywords: *Nation Branding, Sustainable Competitiveness, Nation Branding Systems*

1. INTRODUCTION

Nation branding has been contextually evolved through the multidisciplinary domains locally and globally. At the local context, researchers have extended the notions of national development and marketing of attractive locations from cities to countries (e.g. Dinnie et al. 2010; Kotler and Gertner 2002). Within the global context, scholars have focused on international business (e.g. Jaffe and Nebenzahl 2001; Loo and Davies 2006; Ozretic-Dosen et al. 2007) and relations (e.g. Melissen 2006; van Ham 2004). These have led to diverse strands of how nation branding can be effective in accomplishing competitive advantage and sustainability of the country, ultimately enhancing the quality of human life and sustaining national values.

However, despite the nature of nation branding involving complex multidimensional facets, there has been little rigorous challenge to coalesce nation branding as a discipline of converging theoretical domains. Concerning the theoretical status of nation branding and understanding its legitimate role to sustain national competitiveness, our study aims to provide an integrated view of nation branding that affects the competitiveness of the country. Based on the longitudinal approach, we explore the evidence from the case of nation branding in Korea. Finally, we suggest a systematic approach for nation branding. Our efforts will contribute to enhancing theoretical rigor of nation branding that combines diverse disciplines and to drawing practical implications applicable for managing the country effectively.

* This work was supported by the National Research Foundation of Korea Grant funded by the Korean Government (NRF-2010-330-B00100).

2. LEGITIMACY OF NATION BRANDING

In the globalization era, nations compete in the global and the local environments to develop markets, technology, skills and investment, and to raise their standard of living (Vietor 2007: 1). Though there are no agreed definition of competitiveness of nations, the idea that the economic success of a country depends on its international and local competitiveness has been prevalent among business, political, and intellectual leaders. The only question is how best to achieve them. Nation branding has the potential to play a much greater role in creating and sustaining national competitiveness both locally and globally.

In the context of local competitiveness, nation branding aims to sustain national development. The concept of sustainable development drew originally from environment preservation in the 1960s and 1970s, but the term was re coined in the 1980s to reflect the complementarity of the environment preservation and economic growth. Though there is no single, fixed definition of sustainable development, the United Nations Charter (1944) comprehensively mentions development in the context of economic and social progress and higher standards of living, as well as cultural, educational and health matters. As the primary challenge for the 21st century, sustainable development concerns a process of “achieving human development in an inclusive, connected, equitable, prudent, and secure manner” (Gladwin et al. 1995) and “improving the quality of human life” (Bond 2005: 39). A sustainable development agenda can form the foundation of developing a nation-brand strategy, particularly helping nations that are challenged by geographic remoteness and lack of access to foreign markets (Dinnie 2008). Nation branding is a strategic intent to achieve nation’s social development and to sustain its competitiveness.

In the global context, nations are positioning themselves strategically on their abilities to assume competitive advantage. Positional advantage in global markets is secured by value-creation activities (Day and Wensley 1988). With a continuing process of the growth of international production, export competitiveness is critically considered as the nation’s performance outcome which implies diversifying the export basket, sustaining higher rates of export growth over time, upgrading the technological and skill content of export activity, and expanding the base of domestic firms able to compete globally (UNCTAD 2002). One of the great inequalities in the world is the fact that the richer countries have higher profiles than the poorer countries, because the former tends to export more products and services (Anholt 2007). Due to their limited export competitiveness, developing countries are at a major disadvantage from the very beginning (Florek and Conejo 2007). By creating and managing positive and consistent export brands, developing countries can better position themselves to accomplish their objectives (Papadopoulos 2004). Nation branding is an innovative way to create, position and communicate their national brands towards positive associations in the international markets, and ultimately achieve global competitiveness.

Competitiveness gives meaning to a country’s ability to produce competitive resources based on national needs or international trade, and embodies a holistic approach to a country’s ability to sustain a nation’s economic and social development levels for its people. The aim of nation branding should be to enhance social cohesion and pursue a substantial sustainability by transforming quality local products and services into competitive advantage in international business (Pant 2005). However, there has been a lack of clarification on the role of nation branding in terms of sustaining national competitiveness that integrates both local and global contexts into the nation branding view. In order to accomplish its ultimate

goal towards sustainable competitiveness of nations, nation branding needs to secure its *raison d'être* by justifying the ways of how nations create a high quality of human life and competitive resources, transform these into comparative advantages in the global context, and achieve local and global effects within a virtuous circle.

3. THE CONTEXTUAL DEVELOPMENT OF NATION BRANDING

3.1. Country-of- Origin Effects

Country-of-origin (COO) research has been used for decades in the international business and marketing contexts. The concept was first developed in the mid 1960s, by undertaking research to test preconceived images of products on the basis of national origin (Schooler 1965). Numerous studies have focused on this concept in terms of 'made in' image (Nagashima 1970), country-of-origin image (Bilkey and Nes 1982; Erickson, Johansson and Chao 1984), country-of-origin effects (Douglas and Nonaka 1985; Han and Terpstra 1988), country image (Han 1990; Roth and Romeo 1992), and product-country images (Papadopoulos 1993). Country-of-origin has become a potentially powerful image variable that could be used to gain competitive advantage in international marketing (Parameswaran and Pisharodi 1994). It is a dynamic process that changes over time, encompassing two-way interactions among constructs both in product category- and country-specific ways (Lampert and Jaffe 1998). Existing studies have considered the country-of-origin context to be one of the most important predictors of firm-level practices at the international level.

Recently, however, Papadopoulos and Heslop (2002) have pointed out that, while the vast majority of earlier studies have asked respondents to assess the products of various countries, the image of the original countries themselves, as distinctive from their products, has not been measured explicitly. Anholt (2003) has shown how branded exports and companies combine with nation branding and how they can accomplish economic development for emerging markets, using country-of-origin more creatively. 'COO effect' or 'country image' is considered as an external nation-brand effect through nation branding (Amine and Chao 2005). Jaffe and Nebenzahl (2006) argue that all nations have respective images and, through branding, attempts are made to mold, modify, or influence the shaping of these images.

While the key issue surrounding country image has long been envisaged as a relation between product category and national origin, nation branding research touches on all the characteristics of a country, i.e. the geographic, political, economic and socio-cultural aspects of a country, taking into account the characteristics of both the product and the producer (Pasquier 2008). In the global marketplace, in particular, a nation brand should seek to differentiate the country's products from those of international competitors and promote a nation's image to an international audience (Fan 2006). Nation branding is about developing a core message about a country that can be used by different industry sectors, building a holistic product-country image toward international audiences, and ultimately ensuring country-of-origin effects to evolve in a favorable direction.

3.2. National Development Effects

The 'Made-in' image of products is applied to attractive locations and geographic

destinations for tourism or foreign investment. Competitive advantage in a global economy depends on a nation's local places, and places have become more business-like and market-oriented in economic development activities. In order to seize market opportunities and sustain a place's vitality, places need to establish a strategic vision and market-oriented strategic planning process, build qualified programs to communicate and promote its competitive advantage, and ultimately develop mechanisms or unique change processes for adapting flexibly to changing conditions (Kotler et al. 1993). Place development reflects an ongoing struggle to accommodate market innovations while preserving historic traditions and values (Pryor and Grossbart 2007: 298).

The concept of branding nations has been established and practiced consciously or unconsciously through the place marketing context. Place marketing has emerged as a promising, integrating process linking a place's potential competitive advantage to overall economic development goals, which challenges to strengthen the capacity of places *to adapt* to the changing marketplace, seize opportunities, and sustain their vitality (Kotler et al. 1993: 79). A place manages to create favorable brand associations in the minds of the targeted customers, and the process creating a benefit for place customers requires a good development system for the place product. Strategic image management (SIM) is highlighted as the ongoing process of researching a place's image among its various audiences, segmenting and targeting its specific audiences, positioning a place's attractions to support its desired image, and communicating those attractions to target groups (Gertner and Kotler 2004).

However, image formation is not branding, albeit that the former constitutes the core of the latter (Cai 2002; Konecnik 2004). While place marketing has been practiced *independently* in various different contexts (such as the promotion of exports, FDI, or tourism), nation branding integrates those contexts into a consistent 'nation brand' (Papadopoulos 2004: 42). Nation branding should be practiced through a harmonized and strategically informed approach to the promotion of place's 'products' and 'sub-brands' and establish its overall reputations built by a place's actions or behaviors that are guided by strategy (Anholt 2005). The place branding literature focuses on brand management strategy and processes, such as brand essence; a vision and visionary leadership; positioning strategy; branding actors; stakeholders relationship; brand architecture; economic development policies; strategic innovation and coordinated policy; an agreed single national identity; the reality of the core brand; and place equity. Despite the expanding body of literature, still, very little has been written about how branding of places toward national development effects can be holistically managed. In order to justify that building a nation brand differs substantially from branding consumer goods (Moilanen and Rainisto 2009), nation branding research needs to extend theoretical boundaries of existing research into organizational and institutional studies beyond the marketing context.

3.3. Public Diplomacy and Relational Effects

Nation branding, as a new branding approach involving political entities, has been discussed with the dimension of public diplomacy (Lee 2009). Coined in the United States in the 1960s for international relations between national governments, public diplomacy focuses on the ways in which a country communicates with citizens in other societies, and its practice has been related to the influence of public attitudes on the formation and execution of foreign policy. Coming to the 2000s, the concept of public diplomacy has been redefined

as a 'New Public Diplomacy,' especially focusing on people. For instance, Leonard (2002) has pointed out that public diplomacy should be about relationship-building rather than being primarily policy driven. Van Ham (2004) has asserted that a key element of public diplomacy is to build personal and institutional relationships and to communicate with foreign audiences by focusing on values, setting the activity apart from classical diplomacy. New public diplomacy relates to the attitudes and behaviors of publics, which are mutually related to the extent of the behaviors and policies of foreign governments (Wolf and Rosen 2004).

Several studies have revealed how to conduct public diplomatic transmissions and transactions. Public diplomacy comprises everyday activities (e.g. everyday cultural activities and products such as films, tourism, theater, and internet discussion) of citizens internationally, as well as inclusive programs (e.g. student exchange programs, hosting seminars, and meetings with foreign business and academic leaders). According to the USC Center on Public Diplomacy, effective public diplomacy must involve not only shaping the messages that a country wishes to present abroad, but also analyzing and understanding the ways that the message is interpreted by diverse societies and developing listening and conversation skills as well as the tools of persuasion. In 2005, at the seminar discussing current issues in British Diplomacy, stakeholders put the emphasis on public diplomacy focusing on building a long-term trust and a closer integration of public diplomacy with actual policy to communicate Britain with audiences abroad.

Wolf and Rosen (2004) have claimed that a country's values (e.g. democracy, human rights and individual opportunities) are key indicators that provide soft power in a diplomatic environment. Quelch and Jocz (2005) have insisted that positioning and national image matter greatly in public diplomacy, and suggested positioning a nation-state based on a frank appraisal of perceptions and realities, measuring the progress, working with the private sector, and involving the nation's top leader. Since the ultimate purpose of public diplomacy and its relation to the goals of foreign policy should be to build relationships with stakeholders at multiple levels, in particular, which are carried out at the subnational level, Wang (2006) has insisted that the promotion of a nation's policy goals is reinforced when there is a better understanding and appreciation of the country's soft power.

Meanwhile, providing a theoretical and empirical review of Nye's dualist theory of power (i.e. hard and soft power), Noya (2006) asserted that citizens have a 'realistic' perception of power and do not perceive a conflict between hard and soft factors. Moreover, Melissen (2006) has debated that both nation branding and public diplomacy are principally aimed at foreign audiences and rely on important domestic dimensions. Fundamentally, public diplomacy is a political notion which puts the emphasis on communications between countries and international communities, building and maintaining a trust relationship. Nation branding is a holistic approach which aims at the projection of identity toward an integrated national image throughout the trust-based communications with international audiences.

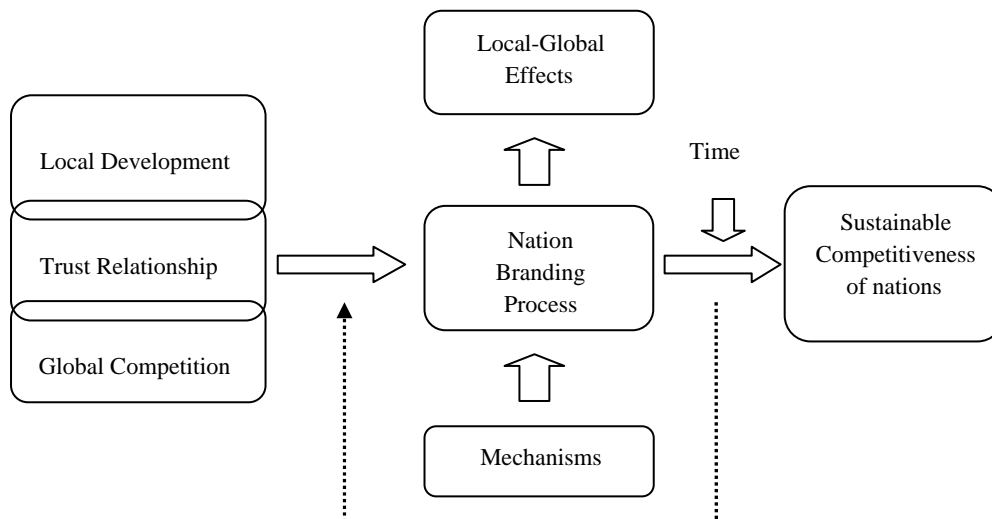
4. KEY CONCEPT OF NATION BRANDING

The nation branding concept has evolved with both global and local contexts, elucidating that nation branding is to build the effects of a nation's place development and country-of-origin image both internally and externally, on the essence of a trust-based relationship with

the people. Furthermore, the existing literature on nation branding domains has emphasized the role of nation branding as an ‘umbrella branding.’ Without an umbrella approach, nation branding can result in uncoordinated or fragmented outputs. Applying a systematic view to nation branding provides potential to legitimate role sustaining competitiveness of nations, and delineates its scope toward a holistic concept for country management.

However, there are both limitations and opportunities in understanding nation branding system. First, even though the existing literature has defined the nation-branding concept as umbrella branding, the research has limited itself to defining nation branding in each domain independently, and this fails to explain the converging role of nation branding in creating the effects of national development and country-of-origin both internally and externally. Secondly, researchers have emphasized the importance of nation brand management. Yet, they have limited the management role in nation branding to a purely technical notion, such as brand design and marketing through advertising or communications, without extending it toward the strategic notion. Nation branding research needs a more advanced brand management theory encompassing the organizational and institutional contexts. Thirdly, nation branding is a determined concept of achieving a nation’s sustainable development and competitive advantage. The notion of sustainable competitiveness reflects an ongoing process towards a nation’s development quality and comparative advantage for its people and national brands, and relates to nation-specific mechanisms taking different paths inherited authentically in each country.

Thus, in order to comply a legitimacy of nation branding with the notions of sustainability and competitiveness, we need to understand a paradigm of nation branding in a systematic way (Figure1): nation branding is an integrated concept which coalesces multi-dimensions of theoretical disciplines from place development and marketing, through politics and international relations, to country-of-origin effects and international business; conjoining these disciplines with the notions of national identity and image, nation branding manifests itself as a strategic process which aligns with national strategy, restructures national



Source: Adopted from Lee (2009) and adapted by the Author

Figure 1. Nation Branding Systems

resources, interacts with national and international stakeholders, and recreates the nation brand; each nation characterizes a specific developmental pathway with dynamic mechanisms to evoke the nation-branding process, and in tandem with a bundle of behaviors the nation-branding process results in diverse effects along with local and global contexts; national competitiveness changes over time, and is sustained through a long-term process of nation branding in a continuous way.

5. RESEARCH METHODOLOGY

A case study approach is a useful way to explain the use of process research model (Yin 2003), and in particular qualitative data are useful for explaining the reasons for success and understanding the underlying relationships between causes and effects (Buckley, Pass and Prescott 1988; Eisenhardt 1989). These methods enable to achieve a deep and sound foundation with a minimum of uncertainty (Verschuren and Doorewaard 1999).

In order to explain “how nations achieve the sustainable competitiveness through nation branding,” a case study method based on qualitative research is suitable to collect empirical data with main reasons (Lee 2009). First, nation branding is an integrated concept encompassing multidimensional disciplines and conjoining them with a unified branding idea of national identity and image, which gives rise to complexity and uncertainty in a nation branding process. A case study providing qualitative data provides an in-depth knowledge regarding the nature of nation branding and insights how nations accomplish the sustainable competitiveness through complex developmental paths. Secondly, nation branding is the process discovering a nation’s brand identities and images and managing them along with reputation and communications towards publics, which is actively evolving from decades to centuries. Case study research enables us to explore the branding story based on temporal sequence by recounting how nations create and manage competitive brand systems. Especially, a longitudinal approach based on historical perspective is highlighted for understanding comprehensive nation branding. Thirdly, nation branding is the process generating the brand effects derived from local development and global competition, which needs branding mechanisms, i.e. a sequence of branding behaviors being comprised of branding actors and activities. The case study approach enables us to find out contextual phenomena arising from the branding process, to carry out an in-depth analysis between branding contexts, and to take a holistic view of nation branding toward a sustainable competitiveness.

Furthermore, in order to identify nation-specific branding mechanisms and understand the relevant contextual patterns in the nation branding process, it must be considered whether nations adopt branding behaviors based on a nation’s reality or not. In terms of a nation’s reality, branding a nation must be on an amplification of what has been correctly defined as the core values of a country and acts as a guide to the strategic decision-making processes of country management (Gilmore 2002). The nation brand founded on a nation’s core values becomes the starting point and the ultimate end for branding a nation. In other words, building the nation brand is a selective process of identifying a nation’s values inextricably linked with managing the nation branding systems. Nation branding research has highlighted various endorsed brands in terms of tourism, investment, export, public diplomacy, or business industries. Export is considered to be the key asset in a nation’s brand equity (Dinnie 2008). Export promotion has been emphasized in improving a nation’s global

competitiveness (Florek and Conejo 2007). Branding mechanisms focusing on export branding system are particularly precious for empirical investigation. As a powerful driving force with which nation branding systems can move forward, a nation branding strategy can be a creative process in which a nation brand can be developed and managed, which must be aligned with the overall planning of the national strategy.

Besides, each individual case consists of multiple embedded cases, i.e. multiple events. These are comprised with episodes – a set of activities standing for the end of one sequence of activities and the beginning of another – and encounters, the most likely times in a process that mark the beginnings and ends of episodes (Newman and Robey 1992). During the critical encounters, the greatest opportunity for change to episode occurs. In particular to gain understanding of the pattern of competitiveness, the time horizon of the analysis needs to be distinguished (Buckley et al. 1988). In setting for a longitudinal approach, there is a period of evolutionary change, the so-called epoch (by influential leaders), which can be applicable for empirical study with process context (Melin 1992). To understand branding mechanisms on export branding system and the contextual patterns in branding process and mechanisms (Lee 2009), this study adopts the case of branding Korea that explains multiple events based on longitudinal scope.

6. BRANDING OF KOREA¹

Korea's image since the Korean War (1950-53) has been perceived as a poor country that also suffers from insecurity, in terms of geographic location. However, by the mid-1990s, it became the third largest economy in Asia and is now recognized as one of most advanced countries, earning its reputation as a so-called 'Asian tiger.' According to the classification of world economies based on GNI per capita (World Bank 2006), Korea is positioned as one of the leading countries in high-income economy bracket.

Our research focuses on explaining how Korea has achieved its reputation and competitiveness throughout nation branding, especially highlighting the periods of branding encounters from the 1960s through the 1990s. During these periods, Korea transformed into a new economic development era with its Five-Year Plans (1962-1997) strategies. In particular, Korea created its national brand – a type of ESTI – based on **export, science & technology, and industry development**.

Aiming to identify Korean-specific way of nation branding, we distinguish Korea's branding episodes along three consecutive periods based on FYPs. The first branding episode is designated the first and second FYPs (1962-1971) which provided a ground period of creating the ESTI-brand system. The third and fourth Plans (1972-1981) continued to develop it, but reinforced the brand system with strategic decisions of national strategies, what we name it as the second branding period. From the 1980s through 1990s, there are several changes in Korea in terms of national leaders, and political and social development. This period is distinct from the third period. All three periods of FYPs are suitable in exploring how Korea has built the ESTI-brand system aligned with a national strategy. Our study clarifies Korea's branding process with the ESTI-system and explores how the branding process allowed Korea to complete its Five-Year Plans.

¹ The brand Korea based on the ESTI system has been explored by Lee (2009). Adopting the ESTI brand system, this paper seeks to provide a new approach toward nation branding systems.

6.1. Korea Branding: ESTI-I (1962-1971)

President Park Jung Hee, with his firm belief and determination to build a new nation for Korean people who had been suffering since the Korean war (1950), created a national vision of building “Industrialized Korea on the basis of ‘Jarip-Gyongje’ with a self-reliant and independent industrial economy.” Especially highlighting ‘Jarip’ into concrete terms, President Park in 1964 declared a brand vision of ‘the Export-first Principle.’ In developing the principles of ‘Export first’ and ‘Industrialization,’ he strongly emphasized the excellence of the Korean people and urged them to devote all their energies to export promotion.

In line with brand vision, the Economic Planning Board (EPB) took a responsibility for developing Korea’s strategic direction in the macro perspective, comprehensively coordinating the government departments. Analyzing the competitive disadvantage of the domestic market environment, export products concentrated mainly in the primary industries, a narrow segment of the export market, and science and technology, the EPB recognized that as the world’s industrialized economies enlarged, the international trade volume would increase. These reflected the goal and the strategy for building the ESTI brand.

With the enactment of the promotion law in 1962, the Government focused on an export-promoting industrialization strategy in place of its import-substitution industrialization strategy. Placing priority on building an export promotion strategy (EPS), the Government envisaged that industrial promotion strategy (IPS) and science and technology promotion strategy (STPS) would be coherent with the EPS. Specifically, brand strategy for export promotion was designed to establish a base of export industries, to expand financial supportive measures for export enterprises and their industry development, and to strengthen the exploitation of export markets. To reinforce export promotion as well as increase industrial products’ quality, the Government in 1962 created the first Science and Technology Promotion 5-Year Plan (STPP). The industrial promotion strategy (IPS) focused on establishing the infrastructure for industrialization and building import-substitution industries, and transformed industrial development from import-substitution industries to export-promotion industries.

In April, 1962, the government established Korea Trade-Investment Promotion Agency (today’s KOTRA, which was originally named the Korea Trade Promotion Corporation) as a quasi-government agency under the aegis of the Ministry of Commerce and Industry. As an export promotion organization that assumes full responsibility for export promotion, KOTRA worked on collecting market information, providing it to the Government and export enterprises, facilitating business sales between export enterprises and foreign buyers, and communicating the Korean image of export products to international markets. The Government allocated a big portion of government expenditure on infrastructure expansion, such as hydroelectric and thermal power stations, express highways, Ulsan chemical industrial complex, and the Pohang steel company. The Government’s Ministry of Foreign Affairs actively joined international organizations, attracted Japanese investment² in Korea,

² In 1961 and 1962, Matsushita and Sanyo agreed to build two transistor radio plants. Toshiba set up operations for the assembly of semiconductors, consumer electronics products, cassette recorder tapes (CRTs), and CRT parts. NEC and Matsushita formed joint ventures or technical agreements with Goldstar Electric, Samsung Electron Devices, or Anam in Korea during 1960s and 1970s (Bloom 1992: 49-50).

and supported domestic enterprises by recruiting Korean scientists. The KIST (Korea Institute of Science and Technology) for R&D activities was finally created in 1966 under the direction of President Park.

Since 1965, to carefully manage the ‘Export Promotion Expansion Meeting,’ the President met government ministers, representatives from exporting companies, financial institutions, shipping companies, and labor union leaders on a monthly basis. In the meetings, they discussed export problems, reviewed export trends by item and country, and planned new products. When any complaints were identified, the President resolved them quickly. Because the President had a thorough knowledge of related issues, both the representatives and the ministers had to meticulously prepare in advance to attend the meetings. The ESTI-brand was actively promoted by both the national leader and the government.

6.2. Korea Branding: ESTI-II (1972-1981)

Although Korea was confronted with a threat to national security as a result of the Nixon Doctrine (1969), there were positive prospects in the international market trends that created a boom in the heavy engineering and chemical industries. The President and Government challenged industries to be aggressive and seized the opportunity for upgrading export industries and accelerating export promotion. In his New Year’s address in 1973, President Park declared the opening of the ‘Heavy and Chemical Industrialization (HCI) Era’ for Korea, urging the people to prepare and respect a technology-oriented mind and to expand Korea’ export in all industries. Articulating his national vision, the President envisioned the “Saemaul Undong” which sought not only to improve the quality of community life but also to achieve spiritual reform – diligence, self-dependence, and collaboration – of Korean people in rebuilding Korea.

To expand the system for ‘Jarip-Gyeongje’ and to accelerate ‘Export Korea’, the Government organized a task force (TF) within the KOTRA and analyzed the market environment and national resources in 1969. In 1972 it presented the expected outcomes for long-term export goals in order to achieve ‘Export US \$10 billion’ and ‘National income³ per head of US \$1,000’ in 1980. To reinforce the system for ‘Jarip-Gyeongje’ and align with the external market force and national industry condition in a more efficient and effective way, the Government decided to transform from light industry to “Heavy and Chemical Industries (HCIs), i.e. iron & steel, petrochemicals, shipbuilding, electronics, nonferrous metals and machinery” and the manufacturing sector in the secondary industries.

Reinforcing the ESTI-brand strategy, the 10-year export plan (EP), as the first long-term EPS, was published in 1970, and presented strategic directions supporting capital investment in production facilities and reinforcing export competitiveness. Two years later, the Government presented its ‘10 Billion Export Plan (10B-EP),’ highlighting a national economic policy for export competitiveness, i.e. to expand export industries and markets, to improve export regulations and laws, to promote general trading companies, and to establish an “umbrella” exporting company, i.e. Koryo Trading Company, for all small and medium sized enterprises (SMEs). The STPP focused on improving industrial technology through new technology by exploiting the nation’s skills and reinforcing international competitiveness, and innovating in science and technology. The IPS advanced the

³ National income per head recorded US\$167 in 1969 (The Second FYP’ General Evaluation Report 1972: 323).

modernization of industrial structures. Identifying strategic industries which focused on the HCIs, the government decided to position HCIs as national brands representing high quality and the superior advantage of Korean industries in export markets.

In promoting the ESTI brand, the government selected six strategic industries including the iron and steel, petrochemicals, shipbuilding, electronics, nonferrous metals and machinery, and developed national funds to finance supportive measures. To improve the quality of export products, foreign product designers were invited for design consultations. Free trade areas were constructed in the cities of Masan and Iri. Telecommunication facilities were expanded. Five strategic industrial research institutes in the fields of shipbuilding, machinery, petrochemicals, electronics, and marine science were established to support the technological capabilities. Advanced educational institutions (i.e. the Korea Advanced Institute of Science and Technology) were established to cultivate high-level human resources and reinforce research networks among the government, universities, and enterprises. Educational systems were adjusted to improve the skills of engineers and technicians in the heavy industries. KOTRA proactively exploited new markets for HCIs, mediated trade deals between export enterprises and foreign buyers, and communicated to foreign markets through various specialized channels in line with strategic priorities.

6.3. Korea Branding: ESTI- III (1982-1997)

With the movement in the world economy to enhance protection of knowledge resources such as technology and intellectual property and the expansion of newly emerging markets, the Korean government predicted that the world economy in the 1980s would become dominated by the technology revolution and that nations would be striving for competitive advantage in technology. Confident that Korea had accumulated sufficient capability in science and technology, the President and the government mutually agreed on a vision to build Korea as a science and technology-advanced country. Looking at the economic and political reform initiated in the Soviet Union, President Roh Tae Woo and the government declared a policy of Nordpolitik with the ultimate goal of normalizing relations with the People's Republic of China and the Soviet Union. Maintaining the national vision of sustaining 'Jarip-Sungjang,' the President Kim Young Sam declared his intention to build a 'New Korea based on the New Economy,' and in 1994 declared 'Segyehwa (i.e. globalization),' encouraging the people and enterprises to adopt an entrepreneurial spirit and take active initiative.

Analyzing that in spite of trade restriction, industrialized nations in the 1980s would increase imports in manufactured products, and that Korea needed to increase its export market and reinforce its export market share through the qualified manufactured products, the government in 1985 organized the 'Long Term Planning Committee' consisting of expertise groups. The Committee and the Ministry of Science and Technology in 1986 created 'Science and Technology Development Long-Term Plan for the 2000s (1987-2001)' in collaboration with other stakeholders. This Plan established the brand goal of accomplishing 'Science and Technology-advanced Korea' by ranking in the world's top ten by the year 2000. In particular, it aimed to position itself as the world leader in high-technology and knowledge intensive industries.

Responding to the liberalization and internationalization, the EPS entailed diversifying export markets into segmentation, building diplomatic relationships with segmented markets, enlarging import liberalization, dealing with import restrictions, and reforming trade

regulations and law. The STPP (1984-1986) clarified that STPS was established in line with EPS and IPS, and especially emphasized setting up a national science and technology-led policy and innovating industry technology with the SMEs' capabilities. IPS emphasized upgrading HCIs by restructuring enterprises and industries. EPS and IPS focused on exporting 'whole-industries based on HCIs.' Coming to the 1990s, EPS put special attention on expanding export structures with high value-added products and reinforcing overseas marketing infrastructure. STPS enlarged science and technology investment, leading to the establishment of an enterprise-led technology innovation system and the reinforcement of a market-led technology development system. Maintaining the basic strategic notion for HCIs, the Government concentrated on establishing the public and private collaborative system for industrial development, reinforcing international cooperation in industrial development, and supporting enterprises' international strategies.

ESTI-brand promotions during the 1980s and 1990s concentrated on leaping to a 'Science and Technology-advanced Korea.' The 'Science and Technology Promotion Expansion Meeting' (STPEM) in 1982 was organized under the supervision of the President for exchanging technology trends, innovation promotion, strategic promotion for vital technology, and technology support for SMEs. A special cultivating system for human resources was operationalized into the Science High School, the Science and Technology University, and in KAIST (Korea Advanced Institute of Science and Technology). Through the 1990s, science and technology promotions were operated to focus on enterprise and market-oriented tasks. In particular, offering significant attention to developing high value-added industries with science and technology-driven, the Government enlarged the amount of investment in R&D. For industry brand promotion, the rationalization program was devised in terms of reorganizing and upgrading HCIs sectors and enterprises capabilities, enforcing mergers and acquisitions for specialization in 'promising industries' that needed to increase R & D or liquidations in 'declining industries' that needed to be closed. Design promotion, in line with creating high value-added industries, was not actively pursued. KOTRA solidified its supportive role for the government to reorganize trade policy toward international organizations. Projecting "Korean Products Toward World Class," the Promotion Committee collaborated with the Ministry of Trade and Industry and public organizations was established in 1986 and proactively initiated overseas public relations, marketing and design supports for "World Class" products. Overseas networks were expanded to eighty-one including Prague, East Berlin, Beijing, Hochimin and Bucharest and were reinforced as PR centers for the Korea image. The government emphasized a trade policy that represented the Korea image as taking the initiative and responsibility for the international trade environment and positioning it to play a major role.

6.4. Sustainable Competitiveness of Brand Korea

Korea has achieved successful economic and social developments in terms of economic growth and employment improvement. During 1962-1966, Korea attained annual national economic growth in GNP of 8 percent, which exceeded the target. Throughout the 1960s to the 1990s, national total productivity growth increased from 7 percent to 9 per cent. Along with GNP growth, unemployment rates were recorded at lower rates than those estimated. In 1996, Korea has joined the 10 Thousand-Dollar GDP per capita group and been accepted as a member of the Organization for Economic Cooperation and Development (OECD) (MOFE & KDI School 2006: 237). According to the Human Development Index 2005 from the

Table 1. Export competitiveness of Brand Korea

	Exports (US\$M)	Exports' Contribution to Economic Growth (%)	Exports' share in GDP Growth (%)	Primary Products	Heavy & Chemicals	Light Industry
1970	835	3.0	34.1	17.5	12.8	69.6
1980	17,505	1.5	-	11.7	41.8	46.4
1990	65,016	0.9	9.5	4.9	56.6	38.5
2000	172,268	2.4	28.2	2.8	81.0	16.2

Source: Adapted by MOFE and KDI School (2005; 2006).

United Nations Development Program, Koreans have progressively achieved longer and healthier lives, better knowledge, and a decent standard of living.

In terms of export competitiveness (Table 1), Korean exports' share of the GDP growth was 34.1 per cent in 1970 and reached an extraordinary level of more than 110 per cent in 2003. Over four decades, Korea's export amounts had grown more than eight thousand-fold, outpacing the national economic growth rate, which have grown consistently faster than those of the OECD as a whole (MOFE & KDI School 2006: 237).

Along with the growth in export volumes, there has been profound advancement in export industries and their products. Transforming the export industries based on primary industry in the 1960s into manufacturing industry and particularly focusing on developing and restructuring HCIs through the 1970s, Korea secured its strong position with export products on the basis of heavy and chemical industries in export markets. Moreover, throughout the 1980s and 1990s, science and technology-led industries were expanded, which resulted in reinforcing the export competitiveness that repositioned Korea as the very competitive nation in HCIs and high-tech industries.

Competitive positions based on attractive products, particularly from HCIs and high-tech industries, have been solidified along with diversification of export markets. Korea in 1962 had limited export markets in 33 nations. By 1971, Korea's export markets included 108 nations, and extended into new markets such as Eastern Europe as well as other Western markets. Meanwhile, Korea had reinforced its position in the U.S., Japan and the European Union markets. Although those Western markets had been imposing trade restrictions in order to protect their domestic markets and increase their exports, Korea maintained its export competitiveness. In particular, the U.S. and Japan continued to be Korea's largest export markets, growing from 60 per cent to 70 per cent since the 1960s. Export markets were then maintained and diversified over greater China (24.4%), North America (21.8%), Asia and Oceania (15.9%), the EU (15.5%), Japan (9.3%), Middle East and Africa (6.2%), Central and South America (5.8%), and the CIS (1.1%) (KOTRA 2002).

In the survey⁴ that evaluated foreign audiences' perceptions of Korea's brand positions in the relevant markets, 'Korea' in general was positioned at the level of advanced countries: between less-developed and advanced countries. With respect to the brand knowledge, 63 per cent of respondents recognized 'Korea' and 93 per cent perceived Korea positively. In

⁴The survey was conducted in May 10-15, 2002, through KOTRA's 98 overseas networks in 79 countries. Over 10,000 foreigners responded.

terms of brand associations, over 70 per cent of audiences had experienced Korean products and 40 per cent purchased electronic appliances, followed by automobiles and communication products. In particular, they were more interested in the quality of Korean products rather than the relatively low priced products from other countries (KOTRA 2002). According to the Innovation Capability Index (UNCTAD 2005), Korea was categorized as one of highly innovative countries, building on its international production competitiveness and showing strength in high-technology industries. Korea has been developing its competitive identity and image through the changed international trade environment through high level of technology and innovativeness. These have appealed to international audiences. In 2002, Korea hosted the World Cup games.

7. TOWARD NATION BRANDING SYSTEMS

The nation branding concept has evolved through multidisciplinary theoretical domains. Our paper has focused on three domains of place development, country of origin, and public diplomacy in terms of local and global contexts. Coupled with these contextual scopes, nation branding is considered to be a holistic and systematic concept that achieves the internal and external nation-brand effects. Aiming to define the role of nation branding on the sustainable competitiveness of nations, this article has endeavored to explain how Korea has applied nation branding approach to develop a Korean-specific nation brand.

Through investigating Korea branding, we can highlight some important evidence of nation branding. First of all, nation branding is a process that needs a system approach to building the nation brand. Korea has developed a nation-specific brand system by adopting an export-oriented branding process. The ESTI-brand system consisted of a following set of activities: creating a nation-brand vision founded on the spirit of people and the goal to build a new Korea for the people; reflecting the nation-brand visions, nation-brand goals were set up by carefully analyzing Korea's branding resources and global environments; the ESTI-brand strategies were envisaged for export and industry development promotions along with science and technology promotion, concretizing strategic directions for the ESTI-brand development; the strategies were operated through government policies that supported the promotion of exports, science, technology and industrial development. Aligned with national visions and strategies, Korea identified the informed, competitive and innovative brand visions. Embodied in the Five-Year Plans amounting to a national development strategy, Korea has concretized ESTI-brand strategies of how to restructure national resources (i.e. human resources and export industries), how to exploit export markets, and how to position brand attractions (i.e. Science and Technology-led HCIs and high value-added industries). These have operated by focusing on identifying and developing suitable export products, building a trust relationship with buyers, consumers and other audiences in global markets. For the export branding system, Korea has combined the set of activities of national development, global competition, and trust relationship.

Secondly, the nation branding process involves branding actors. Korea has adopted a top-down approach based on the national leaders and governments, which was continued in creating the ESTI-brand system during the branding periods. During the ESTI-I period, President Park initiated the development of the principles of 'Export First' and 'industrialization' for the Korean People, and led Korea-branding with his intuition about the future and optimism. In envisaging brand goals, the government bodies were mainly

involved: The EPB set Korea-brand goals with the collaboration of government ministries throughout the ESTI periods. During the ESTI-III period, the government developed strategies in conjugation with social partners although there was still a limited participation. To implement brand strategies, the Ministry of Commerce and Industry developed policies for ESTI-promotions. KOTRA exploited export markets, delivered Korea and export product images, and committed to building trade relationships in global markets. However, KOTRA's work was limited to collaborating with Korean embassies actively and establishing networks with other public or private institutions.

A nation brand is a dynamic concept. Comprehensively, nation branding is an ongoing and iterative process of developing the nation-brand system. To breathe life into the nation-brand system, the branding process must envisage an inclusive approach that consists of branding activities and actors, and elaborate how the nation brand evolves along with a nation-specific development path based on temporal dimensions. Thus, further research needs to explain the branding mechanisms of how nations develop a nation-specific brand system by analyzing behaviors and interactions between actors and their activities, adopting a longitudinal approach. Furthermore, for effective nation branding, the brand must correspond to the changes in internal and external environments in a systematic way and uphold continuity in building identity and image in a holistic way. In the generic branding perspective, the literature has presented systematic or integrated models for sustainable internal and external benefits to organizations, highlighting the 'systems' approach (e.g. Burmann and Zeplin 2005; De Chernatony 2001; Shocker et al. 1994). A study of nation branding needs to interact with the relevant theoretical context and to adapt them to building nation branding knowledge. An integrative approach to developing nation-branding theory must be reflected in building effective nation branding models. Further research is needed to build a more holistic and systematic model that explains the integrated brand system and branding mechanisms in a contextual manner, especially considering the concepts of systems and systemic thinking.

8. CONCLUSION

Nation branding has become an emerging discipline that extends the unit-of-analysis in branding theory and practice into a nation level as an umbrella concept of national brands. Reflecting the contextual development from the local and global views, we have studied the substantial tasks involved in nation branding process by reviewing the trajectory of the Korean nation brand system. Though the study is limited to the case of a single country, our research contributes to coalescing multidimensional concepts relevant to national competitiveness and branding in local and global contexts into the nation branding view. Exploring branding systems of the brand Korea by a longitudinal approach, it contributes to provide practical implications for nation branding of the countries.

Nations compete in the international arena. The concept of competitiveness depends fundamentally on comparison (Buckley et al. 1988). A comparison approach across nations provides systematic evidence or patterns to support general findings and enables us to predict outcomes under specific conditions (Perry and Robertson 2002). Comparative studies need to map relevant configuration patterns. In order to confirm the reliability of empirical findings through branding Korea, further research needs to test the generalizability of research findings. To generalize the findings, one needs to elaborate the phenomenon of branding

processes and mechanisms, analyze institutional contexts of nation branding, and concretize the dynamics of nation branding systems. It needs to undertake how Korea's branding process and mechanisms have evolved in the 2000s.

Article Received: 02-28-2011 Revised: 05-06-2011 Accepted: 05-23-2011

REFERENCES

- Amine, Lyn S. and Mike C.H. Chao, 2005, "Managing Country Image to Long-term Advantage: the case of Taiwan and Acer," *Place Branding* 1(2): 187-204.
- Anholt, Simon, 2007, *Competitive Identity*, London: Palgrave Macmillan.
- Anholt, Simon, 2005, "Some important distinctions in place branding," *Place Branding* 1(2): 116-121.
- Anholt, Simon, 2003, *Brand New Justice: The Upside of Global Branding*, Oxford: Butterworth-Heinemann.
- Arvidsson, Adam, 2006, "Brand Value," *Journal of Brand Management* 13(3): 188-192.
- Bilkey, Warren J. and Erik Nes, 1982, "Country of Origin Effects on Product Evaluations," *Journal of International Business Studies* 13(Spring/Summer): 89-99.
- Bond, Patrick, 2005, "Debates in Local Economic Development Policy and Practice," in E. Nel & C. Rogerson, eds., *Local Economic Development in the Developing World*, New Brunswick: Transaction Publishers, 57-74.
- Buckley, Peter J., Christopher L. Pass, and Kate Prescott, 1988, "Measures of International Competitiveness: a critical survey," *Journal of Marketing Management* 4(2): 175-200.
- Burmann, Christoph and Sabrina Zeplin, 2005, "Building Brand Commitment: a behavioural approach to internal brand management," *Journal of Brand Management* 12(4): 279-300.
- Cai, Liping A., 2002, "Cooperative Branding for Rural Destination," *Annals of Tourism Research* 29(3): 720-742.
- Day, George S. and Robin Wensley, 1988, "Assessing Advantage: a framework for diagnosing competitive superiority," *Journal of Marketing* 52(April): 1-20.
- De Chernatony, Leslie, 2001, "A Model for Strategically Building Brands," *Journal of Brand Management* 9(1): 32-44.
- Dinnie, Keith, T. C. Melewar, Kai-Uwe U. Seidenfuss and Ghazali Musa, 2010, "Nation Branding and Integrated Marketing Communications: an ASEAN perspective," *International Marketing Review* 27(4): 388-403.
- Dinnie, Keith, 2008, *Nation Branding: concepts, issues, practice*, Oxford: Butterworth-Heinemann.
- Erickson, Gary M., Johnny K. Johansson, and Paul Chao, 1984, "Image Variables in Multi-attribute Product Evaluations: Country-of-origin effects," *Journal of Consumer Research* 11(September): 694-699.
- Fan, Ying, 2006, "Branding the Nation: what is being branded?" *Journal of Vacation Marketing* 12(1): 5-14.
- Florek, Magdalena and Francisco Conejo, 2007, "Export Flagships in Branding Small Developing Countries: the cases of Costa Rica and Moldova," *Place Branding and Public Diplomacy* 3(1): 53-72.

- Gertner, David and Philip Kotler, 2004, "How Can a Place Correct a Negative Image?" *Place Branding* 1(1): 50-57.
- Gladwin, Thomas N., James J. Kennelly, and Tara S. Krause, 1995, "Shifting Paradigms for Sustainable Development: implications for management theory and research," *The Academy of Management Review* 20(4): 874-907.
- Han, Chung M., 1990, "Testing the Role of Country Image in Consumer Choice Behavior," *European Journal of Marketing* 24(6): 24-40.
- Han, Chung M. and Vern Terpstra, 1988, "Country-of-origin Effects for Uni-national and Bi-national Products," *Journal of International Business Studies* 19(2): 235-255.
- Jaffe, Eugene D. and Israel D. Nebenzahl, 2006, *National Image & Competitive Advantage*, Denmark: Copenhagen Business School Press.
- Konecnik, Maja, 2004, "Evaluating Slovenia's Image as a Tourism Destination: self-analysis process toward building a destination brand," *Journal of Brand Management* 11(4): 307-316.
- Kotler, Philip and David Gertner, 2002, "Country as Brand, Product, and Beyond: a place marketing and brand management perspective," *Journal of Brand Management* 9(4/5): 249-261.
- Kotler, Philip, Donald H. Haider, and Irving Rein, 1993, *Marketing Places: attracting investment, industry and tourism to cities, states, and nations*, New York: Maxwell Macmillan.
- KOTRA, 2002, "2002 sangbangi, ulinala suchul julyeog pummog-ui haeoesijang donghyang bunseog-10 dae juyo suchul sijang-eul jungsim-eulo (The First Half of 2002, Foreign Market Analysis of Korean Primary Export Products - emphasis on 10 Primary Export Markets)," *KOTRA Planning Research* 02-20.
- Lampert, Shlomo I. and Eugene D. Jaffe, 1998, "A Dynamic Approach to Country of Origin Effect," *European Journal of Marketing* 32(1/2): 61-78.
- Lee, Kyung Mi, 2009, "Nation Branding and Sustainable Competitiveness of Nations," Ph.D. Dissertation, University of Twente, the Netherlands.
- Leonard, Mark, 2002, "Diplomacy by other means," *Foreign Policy* 132(Sep-Oct): 48-56.
- Loo, Theresa and Gary Davies, 2006, "Branding China: the ultimate challenge in reputation management?" *Corporate Reputation Review* 9(3): 198-210.
- Melissen, Jan, 2006, "Opinion pieces 'How has place branding developed during the year that place branding has been in publication?'" *Place Branding* 2(1): 6-17.
- MOFE-KDI School, 2006, "Reforming Key Economic Institutions in Indonesia: Lessons from Korea's Development Experiences," Knowledge Sharing Project (Sept).
- MOFE-KDI School, 2005, "Industrial Development and Export Promotion Policy for Uzbekistan," Knowledge Sharing Project (Dec).
- Nagashima, Akira, 1970, "A Comparison of Japanese and U.S. Attitudes toward Foreign Products," *Journal of Marketing* 34 (January): 68-74.
- Noya, Javier, 2006, "The Symbolic Power of Nations," *Place Branding* 2(1): 53-67.
- Pant, Dipak R., 2005, "A Place Brand Strategy for the Republic of Armenia: 'quality of context' and 'sustainability' as competitive advantage," *Place Branding* 1(3): 273-282.
- Papadopoulos, Nicolas, 2004, "Place Branding: evolution, meaning and implications," *Place Branding* 1(1): 36-49.
- Papadopoulos, Nicolas and Louise A. Heslop, 2002, "Country Equity and Country Branding: problems and prospects," *Journal of Brand Management* 9(4/5): 294-314.

- Papadopoulos, Nicolas, 1993, "What Product and Country Images are and are Not," in N. Papadopoulos and L. Heslop, eds., *Product-Country Images Impact and Role in International Marketing*, London: Haworth Press, 3-38.
- Parameswaran, Ravi and R. Mohan Pisharodi, 1994, "Facets of Country of Origin Image: an empirical assessment," *Journal of Advertising* 23(1): 43-56.
- Pasquier, Martial, 2008, "The Image of Switzerland: between cliches and realities," in K. Dinnie, *Nation Branding: concepts, issues, practice*. Oxford: Butterworth-Heinemann, 79-84.
- Perry, Robert L. and John D. Robertson, 2002, *Comparative Analysis of Nations: quantitative approaches*, New York: HarperCollins.
- Pryor, Susie and Sanford Grossbart, 2007, "Creating Meaning on Main Street: towards a model of place branding," *Place Branding and Public Diplomacy* 3(4): 291-304.
- Quelch, John and Katherine Jocz, 2005, "Positioning the Nation-state," *Place Branding* 1(3): 229-237.
- Ozretic-Dosen, Durdana, Vatroslav Skare, and Zoran Krupka, 2007, "Assessments of Country of Origin and Brand Cues in Evaluating a Croatian, Western and Eastern European Food Product," *Journal of Management Research* 60(2): 130-136.
- Roth, Martin S. and Jean B. Romeo, 1992, "Matching Product Category and Country Image Perceptions: a framework for managing country-of-origin effects," *Journal of International Business Studies* 23(3): 477-497.
- Schooler, Robert D., 1965, "Product Bias in the Central American Common Market," *Journal of Marketing Research* 2(November): 394-397.
- Shocker, Allan D., Rajendra K. Srivastava and Robert W. Ruckert, 1994, "Challenges and Opportunities Facing Brand Management," *Journal of Marketing Research* 31(May): 149-158.
- UNCTAD, 2005, "World Investment Report 2005: transnational corporations and the internationalization of R&D," Geneva: UNCTAD.
- UNCTAD, 2002, "World Investment Report 2002: transnational corporations and export competitiveness," Geneva: UNCTAD.
- Van Ham, Peter, 2004, "Opinion Pieces 'Where is Place Branding Heading?'" *Place Branding* 1(1): 12-35.
- Vietor, Richard H. K., 2007, *How Countries Compete: strategy, structure, and government in the global economy*, Boston: Harvard Business School Press.
- Wang, Jian, 2006, "Localising Public Diplomacy: the role of sub-national actors in nation branding," *Place Branding* 2(1): 32-42.
- Wolf, Charles and Brian Rosen, 2004, *Public Diplomacy: how to think about and improve it*, California: RAND.