

# POSITIONING OF SERBIAN NATIONAL BRAND<sup>1</sup>

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## *Abstract*

*Raising awareness about global limitation of natural resources, along with intensive development of new technologies and escalating pollution of our planet, has led to the intensification of market competition both between global multinational competitors, and among the states. Beginning of the 21<sup>st</sup> century was distinguished by market competition between countries in respect to the creation and improvement of national brands. Their goal is to promote themselves, primarily in the international community, through national branding, tending to change and improve national brand and reputation after this manner. Consequently, in the economic and commercial sphere the greatest effects of building a national brand are expected with positive impact on increasing sales and exports, foreign direct investment, access to limited resources, the development of tourism, as well as improvement of political position and diplomatic relations. National branding, as a very important competitive tool in achieving economic goals, is based on the finding, building and presenting a unique, attractive and interesting value package. Hence, the aim of this study is to promote the importance of the national branding process and analyze the position of Serbia as a national brand worldwide. The emphasis in this paper is given to several crucial areas such as: national branding concepts, national identity as the foundation of national brand, positioning of Serbia on the world map of national brands and tools for improving national brand of Serbia.*

**Key words:** Branding, national image, positioning strategies, Serbia, social networks

## INTRODUCTION

Globally well-positioned national brand influences the acceleration of economic development, the strengthening of political and cultural power of the state in the world, but also affects the creation of a positive climate for the political, diplomatic and economic activities of that state in the region. National branding can be defined as a multi-step process that is based on finding, building and presenting a unique and market attractive value package. The results of a successful branding process of a nation are its recognition and differentiation from the rest of the world, which leads to (National Branding, 2010): increased exports and sales volume; greater inflow of foreign direct investment, tourism development, improvement of diplomatic relations; culture, art, science, customs and traditions are more attractive and interesting to the rest of the world; researchers, scientists, students and business people find the country more attractive for life and scientific work; it is easier for the people who live in the diaspora to find engagement; the conduct of foreign affairs is more successful.

The goal of national branding is to create a *clear, simple, differentiating idea* that can be both visualized and verbalized, and as such understood by diverse nations in different situations (Fan, 2006). Recognizable national brand represents an unparalleled unity, which is differentiated in the market by its uniqueness and diversity. The process of national branding is directly related with the image that a country enjoys in the world. In other words, the image of one state is its perception in the eyes of the world. Bad image that accompanies a country can therefore be associated with a bad

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opinion of the people (nation) about themselves, because when the nation does not value their quality enough, it may lead to the creation of negative internal branding. Over time, the negative effects of the internal branding, spill over to the process of national branding. Unlike the national image that represents the experience or perception that the world has about us, the national identity represents a set of values that we as a nation possess.

The national identity is created on the basis of its own values and facts (Skoko, 2009, p.15). Identity can be defined as a characteristic, feeling or belief that makes a distinction between people. Also often quoted definition of national identity is the one that was given by Šiber (Šiber 1988). He defines national identity as a feeling of belonging to a particular group, which was acquired during the socialization process. National identity consists of other identities. Jelić (1999, 42) argues that national identity proceeds from national idea, the idea of belonging. That sense of belonging historically corresponds to efforts, which were achieved by individual nations in the process of homogenization of the territories that resulted in structuring of the society. Huntigton (2007, 110), states that various peoples differently rate national identities in comparison with their other identities, and the relative importance and intensity of the national identity of any nation varied with time.

Anholt (2007, 119) says that the countries of strong and specific reputation stand out from the crowd, retain their national identity and progress as prominent part of the whole. European Union expansion cannot and will not do much to protect and support the fragile cultural identities of its Member States: it is up to them to look after their own interests. Perhaps this could be one of the main factors that produce the national identity crisis. Banovac (2002, p.174) believes that globalization undermines the very foundations of the community by razing the established economic, political and cultural boundaries, thereby destabilizing the spatiotemporal basis of national identity. Countries need to be aware of how they are perceived abroad, and it is important to invest in research on the perception of their national attributes (characteristics), products and services, and other essential elements of the brand. National characteristics and values that are eligible to constitute the identity of the national brand must have a basis in reality. Also, changing the image of a country is neither a quick nor an easy job (Anholt, 2009). Such an image is in some cases formed for centuries, shaped by wars, religion, diplomacy, sports victories and defeats, the famous "sons and daughters" of the nation, and finally there are the products that the country exports. Brand of a country is like a supertanker, which needs eight miles to change course and thirteen to stop. Precisely this statement is dictating that "states and nations today have to become aware of their demanding environments and clearly define who they are and what they want, what they can offer to the world, why would they be important for anyone and wherefore they would be respected. Simply they have to find a way that will attract the attention of the others and tell them a story about themselves in a way that will make admirers, customers, lobbyists, friends, or at least decrease the number of enemies" (Skoko, 2009, p.10).

In this regard, in order to better position the national brand, Serbia should use the concept of integrated marketing communications as well as systematic national approach to promotion. Therefore, Serbia should, at the state level, create an umbrella agency that would manage the complete project of improving its national brand through a consistent promotional activity (Domazet, Hanić, 2013). In order to effectively compete for its place on the global stage, one state has to be recognizable for something: by values, people, products, natural resources, aspirations, culture, history, athletes, lifestyle, or a combination of all this that makes its national brand.

The starting hypothesis of this paper is that Serbia, despite visible progress in comparison to the nineties, is considerably behind in the process of national branding given the real potential. The results of researches of relevant international agencies dealing with national branding of countries and competitiveness indicators of the World Bank and the World Economic Forum indicate that Serbia is not well positioned in respect to national branding. Such records significantly reduce chances for developing tourism and increased inflow of foreign capital, as well as opportunities for the growth of export – and those are the key prerequisites for boosting economic activity. Despite its potential,

Serbia is not holding a significant place on the global map of national brands, but there is a realistic framework for more significant improving its global position.

The structure of this paper is designed accordingly. After the introduction, which also includes the review of relevant literature on the topic of national identity, image and branding, in the second part presents the concepts of developing national branding. The third part is devoted to the analysis of Serbia's position on the global map of national brands based on relevant research agencies and the Global Competitiveness Index (GCI) of the World Economic Forum. The final section of the paper analyzes the potential of improving the position of Serbia in the field of national branding.

## THE CONCEPT OF NATIONAL BRANDING

The syntax - "national branding" appears in the scientific literature within the last five years, and there is only a few authors who are exclusively engaged in this issue whose originators are considered to be Simon Anholt and Wally Olins. In American and British literature one can find slight differences in defining the *nation brand* and the term *national brand* (Fan, 2006). "The national brand is a multidimensional brand and may contain value categories such as high quality of products and services, business dynamics, creativity, inventiveness, entrepreneurship, educated and skilled population, high capacities for recreation and entertainment, excellent infrastructure and a healthy natural environment" (Brand Magazine, 2013). In the process of creating or strengthening the national brand, it is necessary to work hard on the recognition and continuous selection of strong brands that may be carriers of national brand and its identity.

The development phases of the process of national branding have different degrees of complexity for branding, which is shown in the Table 1. The level 1 is the simplest form of the national brand that is displayed or as a visual symbol or as a slogan. Level 2 includes a number of brands in the unified umbrella of brands (eg tourism and / or export) and more complicated for the branding from the visual symbols. The development of the national brand at the level 3 is most similar to corporate branding and deals with reputation, position and branding of the state, and it is the last level in respect to easy branding. Starting with the phase of positioning the state, national branding process becomes more complicated and complex. At the level 7, the tendency is to build competitive nation and ensure its sustainability in the market while at the level 8 the national brand is equated with national identity. Table 1 shows the complexity of sub-levels in the process of national branding and demonstrates the genesis of national branding and the complexity of the entire process.

*Table 1: Development of a national branding*

Development level	Easy branding	Complex branding
1. Visual symbol	❖	
2. Slogan	❖	
3. Umbrella of brands	❖	
4. Image of the state	❖	
5. Reputation of the state		❖
6. Positioning of the state		❖
7. Competitive advantages		❖
8. National identity		❖

*Source: Adapted on Fan 2006, pp 5-14.*

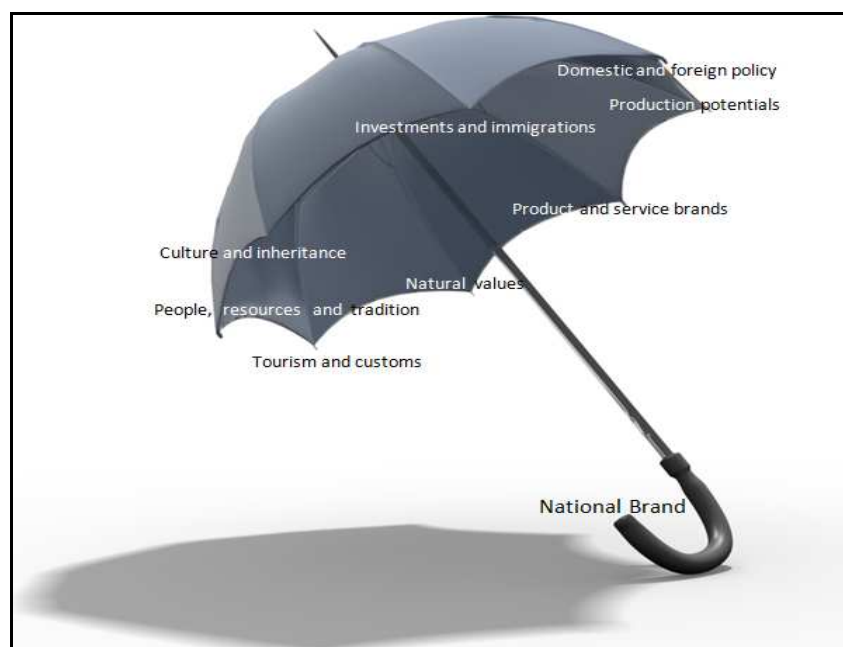
The national brand, as opposed to the commercial brands, must not be based on material products or services, but only on intangible entities, made up of the consumer's attributes and preferences, which together affect that brand of the state becomes unique. In other words, the national brand must not offer tangible products or services, but it shall introduce the world with: geographical and tourist sites,

historical heritage, culture, science, language and mentality, political system, economic system, known and prominent figures from the fields of science, culture, sports, politics. The coverage of the national brand should be defined as precisely as possible in terms of what will fit under the umbrella brand (national brand). In this regard, there are several options for the development of the national brand:

1. Focused the national brand development model is directed to a smaller number of economic sectors or only to one (the most common example is tourism). This model is very limited and can block or slow down the development of other sectors and make an initial idea of building a strong brand unfulfilled, or the results to be suboptimal. The problem with this model is that it does not recognize the essence of the national brand - which is distinctive because it contains and promotes the most important elements of identity of one nation and country. Thus, the approach to create brand identity in this model can be characterized as poor.
2. Multi-sector model is the most effective model for the construction of a national brand and encompasses several sectors, which provides a high level of integration, interaction, cooperation, and, finally, synergy (national brand has a higher value than the sum of the individual values of single of brands, while individual brands receive additional value from the national brand).
3. Model of economy brands is the model that does not recognize the importance of the national brand but the state is making significant efforts in the development of brands of most important economic sectors (subsectors, industries, clusters, groups, etc...) Or even of individual brands. This model, although incomplete, can produce significant results.

With a variety of models of brand development, it is necessary to take into account many realistic factors. Specifically, when creating a brand identity, one must take the reality and the facts into account. It is not recommended to "invent" identity elements that are not possessed in reality for the needs of branding. In this sense, the most important elements of national identity should be recognized, bounded, and presented to the world public in the best possible way. This is the only way to achieve the goal - that the global public perceives the national brand as it is desired.

*Figure 1. National Brand Umbrella*



*Source: Adapted on Brand Magazine (2013)*

Attempt to present a false identity is therefore doomed to fail, because today, in an era of rapid information exchange, it is impossible to hide the true characteristics of a country. In addition, countries must be aware of the way they are perceived abroad. It is therefore very important to invest

in research on the perception of their national traits (characteristics), products and services, and other essential elements of the brand. National characteristics and values that are selected to constitute the identity of the national brand must have a foothold in reality. Every single brand within the national brand must be compatible with the values and messages, with the identity of the national brand.

National brand may include the following important elements: the individual products and services (corporate) brands, business and technology solutions and processes, social institutions, culture, sports, arts, natural resources, tourism, investments, immigration, festivals, events, people, customs and ethics, mentality, architecture, artistic creativity, cultural and historical monuments. The entire process of national branding must be unique, and a state in the process of self-branding must use a coherent campaign (with acceptable small deviations depending on what is set in the forefront in the process of national branding). The essence of branding Serbian state is that all of us should strive to show the world all the values of Serbia, to create new values and do everything we can for Serbia to become progressive country. The brand implies successfully differentiated entity in the market and allows the product (service, company, city, region or country) to be separated from the mass of indistinguishable goods (or other entities) as a special.

## **POSITION OF SERBIAN NATIONAL BRAND**

The positioning of countries in the global public is the area of interest of a large number of agencies. In the next segment we will present some of the world's foremost researches and Serbia's position in them, as well as the Global Competitiveness Index (GCI) of Serbia by the World Bank report.

Worldwide, there are a number of agencies and researches that are, using different methodologies, dealing with the positioning of individual countries / nations in the global public. Among them, we have selected the researches made by some of the most prominent companies:

- Bloom Consulting
- Future Brands (FB)
- East West Comms – Country Branding Global Index 200
- GfK Roper (The Nation Brand Index) and
- Legatum Prosperity and
- World Economic Forum.

***Bloom Consulting Country Brand Ranking*** is the only country or nation brand ranking which classifies countries by the effectiveness of their country brand strategies and its subsequent impact on the country's GDP. In order to do so, Bloom Consulting has taken into account variables that define the economic performance of the countries as well as variables that characterize the strategies' accuracy and market acceptance. They have used hard facts, such as economic indicators and analysis of the official country brand strategies as well as soft data indicators, thereby measuring the economic impact of each country's tourism brand strategy. Furthermore, this marks the first time that Online Search Demand (OSD) has been incorporated into a ranking of this type. The 2012 Bloom Consulting Country Brand Ranking © Tourism accounts for the most comprehensive, objective research done in the field so far. Bloom Consulting creates separate rankings for Trade and Tourism, and include 161 country and all economic data comes from recognized sources such as the World Bank, the United Nations, and the World Tourism Organization. According to the report of the agency, Serbia ranks with the ranking A (slightly strong) in the category of tourism, while in the trade category ranks as the BBB (very good). This report positions Serbia relatively positive when compared to other reports of relevant agencies. Just as international rating agencies rank countries' credit risk, Bloom Consulting uses the CBS Rating © Classification System as shown in Table 2 below:

Table 2. Bloom Consulting Rating

Score	Description
AAA	Very Strong
AA	Strong
A	Slightly Strong
BBB	Very Good
BB	Good
B	Slightly Good
CCC	Slightly Weak
CC	Weak
C	Very Weak
D	Poor

**Future Brands Country Brand Index (CBI) - Country Brand Index (CBI)** is created by the *Future Brand* organization, based on perceptions made by approximately 3,000 international business and tourist travelers from nine countries (U.S., UK, China, Australia, Japan, Brazil, UAE, Germany and Russia). Country Brand Index (CBI) is the global study that uses relevant statistical data and opinions of prominent leaders in the industry, which is issued each year since 2005. *The Country Brand Index* uses different aspects when ranking states: authenticity, history, art and culture, infrastructure, ease of travel, security, accommodation, rest and relaxation, natural beauties, beaches, nightlife, shopping, food, entertainment, sports, hospitality, standard of living, attractiveness for business, political situation, quality of products / services, advanced technology, the environment and the desire to visit or re-visit a country. Each fall, global consulting agency Future Brands (FB) in cooperation with the BBC World Service, publishes the ranking of countries according to the strength of their national brand. This ranking is called the Country Brand Index and it is developed based on the extensive research conducted on 3,400 people of different nationalities aged 21 to 65 who have, for tourism or business reasons, visited one of the 102 analyzed countries. The parameters in the survey of Future Brands include: the knowledge of facts about the State concerned, the attitude regarding to the virtues of that state, such as the quality of life, cultural heritage, value system and take into account the reverence that the respondent feels in respect to that particular state, interest in travel to it, and willingness to give recommendations to friends for a visit. Among the 118 countries Serbia has taken, not at all flattering, 108 place in 2012. This is an extremely regressive trend, since in 2010 Serbia ranked 84. The main cause of such setbacks lies in the category *Quality of Life*. Public spending cuts paired with slow progress on pensions, healthcare, wages and unemployment have left many citizens without vital services that contribute to overall quality of life.

Table 3. Serbia FutureBrands ranking in the period 2010 -2012

Year	Serbia ranking
2010	84
2011	97
2012	108

Source: Future Brands, Country Brand Index 2012-2013

**East West Comms – Country Branding Global Index 200** - East West Comms group is engaged in the provision of communications services and branding and publishes Country Branding Global Index 200 (CBI) ranking by the Perception Metrics system, which compares positive and negative news of the countries in the world's leading media on quarterly basis. One of the main reasons for pooling of East West with Perception Metrics is the scientific basis to be used for the analysis of international perception of state brands. The index is created by Perception Metrics system that compares the positive and negative news of certain countries in international mainstream media. East West national brand index uses *Natural Language Processing* system authorization, which is developed by the Perception Metrics. This system consists of a dictionary which includes about 16,000 words and

phrases indicating either positive or negative message. In their analysis, the East West uses only positive (aid, freedom, support, victory ...) and negative (violence, murder, separatism ...) words and messages that are linguistically and conceptually related to the observed state. From the analysis of the positive and negative messages, the result (rank) is being calculated, and the comparison is made with respect to the other countries covered by the study.

East West Nation Brand Perception Index analyzes hundreds of thousands of articles from many countries, and shows that the international media quoted Serbia poorly. Out of 200 ranked countries (of which 192 UN member states) Serbia is ranked 151<sup>st</sup> place in 2010, while at the end of 2011 it was on discouraging 169<sup>th</sup> place. List for 2012 has not yet been released, but when the position of Serbia is concerned, there is no reason for optimism.

Table 4. Serbia East West Nation Brand ranking in the period 2008 -2012

Year	Serbia
2008	183
2009	180
2010	151
2011	169
2012	N/A

Source: East West Nation Brand Perception Index 2012

**GfK Roper (The Nation Brand Index)** – German company GfK Roper Public Affairs & Media, is one of the largest market research companies in the world. Simon Anholt (who is one of the most prominent theorists in the field of nation/state branding) has developed the Nation Brand Index concept in cooperation with GfK group, and designed a unique, rational and universal system for measuring the reputation of the national brand. *The Nation Brand Index* was conceived in 2005, with the aim to measure the image and reputation of the nations in the world and is considered to be one of the most reputable research methods in this area. Anholt's Nation Brand Hexagon compares the different factors and the values that state possesses that affect on a nation's reputation in the world. Anholt-GfK Roper Nation Brand Index measures the strength and the quality of brand image of each particular country by combining following six dimensions: 1. Exports, 2. Management, 3. Culture and Heritage, 4. Reputation of population, 5. Tourism, 6. Investments and Immigration. According to the GfK Index ranking for 2012, that included analysis of 118 countries based on these six parameters Serbia ranked as 108.

**British analytical center Legatum Prosperity** has made a study in which our country is ranked at the 76<sup>th</sup> place out of 142 countries. Compared with the previous year, Serbia moved up three steps on recently published list of most prosperous countries in the world 2013. Serbia got the lowest score in the areas of personal freedom, social values and economy, while in the areas of health, education and safety was listed a little better. At the top of the list whose results were obtained by crossing the data from eight areas, and that measures wealth and prosperity of the population is Norway, followed by Switzerland, Canada, Sweden, New Zealand and Denmark. Luxembourg is ranked at tenth place, while the United States are 11<sup>th</sup>.

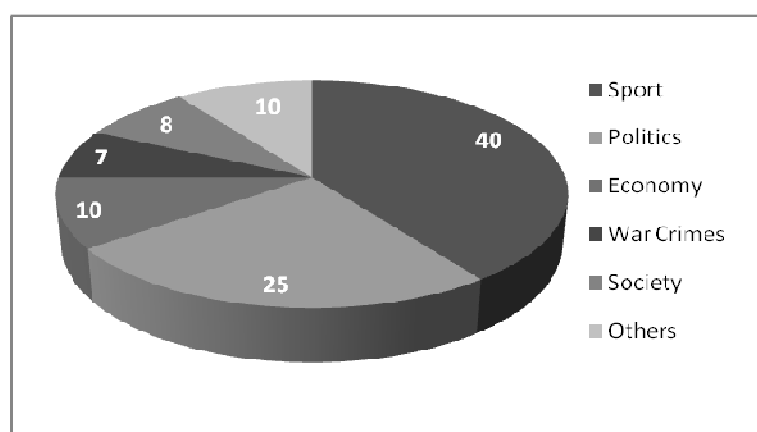
In our country, as many as 87 percent of citizens believe that the corruption is widespread in the economy and politics, while in Norway this percentage is less than 30. The survey revealed that the Serbs have the most confidence in the army, but that every third citizen has no confidence in the legal and the judiciary system. Compared to the year 2012, our country has made the greatest progress in the field of health care and recorded a "jump" from 61 to 54 place. This area assesses the percentage of immunization, the number of hospital beds per 1,000 people, the mortality rate of children, the quality of drinking water, etc.. While education is one of the areas where we have shown the best results, this year we have made a step down in this area - from 61<sup>st</sup> to 62<sup>nd</sup> place."

**World Economic Forum** - According to the World Economic Forum (WEF) report for 2013, Serbia was ranked at 101<sup>st</sup> position in the list of global competitiveness, which includes 148 countries, representing a drop of six places compared to the previous year. In 2013 Serbia had a Global Competitiveness Index (GCI) of 3.77, which is a 0.1 decrease compared to previous year. This led to led to backsliding Serbia from 95<sup>th</sup> to 101<sup>st</sup> on the list. Unlike last year, when a negligible decline in the value of the GCI of 0.01 was recorded, this year the fall could be conceived as significant, as they reached value of GCI is at the historic minimum in the seven-year period between 2007 and 2013. In addition, if this result is considered in an international context, recorded 101<sup>st</sup> position clearly represents a historical minimum when it comes to ranking of Serbia. Historically the highest GCI value of 3.90 Serbia has achieved on the eve of the first wave of 2008 crisis, while in the following 2009 the GCI has considerably decreased to the level of 3.77. This period was followed by the gradual recovery, while in 2013 the GCI value once again dropped down to the 2009 level. According to the overall competitiveness, as measured by the GCI report for this year, Serbia is located at the rear of the group of countries that include Albania, Bosnia and Herzegovina, Croatia, Greece, Hungary, Macedonia, Montenegro, Romania, Slovakia and Slovenia. Besides Serbia, in 2013 significant declines are recorded by Albania, Slovakia and Slovenia, while significant progress on the list was made by Croatia, Greece, Macedonia and Montenegro.

The most significant decline Serbia recorded in areas of infrastructure, macroeconomic environment and financial market sophistication, while a moderate downtrend was recorded in labor market efficiency and technological capability. There was no notable positive development in 2013 and modest shifts appear in the goods market efficiency and business sophistication.

Positioning of Serbia in foreign (primarily European) print media, as well as major global TV networks is analyzed through newspaper articles of influential European printed media (Guardian, Times, Independent, Le Mond, Die Presse, Deutsche Welle, El Pais, El Mundo) and global media services webpages such as CNN, Euronews, BBC, TV5, CBS, Al – Jazeera, Sky news and RTL during 2012. According to the authors' research, during 2013, the distribution of articles on Serbia, based on the reporting nature in these media was as follows: 59% neutral, 36% positive, and 5% negative.

Figure 4. The structure of articles based on thematic areas in selected media in 2012



Most of the analyzed articles are related to sports (40%), and then on politics (25%), economy (10%), and a bit less on society (8%) and war crimes (7%) articles relating to other subject areas in aggregate do not cross the representation of 10% (Figure 2).

According to results of the analysis, there is a tendency for incremental but steady improvement of Serbia's national brand. This tendency would have been developed more rapidly in the positive direction, if Serbia was not accompanied by a negative image as a result of recent wars and bombing of our country, followed by negative campaigns promoted by major international media during the



nineties. However, this is also the result of neglecting of promotional and communication strategies that our country has not applied in its fight for a place on the world stage for over a decade. The basic problem is that when it comes to the promotion of the national brand, our country steered to strategic approach only a few years ago. Along with these general attitudes, the real downturn of the position of Serbia that was presented by the eminent research agencies must not be ignored: Bloom Consulting, Future Brands (FB), East West Comms – Country Branding Global Index 200, GfK Roper (The Nation Brand Index and Country Brand Index (CBI) are saying that Serbia is not moving in the right direction when the improvement of the national brand is concerned, because besides improving the position in the analysis of Bloom Consulting agency, other agencies relevant to national branding indicate that Serbia recorded inferior status of a national brand in 2012. This would have to make an influence on the government to move towards the implementation of the development strategy of national brand more intensively.

## **THE POTENTIAL FOR IMPROVING THE NATIONAL BRAND OF SERBIA**

So far Serbia has made positive steps to improve its national brand, because there are institutions that are already involved in the development of certain elements of the Serbian national brand, such as: Council for the Promotion of Serbia, Serbian Investment and Export Promotion Agency - SIEPA, Chambers of Commerce of Serbia and Belgrade, Tourist Organization of Serbia and Belgrade, Serbian Society of Lobbyists. Moreover a national Internet portal devoted to Serbian brand ([www.srbijabrend.gov.rs](http://www.srbijabrend.gov.rs)) is presented and launched, featuring the program of the National Serbian brand. It contains the following key groups of activities directed towards achieving the goal that Serbian brand becomes recognizable and conveniently positioned in the global public:

- Establishing an efficient and sustainable institutional framework for the Serbian national brand
- Implementation of a comprehensive studies
- Preparation of the necessary strategic documents relevant for Serbian national brand
- Creation of a visual identity and national brand value
- Positioning of Serbian national brand in the world and domestic public
- Sponsorship and patronage of various trade fairs, exhibitions, cultural, sporting and other events under the logo of the national brand
- Providing technical and financial support to build individual brands in Serbia
- Supporting the implementation of projects and initiatives that promote the values of Serbia.

Unfortunately, despite a number of institutions that are more or less dealing with various issues of national branding, it can be concluded that research and analysis results suggest the existence of a major shortcomings in relation to the benefits, as well as the prevalence of hazards over the odds. Among the major weaknesses the following stand out (Domazet, 2013):

- The lack of a systematic approach related to the development of Serbia's national brand, and the consequent lack of a strategy for improving national brand of Serbia.
- Underestimation and / or lack of understanding of the importance of branding for the promotion of national economic potential of the country (exports, foreign investments, tourism).
- Inefficient (unclear) institutional structure and coordination between the institutions responsible for specific issues relevant to establishment of the national brand - which often creates confusion and does not lead to the desired results.
- The low level of financial investments in the process of national branding.
- The lack of information and inadequate communication that results in poor positioning of Serbia in the international public.
- Unsynchronized and often contradicting national branding approach by relevant state institutions.
- Lack of cooperation between the public and private sectors on the development of national brand.

In the process of establishing and positioning the national brand of Serbia, it is important to bear in mind the following facts (Srbija brend, 2013):

- Many domestic products of high quality have not become strong brands yet, but the development of the awareness regarding the necessity for marketing implementation and branding in business sounds encouraging.
- Numerous traditional products, particularly in the food sector and the textile, are not properly valorized through branding despite the evident quality.
- What hampers the penetration of high-quality domestic brands to international markets can be attributed to insufficient recognition of the country, which can be rectified quite easily by more powerful promotion of Serbia.
- In the structure of Serbian exports, the products at higher levels of processing, as well as products and services with higher added value are under-represented. Therefore, strengthening competitiveness through branding and effective communication of enhanced competitiveness of Serbian products and services is vital.
- Insufficiently utilized capacity which could be used by sectors such as culture, arts, sports, science, education, heritage, customs and natural beauties, is in the domain of promoting individual brands and brand of Serbia as an umbrella brand.

Limitations of the domestic economy in the domain of building strong brands are outdated production technology of products and services, an inadequate product design and packaging, lack of funds to finance improvement of production and marketing activities and the introduction of modern quality systems, lack of awareness of the importance of marketing and branding, under-represented proactive and strategic approach to business, undeveloped use of modern marketing techniques and tools, etc... Establishing a significant set of strong Serbian brand has numerous effects on the development of the national economy, as branded products have a higher value, greater perception quality and the potential for higher customer loyalty compared to the unbranded product. It is important to achieve that domestic brands more effectively meet the needs and requirements of domestic and foreign consumers, to improve the structure of Serbian exports towards more sophisticated products and services, to increase the value of our exports, to improve the image of Serbian economy in the world and to facilitate the access of emerging brands in foreign markets.

Prerequisite for successful national branding lies in the analysis of different models of communication, where the primary goal of integrating marketing communications is to increase the efficiency of communication and improve positioning of Serbian national brand. The basic steps in developing effective communication Serbian national brand should be (Domazet, Hanić, 2012): situation analysis and identification of the target audience; determining the communication objectives, such as: awareness, knowledge, liking, preference, persuasion and acceptance; creating a general national branding strategy; determining the budget for the implementation of the communication strategy; communication designing and creating the message in terms of content, structure, format, etc.; choice of communication channels, which are primarily meant to be massive, including the creation of an interactive website in accordance with the visual identity of the Serbian national brand; deciding on the media mix and creating communication media plan; management and coordination of communications; measuring campaign results and comparison of the achieved results with defined objectives.

## CONCLUSIONS

Development of a coherent national brand may extremely help in better positioning of countries in transition, such as Serbia. However, the current positioning of Serbian national brand is at a low level and certainly far below our expectations, according to the results of relevant global agencies. The main reason for this is that there is still no articulated national branding strategy that should be a part of global marketing strategy and the first step is to define the basic values that Serbia wants to position in the target market.

Namely, the absence of a systematic approach related to the development of Serbia's national brand, and the consequent lack of a strategy for improving national brand of Serbia; underestimation of the importance of branding for the promotion of national economic potentials; inefficient (ambiguous) institutional structure and the low level of financial investment in the process of national branding, together with a lack of information and inadequate communication, are the main causes of unsuitable positioning of Serbia in world public. Enhancing the national brand positioning should be directed primarily on development of infrastructure (institutional frame), and then on the design and implementation of communication strategies of Serbian national brand.

Well positioned national brand will contribute to a significant improvement of the country's competitiveness, as reflected in the following: differentiation of the country (place or industry) from all others; projecting a positive image of the country to the world; increasing prestige beyond borders; creating a persuasive case for tourists to visit attractive destinations within the country; make a persuasive case for investors to select that particular national economy among others; make a persuasive case for importers to traffic national exports; create a positive synergy of national assets. The national brand that is being developed should be supported by relevant communication activities, from public relations to advertising, sponsorships and social media marketing.

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