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The role and challenges of country branding in transition countries: The Central and Eastern European experience

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Abstract Developing coherent and comprehensive country brands is of vital importance for transitional countries as branding can contribute to the success of transition. Central and Eastern Europe (CEE) is a typical transitional region where the evolution of country branding provides valuable insights and experiences for other transitional regions as well. This paper overviews the most important challenges as well as mistakes of place branding in the region. After conceptualising place branding in the CEE context, the most important functions of country brands in transitional countries are outlined. This paper concentrates on those countries that joined the European Union in 2004 although some references are made to other Eastern European nations, which are at earlier stages of their political and economic transition. *Place Branding and Public Diplomacy* (2007) 3, 8–20. doi:10.1057/palgrave.pb.6000044

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INTRODUCTION

Since the fall of the Berlin Wall and the collapse of the Soviet Union, 28 countries have emerged out of the eight former communist countries in Central and Eastern Europe (CEE). The newly emerged statehoods have engaged in a substantial and complex exercise during the past 15 years: to position themselves on to the geographical and mental map of Europe and indeed the entire world as democratic, politically stable countries with emerging and promising market economies. The transition from central

planning to a market economy and from an authoritarian, one-party system into a pluralistic and democratic society involved a systematic identity and image transformation as well. In transition countries *reality* is changing which means that this transformation is both *internally and externally driven*. Transitional countries are more concerned with internal affairs at the beginning of their transition and only after a few years later do they start to pay more attention to their external images and be more conscious about the external environment.

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The transitional countries of CEE with their similar geographical, economic, political, social systems as well as with the burden of their communist past provide a rich field for analysing as well as comparing country branding efforts. Individual country case studies have been published but this analysis takes a more holistic approach rather than concentrating on a particular country. Place branding in Eastern Europe has been evolving for more than a decade and the accumulated experiences enable us to identify some common issues, challenges and patterns of country branding in the region.

This paper is based on a variety of qualitative research methods. Documentary analysis was carried out, including strategic, operational marketing, branding and public relations plans and proposals as well as image research reports and findings. In-depth interviews were conducted with Hungarian, Polish and Estonian practitioners and officials who had been involved in the branding process either directly or indirectly. Websites of the organisations engaged in country promotion have also been analysed.

Derek Hall has published widely about destination branding in Eastern Europe (eg Hall, 1999, 2002, 2004), usually concentrating on the former Yugoslavian countries, Serbia, Croatia and Slovenia. Case studies that overview the branding initiative of other Eastern European nations include Poland (Florek, 2005), Latvia (Endziņa and Luņeva, 2004; Dzenovska, 2005) and Slovenia (Konecnik, 2004; Damjan, 2005). As Hungary and Estonia are underrepresented in the English language literature on branding, and because the author was living in these countries, as well as in Poland, more examples are drawn from these countries.

In this paper, a clear distinction is made between destination branding and country branding when conceptualising place branding. The aim of 'destination branding' is to attract visitors and boost tourism (inwards direction), while 'country branding' promotes economic, commercial and political interests at home and abroad. Country brands have both intangible

and tangible elements, such as the products or services of the particular country. The more specific aims of country branding are to create or advance the 'country-of-origin' effect, to promote exports (outward direction) or attract investors or a skilled workforce (inward direction). Country brands can serve as a sort of umbrella under which further sub-brands can be developed.

THE INSTITUTIONALISATION OF IMAGE-MAKING AND MANAGEMENT

National tourism organisations were the first ones to get involved in destination branding during the early years of transition in the CEE countries, concentrating on domestic and international tourism. During the late 1990s image management became institutionalised in Central Europe and became more strategic, making the first steps towards a more holistic and coordinated approach which would result in country brands. Institutionalisation meant that special governmental organisations were set up to research and evaluate current country images in the different target countries; to develop communication strategies about promoting countries abroad with a holistic approach and to coordinate campaigns and branding initiatives as the number of actors involved in country promotion has been on constant increase.

The Hungarian government was among the first to set up an organisation to manage Hungary's reputation abroad. The Country Image Centre's aim was 'to develop a concept for the new image of the country and to build this new image both inside and outside the country'.

The Latvian Institute was established in 1998 by the government 'to help the globalised world community better understand Latvia today by providing essential and useful information on all aspects of Latvia's history, culture and society' (http://www.li.lv/old/li_eng.htm). The Institute of Polish Brand started a programme in 2004 to build the national brand of Poland, although the

Ministry of Foreign Affairs initiated several programmes in the early years of 2000.

THE FUNCTIONS OF COUNTRY BRANDING IN TRANSITIONAL COUNTRIES

- *To distance the country(ies) from the old (economic and/or political) system, which existed before transition:* In the case of CEE countries the aim was to distance themselves from the images of communism and the negative connotations evoked by ‘Eastern Europe’, which often meant backwardness, despair, something poor or inferior. During the Cold War, Eastern Europe and communism became synonyms and have been used interchangeably; therefore, many countries in transition have consciously defined and position themselves as Central European countries. Countries situated at the northern and southern ‘edges’ had to make further efforts to get rid of the burdens and associations of the countries that used to ‘embrace’ them: the Soviet Union (Estonia, Latvia and Lithuania) and Yugoslavia (eg Slovenia, Croatia or the newly independent Montenegro). These latter countries also faced a further task to disassociate themselves from the ‘Balkan’ by developing and communicating a ‘non-Balkan’ identity (see Hall, 2002, 2004).
- *To change negative or false stereotypes or reinforce some positive stereotypes associated with the country and its people:* This is more country specific than the previous function and was particularly true for countries whose territory or name did not change following the collapse of communism, such as Hungary, Poland or Romania. Some of the stereotypes can be deeply rooted and difficult to change although cultural diplomacy and relations may prove to be a more efficient and credible way of changing them.
- *To position the country as the reliable and eligible member of the new system, the transition is aiming for, or that of an international community:* For the CEE countries this meant that they are democratic, politically stable countries with emerging and promising market economies. Central European countries’ most important foreign policy goals were to join NATO and the European Union, two ‘superbrands’.
- Countries in transition rely on the moral, financial and political support of more developed regions or nations, called ‘centre nations’, such as the Western European countries. The less developed or transitional countries are often situated on the ‘periphery’. In their orientation the transitional countries are moving from the periphery towards the centre position and the function of branding is *to support and justify this ‘move’ and demonstrate that these countries are worthy of the centre nations’ support*. Branding can also be interpreted as the periphery’s call for legitimisation. The primary targets of periphery countries’ branding efforts are nations situated in the centre, partly because periphery countries in the same region tend to have better and more positive images of each other. This is one of the reasons why most Eastern European branding efforts have been targeting Western European countries and why Western European branding gurus and agencies rushed to the region to sell their expertise to CEE governments or tourists boards.
- *To position the country as the centre of the region and the leader of transition:* The periphery countries are competing with each other to become the centre and/or the leader of the region/periphery. Competition for the financial, commercial, logistical, tourist or cultural centre position (becoming a ‘hub’) has been strong among Hungary, Czech Republic and Poland. This can result in the regional leader role, where multinational companies establish their (regional) headquarters.
- *Branding can also facilitate (re-)defining and (re-)constructing national identities as identity is also changing during transition:* The countries

and their peoples often faced the questions of ‘who are we?’ and ‘how do we want to be seen by others?’ Countries in transition or peripheries are often defined and invented by centre nations who also construct periphery nations’ and their peoples’ images. The CEE countries took the opportunity to invent themselves rather than being invented by others. Branding has had an important role in this process and generated discussion about identities. Branding may not provide the best answers as national identity is more complex and not subject to ‘selling’ but it can certainly help define a certain type of ‘country identity’ that can be communicated to other nations. Creating ‘Euro conform’ identity was of crucial importance for most countries aiming for EU membership and ‘Europeness’ has been a central theme for each country.

- *Country branding can boost self-confidence* (Anholt, 2003: 108) *and can be an expression of being proud of the achievements of transition:* Transitional countries can have little confidence and often view themselves in a negative or pessimistic way, especially at the beginning of transition. Branding can strengthen the ‘we’ feeling and unite a country’s people.

DESTINATION BRANDING

Destination branding is most concerned with visualisation and symbolism. National tourist boards and other destination marketing organisations (DMOs) heralded in developing touristy logos, slogans and other elements of designs. Logos bear either the English name of the country (Hungary, Serbia, Estonia, Slovakia, Latvia) or the name of the country in its own language (Lietuva), as well as national or tourist symbols (sun, sky, sea, flowers, heart, mountains). As far as their colours are concerned the logos usually use the colours of the national flags.

Eastern European countries as destinations have positioned themselves as inexpensive, affordable, modern, sunny and welcoming countries. Some slogans have changed

throughout the years and become more specific. Croatia has ‘evolved’ from a ‘Small Country for a Great Vacation’ into ‘The Mediterranean As It Once Was’, while Hungary from the ‘The Heart of Europe’ into ‘Talent for Entertaining’. Latvia’s slogan (‘The Land that Sings’) and Estonia’s (‘Welcome to Estonia’) remained unchanged. The visual and verbal elements of the destination brands have been circulating through advertising campaigns and a wide range of promotional publications with the hope of identifying and distinguishing the countries from their ‘competitors’. As many commentators observed the earlier versions of these touristy catchphrases did not really give the country an extra boost. They usually have promised similar experiences and it is difficult to identify the distinct features that would make the country unique in the minds of the potential holidaymakers.

Promoting a country by real ‘faces’ and emphasising the human dimension in destination branding have been the core features of Hungarian destination branding efforts as opposed to other country’s approach, which relied more on the natural, physical characteristics of the country or on people dressed in the national customs. In 2005 the Hungarian National Tourism Organisation (HNTO) developed a new destination brand identity for Hungary, with the slogan ‘Talent for Entertaining’. This idea was developed by a public relations agency, based on research among those foreign citizens who often choose Hungary as a holiday destination. The research revealed that Hungary is most often associated with hospitality and talented people which is reflected in the slogan. The core idea of the campaign involves the impersonation of the strategic tourism products of Hungary and the promotion of the country by 11 recognised Hungarian celebrities, who are professionals in their own field.

Another successful and probably the most creative campaign that relied on personalisation was that of the Polish plumber, who came to life in 2004 in France. Before the French referendum on the European Constitution in

May 2005 heated debates started about the new CCE member states. The 'Polish plumber', created by the French anti-constitution campaigners, emerged as the mysterious worker from a newly joined country and became the scapegoat that threatened the jobs of the French workers. This mythical and symbolic person 'came to life' by the Polish Tourist Agency in Paris some weeks later. A handsome young model in a plumber's uniform invited the French to visit Poland where there are many more like him. Although this 'image' was intended as a joke, it was picked up by the French, Polish as well as the international media and proved to be a creative and powerful idea, later followed by the sexy Polish nurse who also cordially invited the French to Poland. The campaign creators had special programmes on French television, there were radio interviews, meetings with the Polish model, creating invaluable publicity for Poland. This campaign was a victory of Polish creativity and was many times more effective and significantly less expensive than any country image advertising campaign. This case also demonstrates that the image of a person (a Pole) can be significantly different from the image of the country (Poland), a distinction often ignored by branding practitioners.

Many CEE countries had seen each other as competitors for tourists or investors; however, there are cases when joining efforts to advance common interests is worthwhile. Countries can group together to promote the region or the neighbouring countries together. The European Quartet is a joint effort for cooperation between the so-called 'Visegrád group' countries: the Czech Republic, Hungary, Poland and Slovakia. The countries' national tourism organisations grouped together in 2003 to present the four countries bundled into a single tourist product in overseas markets, such as the USA, Japan, China or Brazil.

Hall's (1999, 2002, 2004) conclusion that 'destination branding and positioning strategy are generally still poorly developed' in the region does not hold true for the majority of the Central European countries as Hungary,

Poland, Croatia, Estonia have invested a lot into destination branding, devoting significant financial and human resources while their DMOs have become more professionalised. Destination brands have been successfully developed and communicated in Central European countries. Hall's statement is likely to be more relevant for country branding, which is still in its infancy in the region as the next section of the paper outlines.

COUNTRY BRANDING

As far as the evolution of place branding is concerned, destination branding precedes country branding, which requires a more holistic and creative approach. Most countries in the region are still at a very early stage of developing a coherent, strategic country brand, which is more abstract and less controllable than a destination brand. While the organisation behind destination branding is clearly identifiable and visible (national tourism organisations or tourist boards), the situation is more complicated in the case of country branding. It can be a government or a ministry, a national chamber of commerce, investment promotion agency or each of them at the same time. Central European country brands seem to emerge rather than being 'invented', imposed and controlled by a single organisation. What has been crucial is the *process* of branding, the debates, discussions, brainstorming, co-operation of different disciplines rather than the *outcome*.

'Made in Poland' or 'made in Lithuania' still do not create strong and positive associations in the minds of the Western European consumers although some product categories are making their ways. Whichever country first achieves the status of becoming the first established and recognised country brand in the region will greatly benefit from it in the long run. Identifying something as 'typical' Bulgarian, Czech or Polish have been very much on the agenda of marketers and communication experts alike. The questions often asked were: What is 'the' product that a tourist or the delegation should be leaving the country with? What should symbolise the country? Most countries

have made several efforts to find this unique product that would be unmistakably Polish or Lithuanian and would characterise the country best. This might rely on stereotypes, as for example, many foreigners may think that vodka is the national drink of Poland, while beer consumption in Poland is three times higher than that of vodka.

In 1999 four Hungarian companies founded the Hungaricum Club with the aim of creating a stylish 'calling card' for Hungary. The founders aimed at contributing more to Hungary's image by their own means and through their joint appearance and at 'furthering Hungary's progress towards membership of the European Union, while retaining their traditional identities as Hungarian brands'. Members of the club put together a boxed set called 'A Taste of Hungary' featuring selected samples of their products, Herend Porcelain, Pick Salami, Tokaj Aszu Wines, Zwack Unicum liqueur and the Halas sewn lace, all linked to traditional dining. To develop a more coherent country brand for Hungary, the so-called 'Hungary Roundtable' was set up in 2005 where the Hungarian National Tourism Organisation played a coordinating role. They have suggested 'The Talent for...' theme as the core of the Hungarian country brand around which several sub-brands could be developed. This initiative came to a halt with the national elections in 2006 although the organisations involved are determined to continue and develop the initiative.

Estonia has been the forerunner of strategically developing, launching and coordinating a country brand in 2001–2002 with the cooperation of Interbrand, the international branding agency. Estonia's brand model consists of several components (*Estonian Branding Report, Enterprise Estonia, Tallinn*). The principle position was a clearly defined identity for Estonia as a European country. It involved distancing the country away from the 'Baltic' grouping as research showed that positioning the country as a Baltic one can limit its potentials and opportunities. Brand strategy has been driven by the *essence* of the Estonian brand

which is captured in the following phrase: 'Positively transforming'. It is supposed to communicate a message that Estonia is very dynamic and going through big changes in a short period of time. These two words also encapsulate the deep contrast between the former and contemporary Estonia, a land of contrasts with opposing characteristics. The richness and diversity of the brand is communicated through storytelling; and the stories translate into specific messages tailored for tourists, inward investors and importers. According to the official brand manual forging a logo that bluntly states 'Positively Transforming' would be inappropriate, shallow and limiting for the country. Instead 'Welcome to Estonia' was chosen as a brand idea and 'campaigning theme' and became the Estonian brand's visual signature. This choice, however, resulted in some confusion as the majority of citizens could not distinguish between 'Positively transforming' and 'Welcome to Estonia'.

Poland has made several uncoordinated efforts to promote the country abroad between 1998 and 2004 until British branding expert Wally Olins and his company, Saffron arrived to rescue the initiative and coordinate the branding process in 2004. Saffron came up with a similar idea to that of Estonia but labelled it differently. The opposing characteristics and contrasts of Poland and the Poles were summarised as 'Creative Tension', which has become the core of the Polish brand, leaving little space for a clear distinction between the Polish and Estonian brands. (In May 2005 a major British art exhibition that challenged traditional views of art of the 20th century was also called 'Creative Tension' and some British people are more likely to associate this phrase with the art exhibition than with Poland.) Change and contrast between past and present, paradox of characteristics are commonly used branding themes for countries in transition. This approach actually reinforces the intellectual invention and framing of Eastern Europe which dates back to the Enlightenment period and it has prevailed since then (Wolff, 1994). As Anholt (2003: 131)

also noted very many countries have chosen this 'land of contrasts' approach, which in his view, is more applicable to tourism than country branding and it also lacks any creativity.

In many cases destination and country branding are clearly distinct, using different logos, visuals, slogans and managed by different organisations. Country branding, similarly to destination branding, has visual and verbal elements. In 2002 Poland's Ministry of Foreign Affairs hired DDB Corporate Profiles to design a logo that could be used in promoting tourism and trade. A flying kite in the Polish national colours, red and white was to symbolise youth, freedom, playfulness and hope, values that the country stands for according to the marketers. In Poland another brand was suggested to be used in country branding in 2005: 'Solidarnosc (Solidarity), a well-known Polish political brand. The initiative to use it as an overall brand for Poland met some criticism as this brand could be seen as outdated, lacking dynamism and very abstract. Poland's example demonstrates, however, that a country brand can consist of different brands, such as a destination brand, an export brand, an investment brand, a political brand, which can be all different rather than having a central, all-encompassing country brand. Some of these sub-brands can be stronger and more successful than others.

Mega-events are frequently used to kick-off branding campaigns or promote countries. Poland hosted Miss World finals in 2006, which was a high-flyer 'image promotion' for the country. Another event that has been often used for efficient country promotion is the Eurovision song contest where millions across Europe are tuned into the singing contest. In 2005 Ukraine hosted the event and seized the opportunity to communicate the values, hopes and visions of the country to a Europe-wide audience. When Estonia won the song contest in 2001 and hosted Eurovision in 2002, the country used it to kick-off the 'Branding Estonia' initiative and showed the 166 million viewers how the country had transformed from a Soviet Republic to an EU and NATO contender. The old member states may attribute

little significance to Eurovision but it has meant a great deal for many Central and Eastern European nations to express themselves and boost their confidence.

INVESTMENT PROMOTION

Attracting investors is common aim of country branding; however, as Papadopoulos (2004: 39) notes research into this area is rather limited. Not only is the number of concrete examples limited but the relationship between branding and attracting foreign investors is not fully established and explored yet. CEE may provide some insight into this area as the region has attracted significant investment during the past 15 years.

In many central European countries, investment promotion has been managed by a special agency that can provide a 'one-stop-shop' for potential and current investors. Some of these investment agencies have been the flagships of developing country brands as well.

Young's (2005) study is one of the few ones, which overviews the role and nature of place marketing in attracting foreign direct investment (FDI) into CEE. He concludes that simple promotional campaigns that aim at raising investor awareness of localities in the region have quite limited impact and in order to be successful place marketing must become a sophisticated and complex set of strategies and address investor specific needs. He provides a case study about Czech Invest, which has been one of the most successful investment promotion organisations in the region.

Having a country brand is necessary to attract investors but not enough; there must be an infrastructure, a skilled workforce, favourable tax policies and returns on investment. According to these and other criteria, Hungary came first to attract inward investment in 2004 and 2005 followed by Bulgaria, Poland, Slovakia, the Czech Republic and finally Romania (KPMG data). In order to increase investment in the country Croatia allocated resources to develop a country brand. Foreign direct

investment in the country, however, was hampered by high labour costs compared to other countries, such as Bulgaria or Romania.

Wells and Wint (2000) published the results of research on investment promotion conducted during the 1980s and provided some insight into when and how to use the different promotion strategies. Their monograph described three basic promotion techniques that investment promotion agencies can apply: image building, investment generation and investor services. Image building would today be called country branding, although the authors do not use the word branding in their book at all. Image-building and investment service activities' ultimate aim is attraction of more investment. In a later edition, policy advocacy was also added. Central European investment agencies' websites also provide testimonials and success stories and use public relations strategies and tactics to build relationships with potential and current investors. PR is very helpful in maintaining long-term relationships with investors, as branding's main competency is attraction in this respect. The authors concluded that many investment agencies shifted their focus on investment generation 'once appropriate images had been formed' (it is unclear what is meant by 'appropriate'). This approach does not hold true for the majority of Central European countries as they have generated investment from the early years of their transition without any general 'image building' campaigns. Image-building techniques — in the form of country branding — are recent phenomena. The authors also warned that countries with negative images (one might think of some former Soviet Union countries) that engage in image-building 'before the 'product' is set right is, at best, likely to be waste of resources' (*ibid*: 145)

Fabry and Zeghni (2006) introduced the concept of institution-based attractiveness as in a transitional context host countries and foreign investors interact to build progressively a suitable institutional arrangement. They argued that institutions are not a pre-condition to FDI. For them attractiveness

'... is a result but also a dynamic process, which reflects both the ability of the host country to build and manage its attractiveness and the multinational firms' involvement in that country. This involvement is mainly due to real business opportunities, risk aversion, and the foreign investors' perception of the host country (*ibid*: 205).'

In their paper they do not explore investors' perceptions; however, there exist some other studies that help assess those perceptions and their relevance to branding. The *Ernst and Young European Attractiveness Survey 2006* also investigated attractiveness and ranked the European countries based on investors' perceptions. Table 1 below outlines the major findings and compares image (perception) with reality.

As the *Survey* suggests for countries whose image is better than reality (Poland, Czech Republic or Romania), the challenge is to transform their superior image into concrete investment projects while the countries that score higher on reality than image (Hungary, for example) should improve their perception in the market and level of notoriety.

Similarly to destination branding, countries can group together to increase economic development, including investment attracting

Table 1: Some European countries' ranking of attractiveness

Countries	Ranking image	Reality (ranking of FDI)	Advantage
Germany	1	3	Image
Poland	2	4	Image
UK	3	1	Reality
Czech Republic	4	7	Image
France	5	2	Reality
Spain	6	6	Reality=Image
Russia	7	9	Image
Hungary	8	7	Reality
Netherlands	9	13	Image
Romania	10	12	Image
Ireland	11	15	Image
Italy	12	18	Image
Belgium	13	4	Reality
Switzerland	14	11	Reality
Denmark	15	17	Image

Source: Ernst and Young, European Attractiveness Survey, 2006. Used with permission.

and export promotion. One of the latest initiatives is the Baltic Sea Region branding project which involves transitional as well as more developed nations.

Media coverage pays a crucial role in shaping investors' or tourists' attitudes and perceptions. International media are systematically monitored by the Ministries of Foreign Affairs usually through the embassies on the daily basis. National tourism organisations through their network also carry out media monitoring and reporting. Systematic media content analyses are carried out less frequently although they can reveal much more about the tone and nature of coverage than a pile of press clippings. Negative coverage about a country, its government, politicians are not rare phenomena although countries react differently depending on the nature and extent of the negatives issues covered. Negative coverage can influence investors as well and even jeopardise any branding initiatives. Valeant Pharmaceuticals International published an open letter as a whole page advertisement in the *Financial Times* on 21st May, 2005 in which they warned the companies that were considering investments in Serbia. The open letter was addressed to the Serbian deputy Prime Minister and warned potential investors about the risk of investing in Serbia, by sharing their negative experiences as investors.

Countries are often dubbed or nick-named by the foreign media, especially by the international economic correspondents who have the tendency to 'label' countries or use metaphor for them to catch the essence of their transition or achievements. If this kind of 'external branding' is positive, it is very beneficial to the country as it carries more credibility than internally initiated and controlled branding. Estonia was often dubbed as the 'Baltic Tiger' and the 'star of economic development' by western economic media and set an example to follow by other Eastern European countries. Estonia was also nicknamed as 'E-stonia' for its internet-based society, internet banking system and e-government. The Skype software has also become a calling card for Estonia.

COUNTRY NAMES

In any form of country communication, the name of the country is of crucial importance. In most types of communication, the countries' English name is used. It has become a cliché that Western Europeans often mix up Slovakia and Slovenia as the two country names sound similar. The Czech Republic's name problem is also well known as the country was searching for a simple, one-word solution during the 1990s.

Estonia also had a problem with the country name but for a different reason. In September 1994 a ferry sank between Estonia and Sweden killing more than 850 Estonian, Swedish and Finnish people aboard. The catastrophe received extensive international media coverage and for years it was the only thing that people associated with Estonia. The ferry itself was called *Estonia* and the sinking of *Estonia* was not a boost to the image of the country. Some years later some people suggested that the country should use the German name, *Estland* instead of the English Estonia in the international arena. The other reason for this change would have been the positive association with Finland, a Nordic country.

The Polish government made significant efforts to dissociate Poland's name from the concentration camps as the international media have often referred to the 'Polish concentration camps' when speaking of the former Nazi death camp in the south of Poland. In 2006 the government's efforts bore fruits as UNESCO agreed to rename the camps as 'The Former Nazi German Concentration and Extermination Camp Auschwitz Birkenau'.

A village in Sri Lanka built by a Hungarian team bears Hungary's name while a Pakistani girl who was born in the medical tent of an Estonian rescue team was named 'Estonia'. Both events were widely covered by the media and demonstrate that small countries can also achieve serious results.

The majority of Central European countries maintain modern and up-to-date country websites, which serve as a 'one-stop shop'. The web addresses also bear the countries' English

names (<http://www.poland.pl>, <http://www.czech.cz>, <http://www.croatia.hr>, <http://slovenia.si>) and are operated by the Ministry of Foreign Affairs (Czech website), by the government (Slovenian or the Hungarian website), by the institute responsible for country promotion (Latvian website), by the National Tourist Board (Croatian website) or no website is available (<http://www.estonia.ee> does not exist or <http://www.bulgaria.bg> is the Official Web Portal of the Diplomatic Missions of Bulgaria Abroad).

NEGATIVE BRANDING

The aim of negative branding is to discredit countries or regimes, to create ‘negative images’ of other countries or governments (the distinction is important here between country and government), or to create crisis situations. In this case images are important as reality may well be different and image management is the core activity. Fortunately, the number of examples in Central Europe is rather limited. Negative campaigns are not rare in Russia as Moscow has attempted several times to discredit the Baltic States and to put them in a bad light about the role they have played in the Russian–EU relationship. Russia has been reluctant to acknowledge the independence of Baltic States and heavily criticised their accession to NATO and EU. Russia also refused to apologise to the Baltic States for annexing them to the Soviet Union and for the communist repressions. It has got very negative (in some cases even hostile) images in Eastern European countries and has so far failed to address its negative reputation in its former sphere of influence.

The above-mentioned advertisement about Serbia placed in the *Financial Times* is another example of negative branding.

THE MOST COMMON CHALLENGES (AND MISTAKES) IN EASTERN EUROPEAN COUNTRY BRANDING

— *Lack of coordination among the elements of reputation management (destination and country*

branding, public and cultural diplomacy): There is no synergy and collaboration among these functions. Even if there is, a country can be more successful in one of the above dimensions but rather poor at others. Croatia is a good example: it has been a very popular tourism destination but has been unsuccessful in public diplomacy.

- *Late start:* This is basically true for each Eastern European country. As we have seen above, country promotion in Central Europe institutionalised only the late 1990s when governments started realised that the countries had ‘image problems’ and the issue of country promotion should be addressed at the governmental level.
- Country promotion is *politicised* and it becomes the victim of domestic politics, especially when there is no agreement among the different political parties about how or by whom the country’s reputation should be managed abroad. The Hungarian Country Image Centre ceased to exist once the new government was formed in 2002. When the current government in Estonia came into power in 2003 it also decided to stop the funding of the ‘Branding Estonia’ project because it was too expensive. Another issue was that the wife of the former Minister of Foreign Affairs headed the branding project.
- This can also lead to the *lack of continuity and strategic approach*. In many Central European countries the newly elected governments have erased the efforts of the previous government resulting in discontinuity of country promotion. Soon after, however, the new government also ‘realises’ that there is an ‘image problem’ abroad and tries to set up institutions and develop new strategies to deal with them. Poland is the very latest example, where a Plenipotentiary for safeguarding and promoting the image of Poland abroad was appointed in August 2006 by the government. It was the former spokesperson of the Ministry of Foreign Affairs, who took the position. Another barrier to continuity is the high turnover of

staff and professionals as many of those who developed or worked on the project at the beginning are long gone.

- *Country promotion or government promotion?:* If there is no consensus among political parties about the need and implementation of country promotion, the opposition can easily discredit any governmental initiatives as propagandist. Hungary's above-mentioned Country Image Centre was heavily criticised by the opposition socialists and seen as the 'propaganda machine of the government' both within and outside the country. The newly appointed Polish Plenipotentiary was also quick to dismiss any charges of propaganda. His appointment followed a satirical article published by a left-wing German newspaper about Polish President Lech Kaczynski. The article described him as a 'potato' and criticised him for his scepticism toward Germany. In response, the President demanded an apology from Chancellor Angela Merkel's government, which refused to interfere. The German media has dubbed the dispute as 'the potato war'. It raises the question of who should be behind the campaign or promotion: the government or an independent organisation? Western European writers stress the importance of the government's involvement in country promotion; however, this can easily be a minefield, especially in the post-communist countries with the legacy of decades of communist government propaganda. Papadopoulos (2004: 39) goes as far as referring to the need for governments to market themselves (sic!) proactively in the global arena. This view is a clear example of government promotion, which should be avoided and clearly distinguished from country promotion or branding. The Eastern European experience demonstrates that politicians should not be involved or have a strategic function in country branding.
- *No strategic co-ordination among the institutions and actors involved in country promotion:* The

number of organisations and institutions engaged in country promotion can hinder the process and coordination and strategic approaches are of crucial importance.

In Poland for example, the Ministry of Economy, Ministry of Foreign Affairs, the Ministry of Culture as well as a the Polish Chamber of Commerce, Polish Information and Foreign Investment Agency, the Mickiewicz Institute and the Institute of Polish Brand have all been involved in country promotion sometimes communicating different and *uncoordinated messages*.

- There is *no clear distinction* among the different country brands. The core ideas are similar to other country's ideas, leaving little space for a clear distinction. They usually promise similar experiences and it is difficult to identify the distinct features that would make the country unique in the minds of potential tourists, investors or buyers. The relatively high number of countries in the region with very similar economic and infrastructural indices makes it rather difficult to distinguish among these countries. A 'well educated workforce', with 'good language skills' and a 'young and dynamic population' are often quoted as catchphrases for investors, however nearly each country could say, and actually says, the same.
- *Messages and slogans are outdated or too general:* Both the Estonian (Positively Transforming) and the Polish campaigns' (Creative Tension) central theme was the deep contrast between the former and contemporary country, the contrasts between their past and present and the rapid changes these countries have undergone. The essence of the Estonian brand 'Positively Transforming' became outdated as the country had already transformed and this positioning suggests that the process has not finished yet despite the fact that Estonia was one of the most successful transitional countries. This also raises the question 'When is transition over?' Is it over when the country has successfully

joined international organisations or when the standard of living has reached the same as in the most developed countries?

- *The domestic audience is not behind the brand because they are not explained or they do not support it:* The citizens, as brand ambassadors, should be first explained the context and relevance of the project, well before launching any campaigns. The country must subscribe to its own brand before expecting others to do so. Estonia developed its brand with little initial consultation with the population. The brand was not explained clearly to the domestic audience and as a result the population was not supportive and the branding project came under criticism by the media as well. Getting the internal audience behind the branding project is a very crucial task of public relations.
- Branding is not dynamic, *the brand is not maintained.* Estonia's brand was launched in 2002 and 2003 but since the change of government in 2003 nothing has happened to maintain the brand, to keep the promotion alive. The country invested a lot in the launch but since then the whole initiative has been suspended similarly to the Polish brand.
- Country branding is not the 'Holy Grail', as it does not provide a universal solution. Branding is most successful when there is a tangible element in it, such as a product, service or experience. Foreign policy, for example, cannot be the subject of branding and it is doomed to failure, as the USA's attempt has demonstrated.
- *Too much reliance on advertising:* Advertising is successful and effective at the early stage when the brand is launched. Advertising is expensive, one-way communication and not credible in the long term. More reliance on two-way public relations should be involved in order to build and maintain relationships and dynamism.
- *Image is more important than reality and the brand or the messages are not credible:* Reality and image should always correspond otherwise the promotion becomes

'perception management' when the aim is to manipulate perceptions. Albania commissioned a PR agency in 2005 to promote a positive image of the country. With everyday electricity cuts and lack of infrastructure, however, a campaign can only be an example of perception management. The Romanian government banned the shooting of a film about gypsies in Romania as it shed a very negative light on Romania before its accession to the EU. The government was concerned about the image this film would portray about Romania. The negative publicity about the ban, however, resulted in more harm to the country and its government.

- *Lack of financial and human resources,* which is a common problem in each country: To overcome, country promotion should be more innovative and creative and use less expensive tools such as public relations.
- *Lack of transparency and lack of evaluation:* Country promotion budgets are often come from the central budget, from the taxpayers' money. That is why it should be clearly explained how the money is spent and the whole project should be transparent. Evaluation during and after any campaign is also of crucial importance.
- *Short-term effects and thinking rather than long term.* Some elements of branding are more visible and easier to measure (such the number of tourists visiting the country) but creating strong country brands can easily take decades and is a slow process. Governments, especially before national elections can also use results of country promotions as justification of their own success to impress voters. In this case, the government strives for short term and visible impacts from branding.

CONCLUSION

This paper has concentrated on the emergence of place branding in CEE and has outlined the most important challenges that these countries have been facing in developing a comprehensive

country brand. Overcoming these challenges will result in stronger country brands as well as contribute to the professionalism of branding. In Central Europe destination branding is more developed than country branding, the efficiency and effectiveness of which varies throughout the region. As place branding theory and practice is clearly situated in the Western traditions and philosophies, further research could concentrate on the principles of place branding whether they are country and region specific or generic, applying for any country.

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