

Country as a Brand: The Case of Slovenia

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ABSTRACT

Globalization, continuous changes in a global market, greater awareness of countries in need of country branding and competition were the main reason countries started to create their brands. This Thesis presents various aspects of a country brand and branding. The topic is extremely convoluted. It is explained why and if a country can be understood as a brand, what are the techniques of successful country branding, key elements of a country brand are exposed and its stakeholders identified. Criteria of a successful country brand are examined benefits of a strong country brand on different areas of interest discussed. Later on analysis of the country brand of Slovenia is conducted in the terms of construction of the brand, stakeholders, country brand elements, management and success of the brand. The aim of the thesis is to emphasize the importance of effective country branding and numerous positive benefits of a strong country brand for all aspects of the country. Objective of the Thesis is to answer the question if Slovenia has a strong and successful country brand and the impact this has on the welfare of Slovenia.

Keywords: Country branding, Country identity, Country image, Stakeholders, Slovenia.

ÖZ

Dünya pazarlamasında, küreselleşme, rekabet ve sürekli değişiklikler, ülkeleri kendi özel markalarını oluşturmaya mecbur ettiler. Bu tez, bir ülke markasının değişik açı ve çok yönlü görüşlerini sunmaktadır. Bu konu kompleks ve çok değişik yüzlüdür. Burada bir ülkenin, neden bir marka olarak düşünülmesi anlatılıp, bu konuda başarılı teknikler, bu ülkeye özel çok yönlü görüşler ve hissedarlar, bu başarının kriter noktaları ve bir güçlü ülke markalarını diğer yönlerde faydaları sunulacaktır. Slovenya'nın markasını nasıl oluştuğunun, paydaşları, ülkenin markalarını özellikleri, yönetmenliği ve başarısı anlatılıp, sunulacaktır. Bu tezin maksatı, etkileyici bir ülke markasını ne kadar önemli olduğunu vurgulamak ve bundan çıkan positif yararları sunmaktır. Bu tezin amacı, Slovenya'ın zayıf ve başarısız bir markaya sahip olduğunu ispatlamak ve bunun Slovenya'nın refahına olan etkilerini sunmaktır.

Anahtar kelimeler: Ülke markası, Ülke kimliği, Ülke imajı, Hissedarlar, Slovenya.

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Chapter 1

INTRODUCTION

Success in today's modern and globalized marketplace can be achieved mostly through successful and effective branding. Quickly changing environments and the era of globalization, increased competition and technological improvement have prompted countries to recognize the need to build and encouraged them to create brands of their countries. A powerful country brand has numerous positive effects for the country on all the levels – it contributes significantly to the economy of the country, adds additional value to brand equity, contributes positively to the image and reputation of the country among internal and external stakeholders. It raises the level of living in the country and more.

Examining country brands has become very popular in last years. The number of researches conducted and articles published on the topic has rapidly grown since 2008.

Similar trend can be observed in practice and numerous countries have been focusing on systematic country branding based on marketing strategies and theoretical models using systematic approaches for brand management. Slovenia has been inspired by this movement too. With the purpose of positioning itself on the world map as a unique country, increasing its equity and obtaining all the benefits of the successful

country brand Slovenia developed the country brand "I FEEL sLOVEnia" couple of years ago.

A study of the country brand of Slovenia was chosen primarily because Slovenia is, despite the fact that it obtains a country brand, still not known worldwide. A brand of the country can not be strong and powerful without proper management and inclusion of all the stakeholders into this process. Only a successful country brand guarantees benefits what is clearly demonstrated in the case of Slovenia. The purpose of the thesis is to prove that Slovenia does not possess a strong and powerful country brand and show the consequences of this for the country.

This thesis is composed of two main parts a literature review and an analytical part. In the literature review theoretical concepts of country branding are analyzed. Country brand and country branding are defined, explained why a country can be examined as a brand and presented the process of creating a successful country brand. The three key elements of the country brand (identity, image and reputation) are discussed, the criteria for a successful country brand discussed and benefits of a powerful country brand for all aspects of the country examined. In the second part analysis of the country brand of Slovenia is carried out. The process of country branding of Slovenia exposed, three key elements of the country brand of Slovenia explained, stakeholders and their impact on the country brand of Slovenia identified. Success of the country brand of Slovenia according to different criteria is evaluated. Findings of the research confirm the initial assumption that Slovenia does not possess a strong and successful country brand.

1.2 Aim of the Study

The aim of the study is to demonstrate the importance and positive impact of successful country branding for a country's overall welfare on the practical example of the country brand Slovenia. The main goal of this study is to prove the assumption that Slovenia has a weak and unsuccessful country brand using case study analysis. The brand of Slovenia will be examined from different perspectives in order to find out its strength.

To achieve these goals several steps will be taken. First, theoretical background of country branding field will be presented in detail and second, theoretical premises will be applied to a practical example of Slovenia analyzing the country brand of Slovenia in detail from different aspects. Comparison of the country brand of Slovenia with the country brands of other countries will be made. Out of all mentioned above strength of the country brand of Slovenia will be determined.

The contribution of the study is to gather relevant literature, to order and link it methodically in order to provide a systematic complete overview on country branding and stimulating further interest and research on the topic.

1.3 Research Question and Methodology

Theoretical premises for the thesis are:

A country can be a brand.

A country brand is specific and differs from other types of branding.

Strong and successful country brand positively contributes to the all aspects of the country.

Everything what people can emotionally value or identify can be branded (Anholt, 2003). There has been quite a lot of researches conducted in last decade (Abrudan & Mucundorfeanu, 2009; Anholt, 2003; Aronczyk, 2009; Crombie, 2011; Dinnie, 2008; Fan, 2006; Gilmore, 2002; Jansen, 2008; Kline & Berginc, 2003; Konecnik & Gartner, 2007; Konecnik Ruzzier, 2012; Konecnik Ruzzier & Petek, 2012b; Olins, 2002) proving that we can consider a country the same as a product, destination, organization, service and even living creatures as a brand. The difference between other types of branding and branding the country is in terms of complexity, branding process, stakeholders, image, elements of a country brand and measurement approaches. Most of the authors (Anholt, 2003; Aronczyk, 2009; Crombie, 2011; Fan, 2009; Dinnie, 2008; Konecnik Ruzzier & de Chernatony, 2013; Konecnik Ruzzier & Petek, 2012b) point out the fact that a strong country brand can be build and developed intentionally. Furthermore, a strong country brand has numerous tangible and intangible assets for the country and it's stakeholders. Detailed explanation of theoretical concepts will be given in literature review section.

Success of the country brand is not definite and depends upon various factors and criteria. To fulfil objectives and aim of the study the main research question has been developed. Three presumptions have been evolved in order to help answer the main research question:

Slovenia has a country brand based mainly on its identity.

One of the important phases of building a strong country brand requires defining its essence by developing the elements of identity of the country (Aronczyk, 2007). Slovenia's identity is based on values and distinctive characteristics of the Slovenian nation what represents foundation for development of its country brand. All

important internal stakeholders were included in the identity building process of Slovenia and the model of country brand identity developed was chosen correctly (Konecnik Ruzzier, 2012; Konecnik Ruzzier & de Chernatony, 2013; Konecnik Ruzzier & Petek 2012b). What is the main reason for its success? Slovenian identity elements (vision, mission, values, personality, benefits and distinguishing preferences) were starting point for developing the brand of Slovenia. Slovenia's identity is not only the foundation of Slovenian country brand but in fact the whole brand of Slovenia with added name, slogan and other visual elements.

Slovenia is a worldwide unknown country with a negative image and little reputation among internal and external stakeholders.

Image and reputation of a country are essential key components of a country brand representing the views and perceptions of different stakeholders to the brand. It consequently leads to the certain attitude and behavior towards the country (Abrudan & Mucundorfeanu, 2009; Anholt, 2010; Martin & Eroglu, 1993; Kotler & Gertner 2002). Slovenia is generally unrecognized and an unknown country (Brezovec, 2001; Jančič, 2003; Kline & Berginc, 2003). Slovenia obtains a considerable good image and reputation only in the political area and partly in the tourism sector while elsewhere it has negative or no reputation at all (Jančič, 1998). Some tendencies of improvement of the image and reputation of Slovenia have been observed in last years. The image of Slovenia is declining among internal stakeholders resulting in their rejection to contribute to the Slovenian brand development in the future (Konecnik Ruzzier & Petek, 2012a).

Brand of Slovenia has a lack of proper overall branding strategy and marketing communication.

There are four important steps in the process of county branding according to theory (Aronczyk, 2007). In the case of Slovenia the last step (implementation/communication) was made only partially and failed. Slovenia built a strong brand identity. Nevertheless this is not yet the condition for the strength of the country brand of Slovenia. It seems that the Slovenian brand was established mainly for tourism purposes and not as overall country brand although it's founders and managers are trying to portray a more general purpose (Konecnik Ruzzier, 2012; Konecnik Ruzzier & de Chernatony, 2013; Konecnik Ruzzier & Petek, 2012b, Pristop, 2007). There is no branding strategy for the sector of products and services nor for foreign investment or any other areas of interest. Politics helps with its positive international image - not as a part of strategy of branding of Slovenia but as an additional bonus. Slovenia does not intentionally attract human resources. Representatives of the brand of Slovenia do not communicate the brand correctly and consistently.

On the base of the assumptions the main research question of the thesis is established:

Does Slovenia have a strong, powerful and successful country brand?

Considering the fact that country brand consists of three key elements: identity, image and reputation (Anholt, 2003; Aronczyk, 2009; Dinnie, 2008; Fan, 2006; Kline & Berginc, 2003), according to awareness of country branding process and being familiar with all the steps needed to be done to build a successful country

brand (Aronczyk, 2009; Kline & Berginc, 2003), according to criteria of a successful country brand on the different areas (Anholt, 2005; Dinnie, 2008) and on the base of assumptions stated the expected answer on the main research question is negative. If we confirm that Slovenia has a country brand based mainly on it's identity, if at the same time we confirm the premise that Slovenia is worldwide unknown, having poor image and reputation among internal and external stakeholders and also if we demonstrate that brand of Slovenia has a lack of proper overall branding strategy and marketing communication, we can conclude that the country brand of Slovenia is unsuccessful. Supposition is that Slovenia obtains a country brand but is NOT strong, powerful, recognizable and known worldwide. Analysis of the country brand of Slovenia will give the exact answer.

Theory has to be applied to practice. The most appropriate method in order to answer the main research question and confirm the presumptions is the qualitative research method: case study. The case study, used in the thesis, is a research method involving an up-close, in-depth, detailed examination of a subject of the study from different perspectives and its related contextual conditions. Slovenia has been chosen as a country to be investigated and analyzed. The country brand of Slovenia will be examined, analyzed and interpreted. Inside the main research method other supportive methods will be used (discussed in detail in Chapter 4).

1.4 Findings of the Study

The objective of the study was fulfilled since the findings of the analysis of the country brand of Slovenia gave the expected answer on the main research question indicating that Slovenia has a weak and unsuccessful country brand.

The results confirm all the assumptions stated above and answer the question about the success of the country brand of Slovenia. It has been confirmed that Slovenia has a country brand based on its identity, at the same time has been demonstrated that Slovenia is worldwide unknown and having poor image and reputation among internal and external stakeholders and also shown that brand of Slovenia has a lack of proper overall branding strategy and marketing communication. Finally, answer on the question if Slovenia has a strong country brand is negative. The country brand of Slovenia is weak, powerless and unsuccessful.

In the case of Slovenia the results of the study show the importance of well planned and efficiently executed country branding process for overall strength of the brand, importance of inclusion of all internal stakeholders into construction and management of the brand and highlights numerous benefits on different areas of interest important for the country and wellbeing of its citizens.

1.5 Structure of the Thesis

Chapter 1 is the introductory part where aim of the thesis is exposed, main research question developed and the most appropriate method of analysis exposed in order to confirm or reject the premises and answer the main research question. Findings of the thesis are discussed shortly. Chapter 2 reviews the relevant literature on branding the country explaining if we can consider country as a brand, pointing out main differences of country branding compared to other types of branding, explaining the process of country branding and identifying stakeholders. Positioning and key elements of a country brand are explained and measurement methods identified. Advantages and benefits of a strong country brand on different areas of interest are explained. Chapter 3 contains a short general overview of Slovenia. In Chapter 4 data

and methodology to obtain the relevant results of the analysis are described. Chapter 5 presents detailed results of the analysis. The Slovenian country brand building process from the first steps to the end is examined, key elements of the brand of Slovenia analyzed, important stakeholders identified, effects of the Slovenian brand on different key areas of interest highlighted and success of country brand Slovenia determined. Mistakes of the country branding of Slovenia are presented. In Chapter 6 concluding remarks, recommendations and implications for the improvement of the brand of Slovenia are offered and limitations of the study together with suggestions for the future research presented.

Chapter 2

LITERATURE REVIEW

2.1 A brand and different types of brands

At the beginning it is essential to provide definition of the core concepts of the thesis and explain what a brand is. There is a lot of definitions for a brand. Different authors and branding experts focus on single characteristics of a brand and define it according to that.

American Marketing Association (as cited in Kotler & Keller, 1998, p. 444) defines brand as "a name, term, design, symbol or any other feature that identifies one seller's good or service as distinct from those of other sellers." Kotler and Keller (1998, p. 444) continue that a brand is "a seller's promise to deliver a specific set of features, benefits and services consistent to the buyers."

Crombie (2003) explains that branding is "the idea that one product is made more valuable, or has more equity, than an alternative because it is attached to a recognizable name and promise of authenticity."

De Chernatony (2002, p. 24) exposed the multidimensional view and complexity of the brand defining it as "value a system which transforms the usage experience through the subjective meanings the brand represents for consumers."

It is impossible to say which one is correct or the best (if any) since branding is a complex process. To sum up, a brand is value and capital of the brand owner providing him competitive advantage; its purpose is to differentiate product from other similar products, create and/or enhance loyalty to the brand by triggering emotional response in users.

There has been a dilemma in the academic field whether a country can be considered as a brand or not. Some authors (for example: de Chernatony, Olins) argue that the theory of branding is just one and we can adapt it to country branding as well. Olins (2002) points out common characteristics of branding products and a country: unique set of values promising the consumer unique and inimitable experience, stakeholders interested in building a brand, similar marketing strategies and the main goal of the branding is same - to build an unique, clear, simple, differentiated brand based on flexible and clear emotional values possible to adapt to different stakeholders.

On the other hand, there are many differences between branding a country and branding a product, service, corporation or other type of branding. First difference is that a country is not on sale. Anholt (2010) explains that we cannot offer the consumers to buy a country same as a product or to try a service – we have to appeal on their opinion about a country and change it. Second difference is ownership of the country. There is no one real owner as in the case of product. Real owners of a country are citizens (and not government) explains Dinnie (2008). Another difference important to mention is the level of control over branding. In product or service branding there is high level of control over branding while in the case of a country branding this level drops dramatically. Crucial differences between branding

a product or service and branding a country are image and reputation. Only in the case of a country we are dealing with the management of already existing reputation and not creating a new one explains De Chernatony (2002). It is much more difficult to change and adjust the country image and reputation than by any other type of the brand.

2.2 Country brand

First of all it is necessary to define the terminology. Expressions as "nation brand", "country brand", "place brand" and "destination brand" with same or very similar definitions can be found in literature. The most widely used is "nation brand". Terms are similar but not the same. While "place brand" is the most general and applies to any place - can be city or region or country or just a historical building, "destination brand" refers to a certain destination (can be a country but not necessary). Expression "nation brand" is the most similar to "country brand" but not completely the same. Anholt (2003) explains that country brands are mostly created on the national foundation, values, identity and characteristics of a nation. Countries can be multinational and in this case the term "nation brand" is not appropriate to use. The best term to use is "country brand" which is used in the thesis.

The field of country brands and branding is still in its infancy. There is no one single universal definition of country branding since the topic is very complex and multidimensional. Philip Kotler (Kotler et al., 1993, p. 87) provides one of the first explanations of a country brand saying that country brand is a "sum of impressions and beliefs that different people hold about a certain place or a country."

Anholt (2005) defines country brand as sum of perceptions about the country in six important fields: culture, politics, tourism, foreign investment, people and products made in the country. Another definition provided by Anholt (as cited in Dinnie, 2008, p. 15) reveals that a country brand is "the unique, multi-dimensional blend of elements that provide the nation with culturally grounded differentiation and relevance for all of its target audiences." Probably one of the best conceptualizations is that country brand is "national identity made tangible, robust, communicable and above all useful" (Anholt, 2008). Lately Anholt (2010) expands this definition arguing that country brand is the way of understanding and managing the reputation of the country.

Pappu (Pappu et al., 2007) defines a country brand as an identity the country creates on important international markets via name, logo and other elements of branding similar to Dinnie (2008) who explains that country is a brand if it has an unique and multidimensional set of elements based on culture as a main distinguishing element of differentiation of the country; this elements have to be relevant for all the crucial stakeholders.

Kotler and Gertner (2002) point out emotional component of a country brand – if there is no emotional component for consumer we cannot talk about a country as a brand. Same as Konecnik Ruzzier (2012, p. 127) who defines country brands as "complex entities that create a link between their managers and consumers."

2.2.1 History and reasons for country branding

Countries branded themselves unplanned and unintentionally throughout all of history since Ancient Greek period. Every country has an image. Countries have

been expressing identity through their own symbols (like flags or national anthems), currency, politics and diplomacy, armies and wars trying to influence on the opinion of other countries about them (Anholt, 2003).

In the last two decades of 20th century there has been a lot of political and geographical changes around the globe and countries started to seek their place and position in new world order. Additional reason for branding was a strong desire of the countries to be in control of their own image and benefit from it. Intentional and planned country branding started in Europe in 1990s. First it was limited to products made in a country and promotion of tourism. Later on other benefits and advantages of the country brand were examined and explained (Dinnie, 2008; Jansen, 2008).

One of the most important reasons for country branding was undesirable image and negative stereotypes people hold about the countries and desire to change this. Branding became a need and not anymore an option for a country in order to be competitive in the global marketplace (Anholt, 2007). Initially countries were just promoting and advertising themselves via marketing campaigns. Nowadays country branding has become more structured and systematic using complete marketing and branding approaches and theories what results in much more successful country brand stories and their higher country equity. Main difference between country branding and advertising is primary motivation of branding as commercial ambition (Jansen, 2008).

2.3 Country branding – building a strong brand

Jansen (2008, p. 124) explains that country branding emerged to meet "both ideological and pragmatic needs of nation-states."

"Successful countries have developed efficient and systematic methods to develop and project themselves as brands" (Konecnik Ruzzier & de Chernatony, 2013, p. 45).

It is important to explain the difference between the image formation and building a country brand. Some authors (Baloglu & McCleary, 1999; Gartner, 1989) mix up these two concepts and define brand as building an image of the country. Newer study of Cai (2002) negates this claiming that image formation is not yet branding formation since essential element is missing - construction of country brand identity.

Szondi (2007) defines country branding very general - as marketing of country's economic, commercial and political interests at home and abroad. Cai (as cited in Konecnik Ruzzier, 2012, p. 468) argues that country branding is "a process of selecting a consistent element mix to identify and distinguish a destination through positive building of a destination image. The country brand consists of different elements, such as name, term, logo, sign, design, symbol, slogan, package, etc." Similar to Cai (2002) Anholt (2007, p. 3) defines country branding as "constructing and communicating an unique image about a specific nation to the rest of the world through public diplomacy, trade, exports promotion and tourism." Same Fan (2006, p. 6) emphasis importance of image in country branding process explaining it as a process by which "nation's images can be created or altered, monitored, evaluated and managed in order to enhance the country's reputation among a target international audience."

Jansen (2008) focuses on nation identity while defining a country brand claiming that country branding is a dynamic process and practice of selecting, simplifying and

deploying only of those aspects of nation's identity that enhance marketability of a country.

Aronczyk (2007, p. 8) provides long and complex explanation of country branding stating that country branding is "a very long-term thing and it involves a very comprehensive strategy bringing in all the players' governments whether it's city governments, national governments, tourism authorities, inward investment, outward – any force, including private companies, who help to define the way all those billions of people out there, in particular the several millions who really matter, view your place."

In last years numerous countries have been developing their country brands systematically using overall marketing strategies and built strong country brands (for example: New Zealand, Australia, Canada, Spain). Examples of the most successful country brands in last years show that essential component for creating a powerful country brand is to appeal to people's emotions and provoke their curiosity to visit and explore the country (Konecnik Ruzzier & de Chernatony, 2013). The key for a successful country branding is using an appropriate method, the story and visual attributes of the country brand and to communicate them correctly to potential consumers that consequently respond to the brand and create emotional connection with it argues Maja Konecnik Ruzzier (2012). Sounds simple but in reality is more complicated.

Revealing all the definitions is possible to conclude that country branding is conscious and planned process of certain stakeholders (usually government) with the aim to produce and transmit certain desired favorable image of the country to

external and internal stakeholders using variety of methods. The final goal of the country branding is to ensure certain benefit for the county.

2.3.1 Process of building a strong country brand

Different marketing field experts (Anholt, Kline in Berginc, Konecnik Ruzzier) use and recommend different approaches and processes of building a strong country brand depending on the specifics of the country. Two the most successful and widely used strategies of country branding are discussed here.

Aronczyk (2007) argues that countries are already de facto brands whether intentionally or not. She connects construction of a country brand with construction of a country image explaining that country branding is an important process of uncovering and not generating value. Aronczyk (2007) developed a four-step model of country branding where it is essential to follow the steps in order directed:

- Evaluation: to know and understand what are the current perceptions of the nation by domestic and foreign audiences (for example by using Anholt-Gfk Roper Nation Index).
- Training: to establish the working party consisting of private and public stakeholders in the country to assist the selection, implementation and stewardship of the brand vision for the nation.
- Identification: to develop identity of the country brand and to identify the core idea ("brand essence") focusing on essential elements of a brand accompanied with development of brand strategy and construction of integrated marketing plan.
- Implementation/communication: "living and delivering the brand" - stakeholder's attitudes and behavior compatible with country brand strategy;

communication as a form of implementation of the brand.

Similar to Aronczyk (2007), Kline and Berginc (2003) developed a model of building a country brand arguing that is important to make all the important steps if country wants to obtain a strong country brand:

1. To establish country's identity (essence of the country based on identity and values of a nation).
2. To develop visual elements of a country brand (name, symbol, logo, slogan).
3. To communicate a country brand (intentionally strategically and consistently).
4. To build an image of a country (depending on values stakeholders hold towards the country).
5. To obtain a reputation of a country (via direct and indirect experience with the country brand).

On the figure below (Figure 1) the process of building a country brand is demonstrated on the right side of the figure and on the left side is shown what kind of consequences lack of communication has for a country branding process.

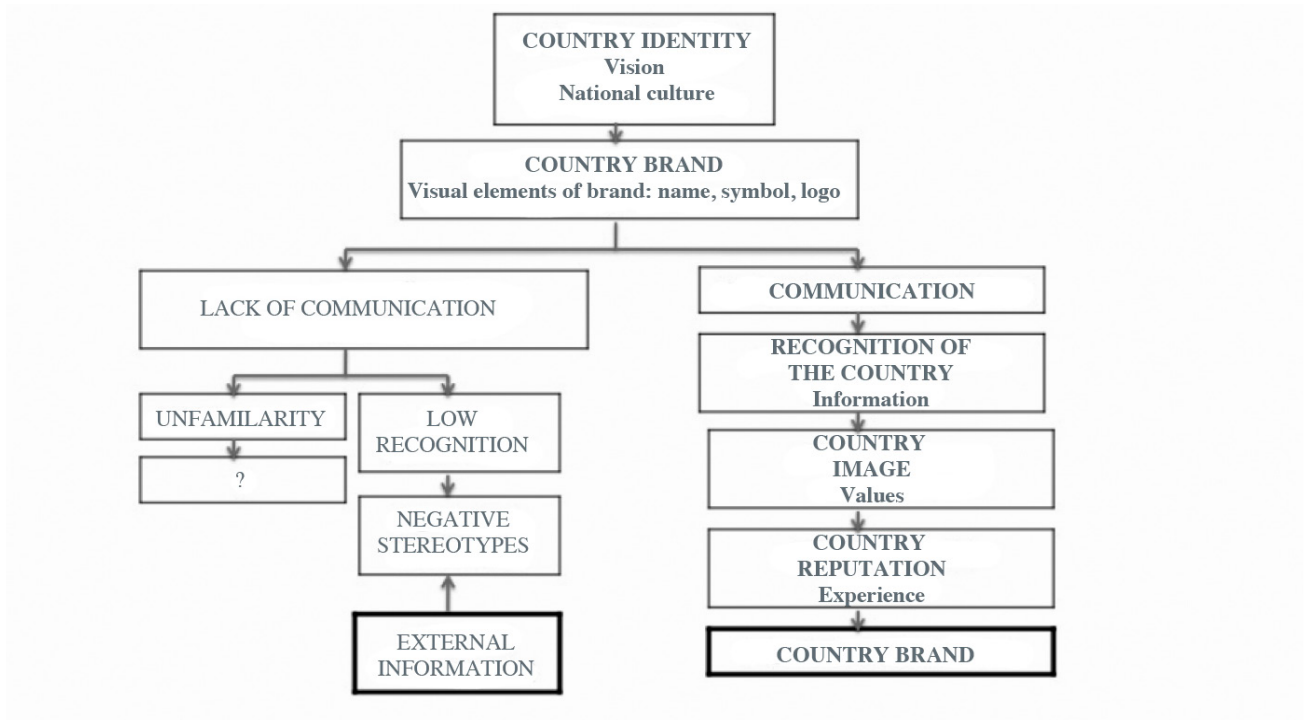


Figure 1. Model of Building a Country Brand.

2.3.2 Stakeholders of a country brand

It's essential to define internal and external stakeholders of the country brand at the beginning of a country branding process. Political representatives and governments took care of country brands in the past and in a lot of the cases remained the same.

A significant number of authors (Aronczyk, 2009; Anholt, 2005; Crombie, 2013; Dinnie, 2008; Konecnik Ruzzier, 2012; Konecnik Ruzzier & de Chernatony, 2013; Konecnik Ruzzier & Petek, 2012b) emphasize the importance of inclusion and participation of diverse stakeholders in the process of building a successful country brand. Internal stakeholders are those people living in the country while external are those living out of the country.

In the process of country brand formation several internal stakeholders groups from different areas (economy, culture, sport, science, tourism etc.) need to be taken into

account - from brand owners to local inhabitants. They are the ones actively living and experiencing the country brand (Konecnik Ruzzier & Petek, 2012b).

De Chernatony (2002) listed key stakeholders to be included in country branding process: government representatives, representatives of economy, members of nongovernmental organizations, media representatives and tourism representatives.

Stakeholders of the country according to Gilmore (2002):

1. Citizens of all countries,
2. Internal and external investors,
3. Qualified work force,
4. Students,
5. Retirees,
6. Tourists (domestic and foreign),
7. Media representatives and opinion leaders,
8. Tourist agencies, airline companies, transport companies,
9. Service companies,
10. Foreign governments and their investment and economic departments,
11. Exporters of goods and services.

Aronczyk (2009) indicates that ultimate responsibility for the success or failure of a country brand lies in its citizens. She furthermore claims that active involvement of different stakeholder's groups (business representatives, interest groups, government parties, civil society actors, citizens of a country, members of the diaspora, or even non-citizens in distant locations who may engage with the country for some reason) into creation of a country identity is crucial for success of the country brand. She

believes, same as Konecnik Ruzzier and de Chernatony (2013) that internal stakeholders are the one who should constitute the country brand and then "live" it.

Aronczyk and Dinnie (2008) both explain that if internal stakeholders show no interest in the image and reputation of their country, it's impossible to presume that external stakeholders will recognize the country brand. Every section in a nation must be committed to build and communicate their country brand since each population is its delegate.

Importance to involve various stakeholder groups into the country branding process is stressed in most of the academic articles examined on the topic but just a few of them point out the importance of understanding and acceptance of the country brand by internal stakeholders. Konecnik Ruzzier and Petek (2012a) emphasize that strong country brands are those where the internal stakeholders have knowledge and understanding about country brand's identity, accept it and communicate it continuously.

Konecnik Ruzzier (2012) states that not only internal but also external stakeholders are those who we have to bear in mind while constructing and developing a country brand since both influence on its success.

2.3.3 Positioning of a country brand

A country is a "live organism" and its brand is necessary to be developed and adapted to the markets constantly in order to keep and gain its value. It's important to define and communicate the value of the country and "write" it into stakeholder's mind. This value has to be unique, easily memorable and different from competitors.

Harrison-Walker (2011) explains that a country brand positioning is still the most neglected, misunderstood and mismanaged part of country branding as it's crucial strategic decision. Without positioning the brand is not sustainable. Dinnie (2008) supports the idea explaining that a good understanding of what country brand positioning represents a key requisite for anyone involved into country brand development.

"By directing all of its marketing efforts towards a desired position, the country maintains a coherence and unity in its activities and establishes a specific image," argues Harrison-Walker (2011, p. 136). Country brand positioning is a process where we place the country in the mind of a consumer in the way that it occupies a distinctive place more than others, explains Keller (2003). In that way we define and influence on the consumer's perception of the country. Aim of this is to build a perception of the country in in the mind of consumer, as we want to.

Positioning is not easy. Gilmore (2002) developed special "positioning diamond" (Figure 2). Each edge of the diamond represents a crucial factor essential to consider while positioning the country:

- Macro trends (socio-economic trends, political status of the country, cultural trends, lifestyle, industry trends etc.),
- Stakeholders (stakeholders country intends to appeal),
- Competitors (familiarity with advantages of other, on the first place competitive country brands).
- Competitive advantages (unique superior attributes of a country, extraordinary famous citizens and celebrities).

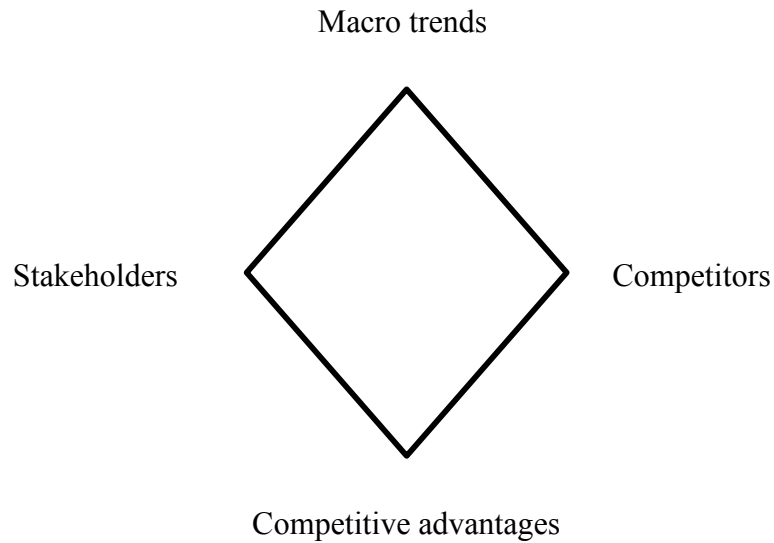


Figure 2. Positioning Diamond.

Aaker (1991) explained that the position of the brand is how it is perceived in the mind of consumers compared to other competitors exposing three characteristics of a good position: perceived uniqueness (to be different from competitors in order to be easy identified), prevalence (nr. of customers aware of the brand) and strength (power and influence of the brand).

Harrison-Walker (2011, p. 141) states that in order to be effective position of a country brand must be "distinctive, singular, accepted and translatable." To be distinctive means to be authentic, different, and special. To have singular position refers to be perceived as unique, strong and prevalent by stakeholders and to be connected with particular position. To be accepted means to be supported by internal stakeholders and to be translatable refers to the ability of positioning to addresses variety of stakeholders with different coordinated and consistent messages.

Harrison-Walker (2011) developed six-step positioning strategy:

First step: to identify competitors (other countries that might be alternative or countries that are similarly sized or countries trying to attract same target group).

Second step: to determine how each competitor is perceived and evaluated (by different stakeholders).

Third step: to determine the current positions of all competing countries and the country we are positioning.

Fourth step: to analyze the target population and the stakeholders (and to be aware of differences between them).

Fifth step: to decide on the most appropriate positioning strategy (to concentrate on single segment of external stakeholders as potential buyers and on the unique characteristics of a country we want to emphasize).

Sixth step: to monitor country's position over time and to make adjustments to the marketing strategy if necessary.

2.4 Key elements of a country brand

All the definitions of the country brand mention at least one of key elements of a country brand: country identity, country image and/or country reputation. Country has direct influence on its identity while country has no direct influence on its image and reputation.

2.4.1 Identity

Country identity is the most important element of country branding. Its proper management has a huge impact on country branding and is a crucial factor for its success or failure. Country brand can be successful only if is based on the culture and identity of the nation. Dinnie (2008, p. 45) explains identity of the country as

"collection of elements of a nation identity which sit the most the goals of branding a country."

Jančič (1998, p. 1031) defines country identity as "what a nation actually is and transmits into the environment interacting with its surroundings." Core elements of country identity according to Jančič (1998):

- Symbols of a country,
- Geographical features and climate,
- Celebrities,
- Famous companies and products,
- National character,
- Quality of life and wealth of a country,
- Army power,
- Democracy and social justice,
- Religion,
- Ethnological characteristics,
- Architecture,
- Tourist spots,
- Events and daily news,
- Gastronomy,
- Language.

Country identity should be developed on core elements of nation identity. To construct a country brand identity means to define essence or the most crucial

character of the country and its citizens. Developing the brand essence is one of the most challenging, complicated and decisive processes in country branding.

It's efficiency depends on ability to negotiate four spheres of identification: standardization (not being too extreme), differentiation (to be enough special to stand out from competitive environment), rationality (generate political and economical capital and profit) and emotionality (to raise emotional attachment in stakeholders and inspire loyalty) (Aronczyk, 2007).

Konecnik Ruzzier and de Chernatony (2013) developed a complex brand identity model to define and construct country identity. The model is shown on the figure below (Figure 3).

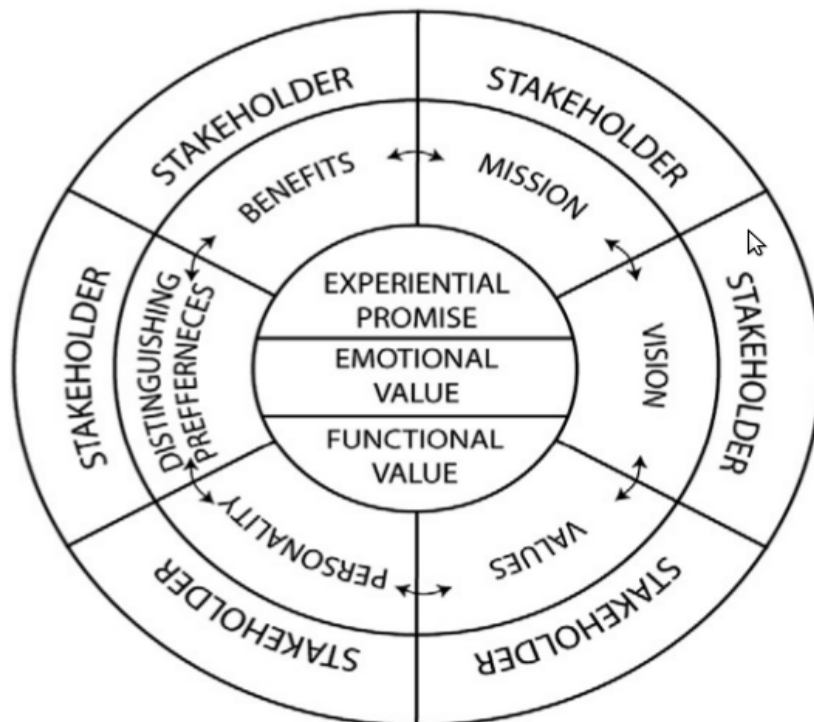


Figure 3. Country Brand Identity Model.

Active involvement of stakeholders in the process of developing country identity and later on its implementation is essential (outer layer of the circle). Elements of the country brand identity (middle layer of the circle) are: mission (to guide a country's future direction; reason for the existence of the entity), vision (forward looking statement identifying a societally beneficial purpose that values can achieve), values (enduring and derived from nation's culture, history and geography; shared among all key stakeholders), personality (closely related to the personality of people who constitute and live the brand), distinguishing preferences (unique and differentiating country's attractions or attributes) and benefits (rewards people think the place can offer what enables the country to attract stakeholders and differentiate it from others). All of the elements are connected to emotional value (what kind of emotions raises) and functional value (rational benefits) creating an experiential promise (what kind of experience country delivers) (inner layer of the circle).

2.4.2 Image

Country brand image has been the subject of many empirical investigations regarding the country-branding phenomenon. One of the oldest but still often used and complete definitions of image is Kleining's (1969, p. 41) claiming that an image is "dynamically perceived and meaningful, more or less structured totality of perceptions, beliefs, ideas and feelings that a person or more people have towards something." Abrudan and Mucundorfeanu (2009) adopted a multi-dimensional approach defining an image explaining an image as a combination of emotional experience people have in connection to the object of the image, actual experience or perceptions and knowledge about the object of the image.

If we apply the concept of image to a country brand we can say that country image reflects "what foreigners think of culture, the people, the customs and values of another nation" (Abrudan & Mucundorfeanu, 2009). Country image was explained by Martin and Eroglu (1993, p. 193) as "the sum of all descriptive, inferential and informational beliefs one has about a particular country." Same Dowling (as cited in Varey, 2003, p. 48) understands image as overall beliefs and emotions entity (organization, country or a brand) evoke in the minds of the people.

Kline and Berginc (2003, p. 1041) define a country image as "the way how different internal and external stakeholders perceive the identity of the country." Crombie (2013) emphasizes that country images are numerous but often one is the dominant one. Country brands are usually based on history and/or established prejudices (stereotypes) and are hard to change. A lot of times a country image is a stereotype. It can be negative and unhelpful or positive and helpful.

One of the challenges of country branding is a change of the negative image in the mind of stakeholders. It is impossible to change them directly. Countries having weak or non-existing country brand usually do not have desired country image, in most of the cases is negative or neutral (Anholt, 2010; Kotler & Gertner, 2002). Image of the country is influenced by variety of factors such as: level of economic development, citizens, natural environment, technologies, society, history, politics and culture (Kotler & Gertner, 2002). It can be based on racism, media or historical attitudes.

Dowling (2002) exposed many factors influencing country image as illustrated in the figure below (Figure 4).

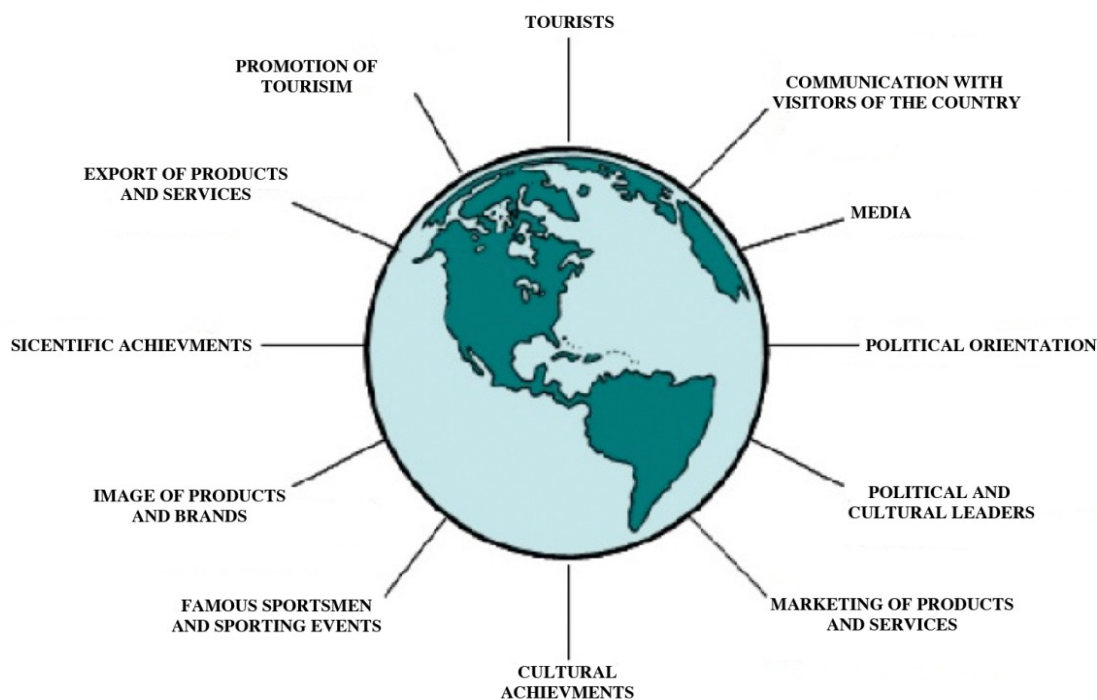


Figure 4. Factors Influencing Country Image.

Image is not always a projection of reality; is the subjective perception of reality influenced by culture, psychology and personal values of citizens having strong effect on their decisions. Usually positive image generates positive response and opposite.

2.4.3 Reputation

There is an ongoing debate in academic sphere whether is possible to consider reputation as a single element of country branding or just as a part of the image. Quite a lot of academicians equal country reputation with country image although they are not the same.

A country's reputation is more general than the image and includes evaluation/judgment. Country reputation is generally accepted and valued collective experience of large number of stakeholders while image is individual experience and/or evaluation of a country according to personal values and criteria not including judgment or evaluation (Harrison-Walker, 2011).

Varey (2002) understands country reputation as a general accepted opinion about a country; as a set of judgments about the country's characteristics and attributes not necessarily connected to personal experience with a country or its citizens. Crombie (2013) states that reputational capital of the country lies in its strong and unique core competencies. Kline and Berginc (2003) condition country brand with the existence of country reputation and explain it as direct or indirect experience of stakeholders with a country.

Country reputation plays an important role in consumer's product attitude (product from which country will they prefer and like more) and purchase intentions (a product from which country will they buy) (Kang & Yang, 2010).

2.5 Measurement of a country brand

Criteria for success of a country brand are different – objective or subjective. Authors use distinct approaches evaluating country brands. There is no uniformly accepted measurement instrument or index.

In The brand book of Slovenia (Pristop, 2007, p. 5) and in most of the articles by Konecnik Ruzzier it is emphasized how important the acceptance of the country brand by internal stakeholders (most of all citizens) is. Same Anholt (2003, p. 123)

explains that "country branding can be successful only in case when stakeholders communicate with stakeholders."

Fan (2006) claims that there are two conditions that have to be fulfilled at the same time to consider a country brand as a successful: a country has to be different enough from competitors and at the same time similar to previous associations (image) about the country. Konecnik Ruzzer (2012) exposes three common characteristics of the most powerful country brands in the world: they have long history, their economy and standard of living is very high and stable political environment.

There are two indexes as a method of measurement and comparison of strength of the country brands: "Anholt-Gfk Roper Nation Index" and "Country Brand Index" Both of them compare power of the country brands among world population according to different dimensions.

"Anholt-Gfk Roper Nation Index" measures power of country brands in six areas: governance, exports, tourism, people, culture and heritage, investment and immigration. Random individuals from all over the world are quarterly asked about their perceptions on 50 target country's elements mentioned above. The overall sum of all the answers in all the categories indicates the power and attractiveness of a country brand. Anholt (2005) states that this measurement is a unique barometer of global opinion about countries and that the country is successful when obtaining positive image at home and abroad on all the levels. On the figure below (Figure 5) are graphically represented Anholt's six dimensions and criteria of measurement strength of a country brand.



Figure 5. Country Brand Hexagon.

The second index measuring the power of the countries is "Country Brand Index" developed by FutureBrand. It measures strength of 120 country brands every year according to slightly different criteria than Anholt's. It evaluates countries and their brands on two levels: status and experience. Status is measured by: value system, quality of life and political system. Experience is measured with: heritage & culture, tourism and made in effect (all of them with sub-categories shown on Figure 6).

STATUS			EXPERIENCE		
VALUE SYSTEM	QUALITY OF LIFE	BUSINESS POTENTIAL	HERITAGE & CULTURE	TOURISM	MADE IN
Political freedom	Health & education	Good for business	Historical points of interest	Value for money	Make products that are authentic
Environmental standards	Standard of living	Advanced technology	Heritage, art & culture	Range of attractions	Make products of high quality
Tolerance	Safety & security	Good infrastructure	Natural beauty	Resort & lodging options	They create unique products
	Would like to live/study there			Would like to visit for a vacation	Would like to buy products made in that country
				Food	

Figure 6. Measurement Criteria of the Country Brand Index.

When creating a strong country brand money plays an important role. The more financial resources a country invests in branding, the higher is the possibility of constructing a powerful country brand, although it is not an ultimate rule. It is possible to build a powerful country brand with fewer sources by choosing appropriate approaches, techniques, methods and channels of communication. Creativity, innovation and ingenuity and a bit of luck together with right timing are additional factors that can contribute to a creation of a strong country brand (Anholt, 2005).

A successful country brand is connected to reality and deliver what promises, is in harmony with internal stakeholders and have strong impact on external stakeholders. Strong brands are usually easy recognizable and attractive. They deliver a story and create an emotional attachment.

2.6 Advantages and benefits of a strong country brand

A strong country brand has more advantages than drawbacks. Countries with strong brands are more recognizable, have a better image and reputation, higher loyalty of

their consumers, attract more investments and tourists, export more domestic products and have a higher standard of living (Konecnik Ruzzier & Petek, 2012a).

Anholt (2003) lists some of important benefits of a strong country brand: stability of a country's currency, higher international credibility and trust of the investors, higher international ratings and political influence, greater exports of a country's goods, more income from the tourism sector, greater foreign investment to the country, stronger international alliances, quicker change of a (negative) country image and reputation, greater access to international markets and attraction of human resources.

Country branding has positive effects for citizens of a country as well as for organizations and companies. Majority of citizens strongly identify with a country what enhances patriotism. It gives them the sensation of importance, pride and success as a person and as a citizen. Residents are more likely to live in a successful country (Anholt, 2003).

Country branding enhances tourism, helps to sell the products made in the country, encourages foreign direct investment and helps to gain and increase country's political influence. A strong country brand helps to create an image of a country as a desirable place to live, work and study for internal and external stakeholders (Dinnie, 2008; Fan, 2006; Konecnik Ruzzier & Petek 2012b; Kotler & Gertner, 2002; Pappu et al., 2007).

2.6.1 Tourism

A strong country brand plays an essential role in a tourism development and activities of a country by providing significant amount of income (via taxes) to the

national treasury, contributing to the economic development of the country, creating new work places etc.

Tourism is mainly connected to the image and reputation of a country. Results of many studies conducted reveal that countries with a strong brand contribute significantly more to the consumer's decision which country to choose as a holiday destination. Country image influences on the opinion of tourists about quality of products and services of the country primarily in tourism sector (Brezovec, 2001). Positive tourist experience turned out to be powerful in changing the image of the country quickly and forever. Having positive experience with the country as a tourist contributes to country's more favorable overall image. It continues like a snowball – more people obtain positive image of the country, greater amount of tourist a country will receive and more income country will gain.

2.6.2 Country of origin effect

Country of origin effect is also often called "made in" effect. Dinnie (2008) explains that a country brand has the power to influence on the customer's decision about a purchase of the product made in a specific country or not.

Brezovec (2001) defines country of origin effect as a mental image, reputation or a stereotype that product made in a country gets on the base of historical, political or/and economical characteristics of a home country. Studies (for instance Pappu et. al., 2007) prove that there is a strong correlation between a country's image and image of goods manufactured in this country. Positive country image contributes positively to the image of goods produced in a particular country resulting in higher income for manufacturers and consequently the country as a whole and opposite –

due to a negative image of the country, products and services of the country suffer from bad image.

If the country where a product or service was manufactured has strong, successful and powerful country brand the possibility to purchase the product is much higher and opposite. Discussing country of origin effect we have to consider internal stakeholders. Citizens have huge purchasing power and image of domestic products can be higher than image of products from abroad. Especially in the times of economic crisis citizens prefer to buy domestic products and contributing to domestic economy (Anholt, 2011).

2.6.3 Foreign investments

Countries want to attract as many foreign investors as possible. Foreign investors contribute positively to the economic development of the country by paying taxes, creating new work places, increasing competition among the companies and consequently lowering the prices. Reliable, economically developed and respected country is more likely to attract foreign investors than a country with poor or even negative country image. A country having a high amount of foreign investitures has an image of developed, successful, trustworthy country.

There are other (on the first place economic) factors influencing on amount of foreign investments to the country not only the image. Factors such as: tax system of the country, country's bank system, bureaucratic difficulties and entry barriers, price and availability of work force, distance of the country to the domestic market (of consumers and/or producers), novelty and attraction of a country's market, political system and political stability of the country have the biggest influence on the amount of foreign investment to the country.

Foreign investment is high if a country has stable political situation and stimulating economic environment, qualified and cheap work force, no bureaucratic limitations, no entry barriers and modern infrastructure. Financial benefits country can offer in order to attract new investors are huge advantage. A country having all that plus positive image will be much more attractive for foreign than one not offering things listed above.

2.6.4 Politics and diplomacy

Politics represents the values of the country and contributes to its reputation on international marketplace. Stable political and financial situation in the country and good relations with other countries contribute significantly to the positive image in domestic and international marketplace and consequently strengthen a country brand. A country with a strong brand is able to make new alliances easier and quicker, has greater impact on the decisions on the international level, is more likely to participate in transnational organizations and contributes more to the world order and global political decisions.

A powerful country brand has a positive impact on the policies and politics of the country in terms of acquiring (favorable) financial loans, offering easier and quicker help their citizens abroad in case of any problem, participation in various international events and projects, getting help of other countries in case of natural disasters or other inconveniences etc.

Political elites and representatives take part in country branding as internal stakeholders. Often they are important decision makers or/and it's manages on the

two levels – indirectly with their political decisions and foreign affairs policies and directly with the financial sources investing in country branding.

2.6.5 Attraction of human resources

One of the benefits of a strong country brand is to attract new and keep old residents living in a country. People are nowadays in search of a better and more desirable place to live and extremely flexible. They want to live in a country with a good image and reputation, offering them the most attractive possibilities - first of all a good job with high income and then social, cultural, economical and other benefits (like health, education etc.).

It is essential for the country to keep old residents, since they are the ones already paying taxes and contributing to the welfare of the state. Country branding is needed to retain citizens and attract human resources from all over the world.

Chapter 3

GENERAL OVERVIEW: SLOVENIA

3.1 Basic statistic information about Slovenia

Full official name: Republic of Slovenia (in Slovenian Republika Slovenija),
abbreviations: RS.

Date of formation: 25 June 1991 (declaration of independence from Yugoslavia).

Date of joining European Union: 1 May 2004.

Location of Slovenia: Central Europe (Figure 7).



Figure 7. Location of Slovenia in Europe and World.

Neighboring countries: Austria (North), Hungary (East), Italy (West), Croatia (South and South-East).

State emblems:

- Flag: The flag's colors are considered to be Pan-Slavic, horizontal bands of white (top), blue, and red, with the Slovenian coat of arms located in the upper hoist side of the flag (Figure 8).



Figure 8: Flag of Slovenia.

- Coat of Arms: Is a shield with the image of Mount Triglav (Slovenia's highest peak), in white with a blue background. Beneath are two wavy blue lines representing one the Adriatic Sea and other local rivers; on the top there are three six-pointed golden stars arranged in an inverted triangle taken from the coat of arms of the Counts of Celje - the most important Slovenian imperial dynasty (Figure 9).



Figure 9. Coat of Arms of Slovenia.

- National anthem: Zdravljica.

Land area: 20.273 square kilometers.

Length of coastline: 46.6 km.

Highest peak: Triglav 2.864 m.

Average elevation: 556.8 m.

Longest river: Sava 221 km.

Highest waterfall: Čedca 130 m.

Capital city: Ljubljana (279.653 inhabitants).

Other major towns: Maribor, Celje, Kranj, Velenje, Koper, Novo mesto, Ptuj.

Population: 2.049.299 (31.1.2011).

Population density: 101.1 inhabitants per square km (2011).

Ethnic groups: 83% Slovenes, 2% Serbs, 2% Croats, 1% Bosnians and 12% others/ unspecified (2004).

Official language: Slovenian (in ethnically mixed areas also Hungarian and Italian).

Official script: Latin.

Time zone: CET (GMT+1), summer time GMT+2.

Government: Parliamentary republic.

Head of state: Borut Pahor.

President of Government: Miro Cerar.

Monetary unit (currency): Euro.

GDP (in 2014):

- Total: \$58.509 billion.
- Per capita: \$20.628.

3.2 Short history of Slovenia

Although the territory has a very long history, Slovenia is a very young country. On 25 June 1991 after the short war of independence Slovenia separated from Federal

Socialist Republic of Yugoslavia and became a sovereign country. Members of the European Union recognized Slovenia as an independent state in January 1992 and members of United Nations did so in May 1992. The country entered NATO and the European Union in 2004. In 2007 Slovenia became the first former Communist country to join the Eurozone and in 2010 joined the OECD, a global association of high-income developed countries.

3.3 Geographic diversity of Slovenia

Slovenia is a small Central European country on the foothills of Alps, limited by the Adriatic Sea, Dinaric Karst and Panonian valley, squeezed in between Austria, Croatia, Hungary and Italy. As a consequence of diverse Slovenian geography the climate is mixture of continental, mild Alpine and Mediterranean climate with cold winters and warm summers. The majority of Slovenian terrain is hilly or mountainous. Slovenia is a 'green' country. It is one of the countries with the most woodland areas in Europe. 63.3 % of the territory of Slovenia is covered by forests (IDMC, 2015). The green areas are the most important Slovenian natural resource since Slovenians are very environmentally considerate.

Nearly 30 % of the country consists of protected areas such as national parks. The protected area of Škocjan Caves are home of the largest subterranean canyons in the world and are on the UNESCO world heritage list. The country is biologically extremely diverse. Slovenia is home to over 3,000 ferns and flowers as well as over 50,000 animal species. Many animals and plants are endemism (IDMC, 2015).

3.4 Political situation of Slovenia

Slovenia is a democratic parliamentary republic. The head of state is the president having mainly a representative role and is the chief of the Slovenian military forces.

The executive and administrative authority in Slovenia is held by the Government of Slovenia and deliberative authority is in the hands of the Parliament of Slovenia consisting of 90 members elected every four years.

Political governance has changed a couple of times in last two decades. Between 1992 and 2004 neo-liberal economists were leading the country and in the years between 2005 and 2008 period right political party had the executive power. This was the period when Slovenia got importance in European Union (Slovenia was the president of this organization in 2008) and achieved high economic growth depending mainly on the foreign credits. Since 2012 there is instable political situation in the country initiated with the huge protests in years 2012–2013. Economic crisis in Europe and in the world together with dissatisfaction and disillusionment with economic and social situation in the country, disappointment with the government on local and national level and changes of the government every couple of last years were the main reasons for demonstrations.

3.5 Economical situation of Slovenia

Years between 2004 and 2007 were the most fertile for Slovenian economy. In the years between 2004 and 2006 the Slovenian economic growth rate was 5% yearly and in in 2007 nearly 7%. After the financial crisis of 2007-2010 the price for a previous boom was paid (IDMC, 2015). In 2009 there was an 8% decline. In 2014 economic growth was still negative: -1% (OECD, 2014).

Almost 60 % of people in Slovenia are employed in the service sector, about 30 % in industry and construction and the rest in other areas. Slovenia has very few natural resources left – there is just some coal, mercury and timber. Only coal is profitable

enough to keep two coalmines still open in Slovenia. Slovenia has a low percentage of farming (around 2 %). Main agriculture products of Slovenia are: potatoes, hops, wheat, sugar beets, corn and grapes. The main Slovenian industries are motor vehicles (Renault, trucks), ferrous metallurgy and aluminium products, lead and zinc smelting, electric power equipment, wood products, textiles, chemicals, machine tools, electric and electronic equipment (including military electronics), pharmaceuticals, and fuels. Transportation is one of the important economic sectors of Slovenia. Its location at the junction of major geographic units and the area being traversed by major rivers have been reasons for the intersection of the main transport routes.

3.6 Demographic characteristics of Slovenia

The majority of population in Slovenia are Slovenians (83.06%) and Slovenian language is the only official language in the country. Slovenia is a largely secularized country, but its culture and identity have been significantly influenced by Catholicism. Roman Catholics represent 57.8% of Slovenian citizens, Orthodox Christian 2.3% and Muslim 2.4%.

Slovenian population is slightly increasing. Since 1991 to 2002 the number of citizens increased by 2.6 % and between 2002 and 2011 4.4 %; increase was mainly due to immigration. Current population of the country is (in 2011) 2.050.189 people what represents 101 inhabitants per square kilometer. There is a tendency of a quick aging of population. Life expectancy is constantly increasing and birth rate in the country is year-by-year lowering.

Slovenia has a large number of immigrants, approximately. 12%. The most of them

is from former Yugoslavia and Balkanic countries. The majority came to Slovenia from Bosnia and Herzegovina and Serbia. Slovenia also received a lot of immigrants from Macedonia, Croatia and Kosovo. The level of immigration has increased greatly in last years. Since Slovenia joined the European Union, the number of migrants increased by 100 % until 2006, it grew to 200 % by 2009 and is still quickly rising. Slovenia is one of the countries of the European Union receiving the most of the migrants (Statistični urad Republike Slovenije, 2015).

3.7 Slovenian culture

Slovenian culture is a mixture of cultures influenced by all the nations occupying and living in the territory of the country in the past. Slovenian culture is an interesting mixture of the Central European culture, the Mediterranean spirit and Balkan characteristics.

Slovenians are proud, hardworking, active, peaceful, ethical, environmentally considerate, innovative, creative and very attached to the country and local environment. They value health and family the most. Sometimes they can be considered as nationalistic, homophobic and narrow-minded, closed and invidious.

The most important symbols of Slovenia are its national flag and anthem. Gastronomical specialties are nut roll called potica, kranjska klobasa (pork sausage) and Slovenian honey. One of the important symbols Slovenians identify with are green color, nature and forests. The most famous Slovenians were France Prešeren (poet and writer of national anthem) and Jože Plečnik (architect). A number of cultural events and festivals (music, theatre, film, book) take place in Slovenia each year. Slovenians love sport. The most famous and successful is alpine skier Tina

Maze who won a couple of Olympic medals and is a winner of the Ski world cup in 2013. Professional ice hockey player Anže Kopitar is the winner of Stanley's cup. Slovenia has very successful national volleyball, football and basketball teams.

Chapter 4

DATA DESCRIPTION AND METHODOLOGY

4.1 Data

Data collection in a case study occurs over a sustained period of time. Time frame of relevant data for this study was last 24 years (from independence of Slovenia in 1991 till now).

The data for the research was obtained from different sources. Books, studies, case studies, master thesis and doctoral dissertations together with and other public documents on country branding from different Slovenian and international authors were used as a source of data. The majority of data was obtained from variety of articles from distinct academic journals and magazines written about country branding and the country brand of Slovenia. Important source of data was The brand of Slovenia brand book. Additional sources of data were internet sources and web pages of: Slovenian Tourist Board, Slovenian government institutions such as ministries and Government Communication Office, web pages of Anholt Nation Brand Index and FutureBrand Country Brand Index and others.

4.2 Methodology

The main method used in the thesis is the qualitative research method: case study. The study object is the country brand of Slovenia. Inside the main research method other supportive methods are used in order to answer the main research question and obtain relevant findings of the study:

- Data collection: Collection of the most relevant secondary data from variety of sources (books, articles, studies, analyses, case study's, internet sources) on country branding from different authors and selection of the most adequate ones for the research.
- Content analysis: review, study, analysis and critical evaluation of the data collected and identification and understanding of basic concepts, case studies of other country brands and findings of previous surveys made about the country brands and the brand of Slovenia.
- Descriptive methods: citation, paraphrasing, summarizing, description, integration, evaluation, interpretation, explanation, integration, deduction, determination and comparison of the data obtained.

Chapter 5

ANALYSIS – The country brand of SLOVENIA

5.1 Past marketing activities of Slovenia

Slovenia had already been aware of the importance of marketing and promotion of the country nearly a decade before its independence. After declaring independence Slovenia immediately started to take partial steps to build its own brand. In Yugoslavia and in the first decade after becoming a sovereign country Slovenia promoted itself through politics, by organizing political, cultural and sports international events and launching different marketing campaigns. The aim of all this was to distance Slovenia from old economic and political system (communism) and to create new image of the Central European developed country mostly among external stakeholders. Until 2007, when the country brand of Slovenia was established, all the marketing activities were designed to promote only Slovenian tourism.

First marketing campaign was launched in 1986 when Slovenia was still part of Yugoslavia. The logo for this campaign was stylized linden leaf and the slogans were "On the sunny side of Alps" (Figure 10) for external stakeholders, "Slovenia – my country" and "Tourism are people" (where "people" stands for citizens of Slovenia) for internal stakeholders. Slogans and logo were carefully chosen representing modern non-political identity symbols and spirit of Slovenians at that time – symbols

of nature and natural elements (Alps are the biggest and highest mountain range in Slovenia), pureness, kindness, health and Slovenian hospitality. The slogan for external stakeholders tried to express Slovenian duality and position it on the map of Europe as a cold, rational Centre European mountainous country and at the same time as a warm, hospitable Mediterranean country. This marketing campaign intended to encourage Slovenians to be more self-confident in developing and branding it's own country (Petek & Konečnik Ruzzier, 2008). This campaign contributed to national self-esteem, enhanced national awareness and affiliation in the important time of independence of Slovenia and was as much a commercial and also a political message. This is one of possible reasons for it's great success. Linden leaf and slogans have remained in the minds of Slovenians till today. The campaign was in use for ten years. It was successful and widely used among stakeholders of Yugoslavia and recognized and accepted by other external stakeholders what resulted in higher amount of tourists visiting Slovenia. This was the most successful marketing campaign of Slovenia in all its history.



Figure 10. Logo of Marketing Campaign "On the sunny side of Alps".

After independence the old campaign with all the slogans and logo remained and represented Slovenian tourism until 1996 when the logo as well as the slogan changed. Linden leaf was out of date and insufficient symbol of a new, young, modern, developing country with the new values and status in the Europe and world. The linden leaf was replaced by a bundle of flowers (Figure 11) which remained in

use for the next ten years. The new logo was not creative nor innovative and easy to remember. On the blue foundation four blossoms were placed in Slovenian national colors (green, yellow and the colors of national flag: white and red). Different colors symbolized Slovenian diversity. The logo was not well accepted by citizens of Slovenia but nevertheless was positively adopted by tourist stakeholders. Aim of the logo and slogans that followed in the next years was the promotion of Slovenia as a tourist destination. At least five different slogans were used in the next eight years. "Green piece of Europe" was used the most commonly. Slovenia attempted to stress out its ecological awareness, green landscape and nature on one side and at the same time connection and attachment to Europe and its core values on the other side. Slogan was not unique and distinctive at all - the same slogan could be applied nearly to any of Central European countries.



Figure 11. Logo Bundle of Flowers.

Slovenia remained unknown and in 2004 a new campaign with the slogan "Slovenia Invigorates". It was used during the accession of Slovenia to European Union and all the promotional activities of that time. Slogan "Slovenia Invigorates" (Figure 12) can be understood in two ways: firstly, in a way that Slovenia invigorates the European continent enriching it with fresh and new ideas and secondly, that visiting Slovenia invigorates the visitor in terms of relaxation, rest and revival. The logo "bundle of

flowers" remained the same. The aim of this campaign was to give the first impression about Slovenia and raise the interest for its visit. It was launched mainly in neighboring markets (Italy, Austria, Germany).

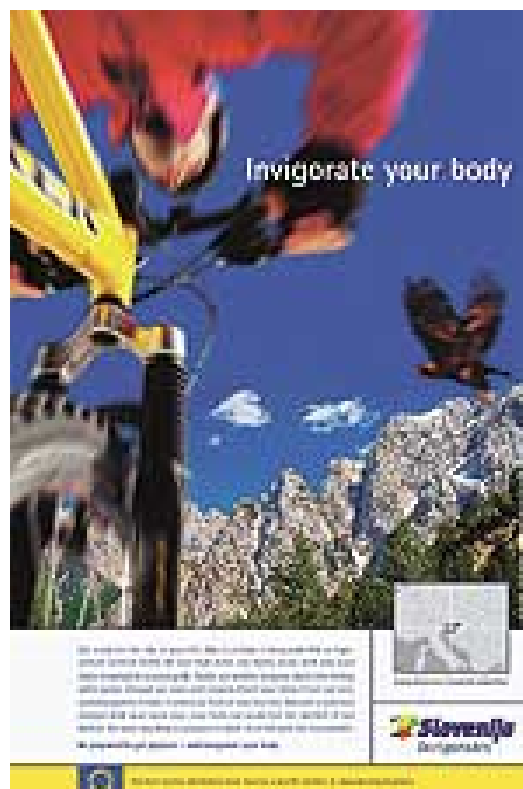


Figure 12. Poster of Marketing Campaign "Slovenia Invigorates".

The campaign was discontinued in 2006 since foreigners as well as Slovenians had difficulties to understand the message of campaign, slogan and logo. In addition to all the campaigns, slogans and logos several other marketing activities, not in line with campaigns and brand directions, were designed and elaborated for specific purposes and aimed to the specific media. A promotional video about Slovenia on CNN Europe in 2006 was the most significant among them. The advertisement aimed to present the variety of Slovenian natural and cultural heritage, tradition and gastronomy. With all that it tried to raise emotional response of external stakeholders about Slovenia. It was accompanied by a slogan "Slovenia, a diversity to discover".

The Slovenian flag replaced the previous logo the "bundle of flowers". It was the first attempt of branding of Slovenia not only as tourist destination but also as a whole country (Konečnik Ruzzier & Petek, 2009).

5.2 The country brand – I FEEL sLOVEnia

In the following years Slovenian government recognized the importance of building a strong brand and found out that building a country brand does not require only finding a new slogan or logo and launching short-term advertising campaigns but firstly to define essence and core unique competences of Slovenia, then to establish a real, consistent and systematic country branding strategy and at the end to decide about the management and marketing activities and following them.

Large scale project of building the country brand of Slovenia was implemented at the end of 2007 with the purpose to position Slovenia on the world map as a unique desirable country and to increase it's equity. Slovenia was chosen to be the president of the European Union in the period January-July 2008 what was an additional push to construct a country brand and to choose new representative symbols of the country. It was the first systematic branding activity of Slovenia. Main differences compared to previous unsuccessful and quickly changing marketing campaigns mentioned above were two: firstly, the brand was developed on the basis of identity of Slovenia and secondly, all relevant stakeholder groups were included into the process of brand development. Other difference worth to mention is that the country brand of Slovenia was developed for the whole country and not only for tourism purposes as in the previous campaigns. Slovenia adopted the country brand to seven key areas: economy, tourism, culture, science, sports, state and the civic sphere (Figure 13).

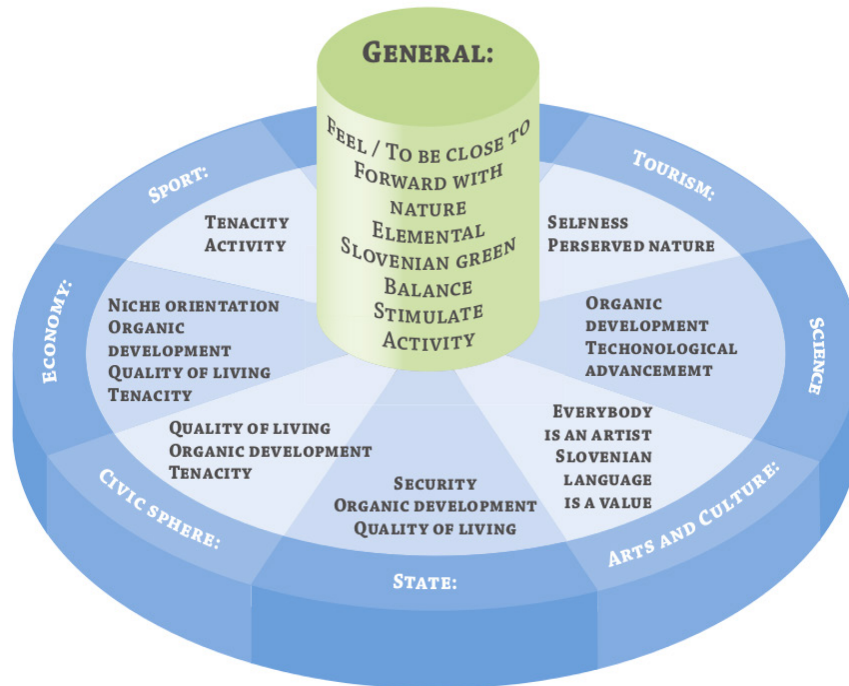


Figure 13. Crucial Elements of the Brand of Slovenia: General and on it's Individual Key Areas of Interest.

5.2.1 The process of building the brand of Slovenia

Slogan "I feel Slovenia" was selected first as a starting point for development of the brand Slovenia. After that the choice about marketing experts - developers of the country brand of Slovenia - was made. Then the brand of Slovenia was established. The brand of Slovenia was generated through experiential promise of Slovenian green in a way to connect green with not only the color but also overall experience one can enjoy in Slovenia (Konečnik Ruzzier & Petek, 2012a).

Identity of Slovenia was constructed first as the foundation for construction the country brand of Slovenia. The proposal of the brand of Slovenia was accepted and confirmed by Slovenian Government in November 2007. Government Communication Office was chosen as a manager and guardian of the brand of Slovenia. Slovenian government funded all the process of the branding of Slovenia. Responsibility for implementation and communication of the brand of Slovenia lies

in the manager whose mission is to present the brand to local inhabitants and foreigners.

"The brand of Slovenia" brand book is a fundamental tool for managing the Slovenian brand. Communication and implementation of the brand of Slovenia are expressed in the book with the next words: "By experiencing the brand on daily basis we will communicate a clear picture of the benefits, advantages, vision, and other characteristics that differentiates Slovenia from other countries. We will achieve this by relating our story to the story of Slovenia, and by referencing it more often to Slovenia's sensory characteristics" (The brand of Slovenia, 2007, p. 2).

The Government Communication Office carries out promotional and information activities and oversees the communication support to major promotional events in Slovenia and abroad. In organizing and implementing promotional events the Communication Office also collaborates with other Slovenian organizations such as SPIRIT Slovenia, the Olympic Committee of Slovenia and the Ministry of Foreign Affairs. The manager of the brand of Slovenia strives to raise national awareness. Promotional activities of Slovenia are directed to the domestic market mainly to promote Slovenia as a tourist destination. Slogan "Close to home, close to the heart" is used for this purpose. Posters and brochures have been distributed among Slovenian households in the years 2008 and 2012 as a principal communication channel. Supportive channels as print media, posters and TV have been used occasionally. Promotional activities abroad contribute to the visibility of Slovenia and the country brand of Slovenia among the foreign stakeholders. Some of important promotional events which Government Communication Office organized

or took part in over last couple of years were: organization of the exhibition marking 10 years of Slovenia's membership of the European Union, the promotion of the major sports event EuroBasket 2013 in Slovenia, the Winter Olympic Games in Sochi, the Silent Revolutions exhibition in Moscow, Olympic Games in London, city Maribor – European capital of culture 2012, Slovenia House at the Vancouver Winter Olympic Games, participation in the biggest tourist fairs around Europe (London, Berlin) each year. In 2015 the main promotional project of Slovenia will be Expo Milano 2015 where Slovenia's brand will be presented in its own pavilion under the slogan "I feel Slovenia. Green. Active. Healthy" (Government Communication Office, 2015).

The brand of Slovenia is presented through various communication channels. Slovenia has been visible in modern and traditional media. In 2008 web portal of the brand of Slovenia was established (www.Slovenia.info) with the aim to promote the brand of Slovenia. The brand of Slovenia has a presence in social media such as twitter (@SloveniaInfo) with nearly 10 000 tweets since it's establishment in 2009 and Facebook (Feel Slovenia) with rank 4.5 stars and nearly 67.000 likes. Traditional media used as a communication channel are: print media (daily newspapers, magazines), radio, TV, brochures and posters. One of the important communication channels are also national and international events (tourist, sport, cultural, political and others) where Slovenia takes place and promotes itself.

The main goal of the country brand of Slovenia is to improve the recognition of Slovenia in the world, to build a strong and successful brand fully accepted among internal and external stakeholders and to enjoy all the benefits originating from it.

5.2.2 Identity of the country brand of Slovenia

Some of important elements of brand identity of Slovenia are similar to characteristics of other nations while others are unique and distinguishing, owned only by Slovenians. What makes Slovenia special is combination of these elements. Identity of the brand of Slovenia was constructed according to the country brand identity construction model of de Chernatony (presented in Chapter). Identity of the brand of Slovenia includes:

- Personality and values. Enthusiasm towards everything Slovenians enjoy: activity often manifested as diligence, orientation towards productivity, desire for recognition and receiving praise for the work, responsibility, attachment to local environment, individualism, family and health orientation.
- Benefits, distinguishing preferences. Uniqueness of Slovenia: green color, changing landscape, proximity of difference combined with preserved natural environment, safety, variety in a small space, accessibility, activity and encouragement to get active, variety of interests, high quality of life.
- Mission. Forward with the nature: achievement of goals and responsibility for future generations, environmentally-friendly development.
- Vision. Green butiqueness: organic development, excellent quality of life, niche focus into butiqueness, technological advancement.

(The brand of Slovenia, 2007)

The main identity elements of Slovenian country brand are shown on the figure below (Figure 14).

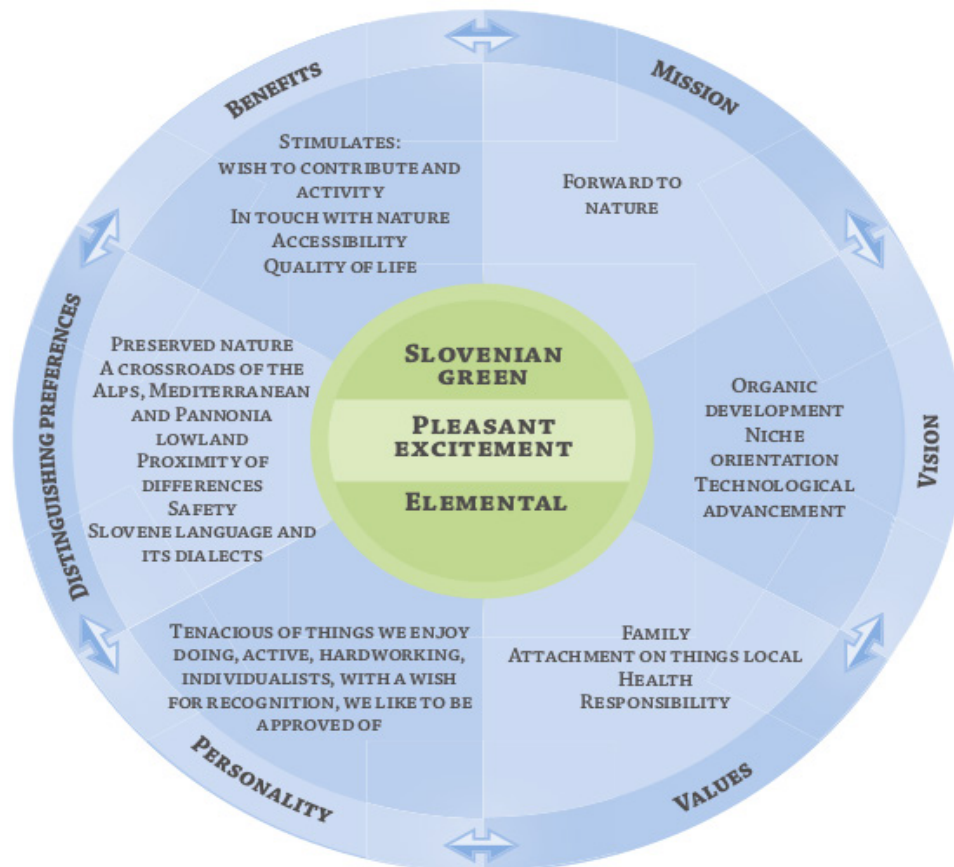


Figure 14. Key Elements of Identity of the Brand Slovenia.

5.2.3 Visual representation of the country brand of Slovenia

The name of Slovenia's brand is "**I feel Slovenia**". The aim of creators of the brand of Slovenia was to make a presentation of Slovenia clean, clear and unobtrusive. The slogan of the brand is simply its name - "I feel Slovenia" with emphasized letters "I feel love". It means that Slovenia has to be felt and experienced. This is what differentiates Slovenia's brand from the brands of other countries. The slogan of the country brand of Slovenia is based on feelings, emotions, experience, adventure and connected to the story of Slovenia through natural and cultural heritage of the country. Slogan "I feel Slovenia" sounds nice and is innovative, creative, different, attractive and raises emotions. It is a unique word game because no other country has the word "love" in the name of the country. The slogan is visualized by the logo of the brand. The color used for logo of the brand of Slovenia is green. Green is represented

everywhere in Slovenia, is part of the national identity and the identity of the country brand of Slovenia. Green tones represent primary colors; green symbolizes balance, calms and at the same time invigorates. Slovenia's logo is a global identification symbol of Slovenia. There are four variations of the logo of the Slovenian country brand, depending on the background color (Figure 15).



Figure 15. The Country Brand of Slovenia Logo and its Variations.

5.2.4 Stakeholders of the Slovenian country brand

The owner, manager and guardian of country the brand of Slovenia is Republic of Slovenia with its governmental institutions. Various internal stakeholders were included (from economy, politics, culture, tourism, culture and art, civil sphere, sport etc.) into construction of the brand of Slovenia. Important current internal stakeholders of the country brand of Slovenia:

- Ministry of economic development and technology of Slovenia,
- Ministry of foreign affairs of Slovenia and Slovenian embassies and consulates,
- Slovenian governmental institutions,
- Chamber of Commerce of Slovenia,
- Chamber of Craft and Small Business of Slovenia,
- Slovenian companies,
- Slovenian civil sphere representatives (artists, celebrities, media),

- Government Communication Office (also manager and guardian of the brand of Slovenia),
- Slovenian Tourist Board (STO),
- SPIRIT Slovenia - Public Agency of the Republic of Slovenia for the Promotion of Entrepreneurship, Innovation, Development, Investment and Tourism.

(Jančič, 2006; Konečnik Ruzzier & Petek, 2012b).

Success of the brand of Slovenia mainly depends upon active participation and identification with the brand by citizens of Slovenia. Survey on this topic was conducted half a year after launching of the brand of Slovenia. 200 randomly chosen residents of Slovenia were asked questions about recognition of the brand of Slovenia, promotional material noted, their slogan preferences and the identification with the brand of Slovenia. They were asked about understanding of the content of Slovenian brand and willingness to contribute to Slovenian brand development in the future. The results of the research indicate that the brand of Slovenia is well recognized and perceived by Slovenians but local residents do not have a deeper knowledge about the brand content, they do not identify themselves with the brand of Slovenia neither have interest in active participation in brand's future development process (Konečnik Ruzzier & Petek, 2012a).

5.3 Key elements of the Slovenian country brand

5.3.1 Identity of Slovenia

Identity of Slovenia was formed in 2007. Construction of identity of the country was foundation for the brand of Slovenia. Some of the important domestic and foreign marketing experts (Konečnik Ruzzier, de Chernatony) were invited to build the

identity. Process of development of key identity elements of Slovenia was divided into three phases:

Phase 1 - review of the relevant secondary data:

Review of previous efforts to build Slovenia as a brand – internal issues and foreigner's perceptions about Slovenia, investigation historical and current strategic documents, exploration of good practices of nation identity building of other countries.

Phase 2 - collection of primary data involving a three-step integrated approach to country identity building:

Involvement of three group of stakeholders into the study: representatives from commerce, tourism, culture, science, sports, state and civic sphere; experts and opinion leaders from these areas; and citizens of Slovenia. According to differences in stakeholders groups three-step approach involving different groups of stakeholders was applied:

Step 1 - a Delphi method (two iterations) – a qualitative study with 30 opinion leaders from the key areas important for the brand of Slovenia: for each iteration respondents received a questionnaire with open-ended questions; the first questionnaire included questions that covered brand elements proposed in theoretical model (look at the Figure 3 in Chapter 2), the second one, made on the base of answers of the first, provided questions about different brand elements and respondents had to provide their opinion whether they agree/disagree and justify their replies; after that the questionnaire about the most common identity elements (used after in step 2) on the base of the answers of participants was made.

Step 2 - a quantitative study with 707 representatives from selected areas: a questionnaire with different types of questions where respondents had to evaluate proposed brand identity elements and some demographic questions was distributed

Step 3 - questionnaire on the web site – a quantitative study among the residents: two open ended questions on the web site were provided in order to collect their perspectives, views and suggestions and monitoring public opinion by analyzing media reporting about the brand of Slovenia and blogs on the same topic was done.

Phase 3 - development of brand identity on the basis of information from phase 1 and 2:

The team of researchers and consultants collected and revised all the data from previous phases and via incremental approach formulated draft version of identity of Slovenia.

Results of the three-phase study provided mayor characteristics of Slovenian identity.

Identity of Slovenia consists of six important elements:

- Mission: connection and dependence on natural environment and ecology.
- Vision: innovativeness, creativity and development, seeking global niches trough boutique entrepreneurship, protecting natural environment.
- Values: sincerity, freedom, knowledge, attachment to the local environment, hardworking, ethics, nature, closeness, family, health, security, co-responsibility, pride.
- Personality: individuality, ingenuity, reserved, attachment to hometown, neatness, hospitality, activity, desire for recognition, envy, fear, diligence, active lifestyle, peacefulness, hospitality, cleanliness, courage, duality: modernity and tradition, emotions and intellect, old and young, diversity and

homogeneity.

- Distinguishing preferences: green color, unspoiled nature, safety, geographical, cultural and climatic diversity as a result of geographical position and history, form of transition, knowledge, youth, Slovenian craft tradition.
- Benefits: quality of life, unspoiled nature, unique experiences, leisure activities.

(Konečnik Ruzzier, 2012; Konečnik Ruzzier & de Chernatony, 2013)

5.3.2 Image of Slovenia

Slovenia is a worldwide unknown country. The majority of world population never heard even the name of the country nor can locate it or list any of its characteristics neither associate it with anything. There are no stereotypes about Slovenia and Slovenians because of its unfamiliarity.

A couple of studies have been elaborated about the image of Slovenia (Brezovec, 2001; Jančič, 2003; Kline & Berginc, 2003). In the first years after the independence of Slovenia its image was still connected with other entities (Balkan, Yugoslavia) and not the country itself. Slovenia was perceived as an underdeveloped, poor and non-innovative country destroyed by war of independence. It was perceived as environmentally unfriendly with low quality products and poorly managed companies. Slovenian people were seen as non-educated, non-friendly, homophobic, lazy and introverted people. Slovenia was one of the candidates waiting to be accepted to European Union at the beginning of this millennium. According to research done in all 10 candidates simultaneously Slovenia was the least desirable and attractive place to live in among all of them (Kline & Berginc 2003). Admittance

of Slovenia to the European Union and other transnational formations slightly improved negative image of Slovenia and Slovenians. More people got the idea about Slovenia via media and/or have visited it. Slovenia became more known (mostly in Europe). Economic development and political stability contributed significantly to the more positive perception of Slovenia among foreign stakeholders. Some of the visits of the world famous celebrities and politicians (Putin, Clinton, Bush and others) contributed to the better image of Slovenia.

Slovenia is presented in foreign media lately as a small, safe, green, political stable, economically developed country with excellent sportsmen, quality food and vines and hospitable people – ideal place for a short visit (Kline & Berginc, 2003). Direct contact with Slovenia (visit) contributes to the positive image about the country among external stakeholders (Petek & Konečnik Ruzzier, 2008). Image of Slovenia is better and more positive nowadays than was twenty years ago. Slovenia has become more known and distinguished from its competitors during last decade. Economic growth, successful sportsmen, entry to important transnational organizations and important events taking place in Slovenia contributed significantly to the better image of the country. Nevertheless there is still a high percentage of the world's population that have no idea about the country and compares it with other post-communist countries.

The image of Slovenia is better among internal stakeholders than among external ones. Slovenians identify with the key elements of the Slovenian identity but at the same time do not believe and trust the brand of Slovenia. Image of Slovenia among internal stakeholders is lately declining mostly due to inappropriate political

decisions and economic crisis. Residents are not willing to contribute to improve country image in the future (Konečnik Ruzzier & Petek, 2012a).

5.3.3 Reputation of Slovenia

Reputation of Slovenia is closely related to its image and is positive just in the places where Slovenia is well known. Reputation of Slovenia depends mostly on its politics and political decisions. The fact that Slovenia is a peaceful and collaborative democratic country included in the most important transnational organizations and with high economic growth in the last decade (apart from last couple of years) contributed to Slovenia's high general reputation among international political stakeholders. Nevertheless, Slovenia has never had a reputation in other areas such as goods and services produced in the country, foreign investments, culture and history (Jančič, 1998). Country can easily lose its reputation. Wrong governmental decisions and/or other unresolved international conflicts could quickly result in a lower reputation of Slovenia among different stakeholders.

5.4 Success of the country brand Slovenia in different areas of interest

Strong country brand has positive effects in different areas of interest of the country. Crucial areas country brand has the ability to improve are: tourism, country of origin effect, politics, investments and attraction of human resources. Success of Slovenia on these areas of interest are presented here.

5.4.1 Tourism in Slovenia

Slovenia became aware of the importance of tourism and its promotion already in Yugoslavia. All early marketing campaigns of Slovenia were developed with the purpose to attract tourists to the country. Tourism has extreme value and importance

for Slovenia – is one of the most important and profitable economic sectors bringing millions of US dollars to the budget of the country.

Slovenia attempts to attract tourists with its diversity of natural and cultural heritage: sea, mountains and hills, lakes and rivers, valleys, cities and villages on one hand and culture, gastronomy, tradition, folklore, art and music on the other side. Slovenia is promoted on the international touristic market as a modern developed country with good infrastructure, quality hotels and as a hospitable and welcoming nation. Promotion of Slovenia is designed to distance the country from Balkan since this connection still evokes some negative images in the minds of the consumers because of communism and wars on the area nearly 20 years ago. Promotion of Slovenian tourism is focused on tourism fairs in Europe (Germany, England) and other international events like EXPO, Olympic Games etc. The target markets of Slovenian tourism are primarily neighboring countries: Italy, Germany, Austria, Croatia, Hungary. Russia and some other West European countries have become important target markets lately. Target segment of Slovenian tourism are good situated individuals wanting to spend their holidays in nature. Slovenia focuses its promotion primarily on congress tourism, wellness tourism, gambling tourism, urban tourism and adventures in nature. Traditional package holidays Slovenia can not offer since has just a couple of miles of the coast (Jančič, 2006).

The Slovenian Tourist Board is responsible for the promotion of Slovenian tourism. The country spends very little money on promotion of tourism compared to its competitors. Budget for promotion of the tourism is only about 5 millions € yearly in average. Last years due to economic crises even less.

Tourism is one of the most perspective sectors of Slovenian economy. Every year there is tendency of growth in terms of tourists' arrival to Slovenia. On the figure below (Figure 16) international tourist arrivals to Slovenia in the period 2000-2010 are shown. In 2003 Slovenia received about 7 and a half million of tourists totally and in 2011 more than 9 million. There has been the tendency of growth also in the last three years. Most of the tourists coming to Slovenia were from neighboring countries: Italy, Austria, Germany, Croatia, followed by tourists from Benelux, Serbia, Russia, Ukraine, UK and Ireland. European tourists create more than 90% income of Slovenian tourism (Statistični urad Republike Slovenije, 2015).

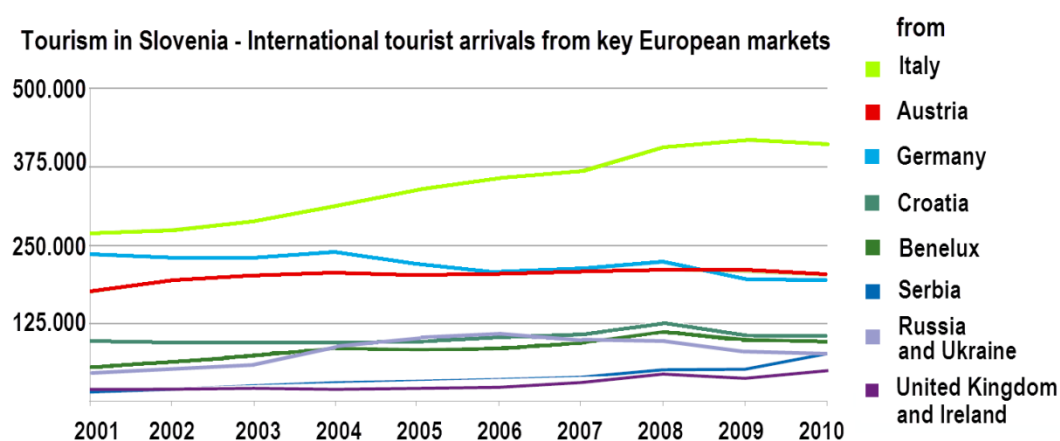


Figure 16. Foreign Tourists to Slovenia in the Period 2001-2010.

Slovenia has been realizing the importance of domestic tourism in last few years and has started to promote Slovenian tourist destinations on the domestic market. In 2014 about one third of Slovenians spent in average three days of their holidays in Slovenia what is more than in previous years.

The brand of Slovenia is the most successful in tourism sector. Slovenia spends the most of the financial resources for marketing and promotion of tourism the country

brand of Slovenia helps to attract foreign and domestic tourists what contributes to the positive image of the country.

5.4.2 Country of origin effect and Slovenia

Slovenian products, services and companies are worldwide unknown. Slovenian goods have an image of low quality and do not justify their price. The label "Made in Slovenia" does not carry a message for the international consumer. If it does, the image is mostly negative.

Export of the products and services jumped since 2000 from 9 billion US dollars to 27 billion of US dollars in last years. Export of goods is much higher than export of services – in average Slovenia exports three times more products than services (OECD, 2014). The country brand of Slovenia is unsuccessful in terms of country of origin effect. Goods manufactured in the country are unknown or have a negative image/reputation. Establishment of the country brand of Slovenia have not changed that. On the other side negative image of Slovenian goods and services contribute to the negative image of a country as whole and has a negative impact on the brand of Slovenia.

5.4.3 Politics of Slovenia

The politics of Slovenia constructs the image and reputation of Slovenia at home and abroad. Slovenia has a positive image and reputation in world's politics. Politics of Slovenia is based on the cooperation with other countries, alliances and inclusion into transnational organizations (European Union, NATO, UN, CEFTA, OECD and others) where Slovenia intends to play an active and important role. It is a non-conflict and non-problematic country following and accepting the rules and policies of other world leaders. Slovenia has no active role or any power to be a decision

maker and international public diplomacy due to its lack of international importance and reputation.

Politics and diplomacy of Slovenia are important factors in country branding process from both points of view: as important creator and manager of Slovenian brand on one hand and promoter of Slovenia on another. Slovenian politics and politicians have positive image and reputation abroad what positively contributes to the overall country image and country brand of Slovenia.

5.4.4 Foreign investment in Slovenia

Slovenia is not interesting nor a perspective country for investors. Due to its high taxes, inflexible labor market, lack of natural resources and non-innovative industry, underdeveloped infrastructure, small market with low purchasing power, a lot of bureaucracy, constantly changing laws and intervention of the government into economic sector, Slovenia does not attract a lot of foreign investors. The level of foreign direct investment (FDI) per capita in Slovenia is one of the lowest in European Union and is in decline. In 2014 inward FDI stock was 15 235 millions US dollars. Inflow of FDI was negative and dropped significantly from previous years: 679 million US dollars less FDI was noted in 2014 compared to the year before. The most successful years of foreign investment were between 2004 and 2008. (OECD, 2013; 2014)

Reasons to invest in Slovenia are: a successful high technology sector, high qualified work force with knowledge of foreign languages, work attitude and ethics, reliability and safety of the country and safety of investments. Slovenia tries to become the "Swiss of Central and East Europe".

Lack of foreign investments influences the brand of Slovenia. Foreign investors have negative image about Slovenian economy (and politics) what transfers to general negative opinion about Slovenia. On the other hand Slovenia is unrecognized, with negative image and not recognized country brand what is one of the reasons for little interest to invest in Slovenia.

5.4.5 Attraction of human resources to Slovenia

Slovenia needs foreign human resources since birth rates are dropping and life expectancy of the citizens is increasing. Slovenia is an attractive place to live and work for Eastern European citizens (Romanians and Bulgarians in particular) and inhabitants of Balkan countries, mainly because of geographic proximity, similar language, common history and family connections.

Level of life in Slovenia is the highest among all of post-communist countries. The main reasons for immigration are: membership of Slovenia to the European Union and the Eurozone and almost no immigration bureaucratic limits. Slovenia is an attractive place to work for low qualified but skilled and specialized work force (in construction and service sector). It is an attractive place for inventors, scientists and researchers in some particular areas: science and engineering. Slovenia is not attractive for students due to high tuition fees and Slovenian as an official teaching language. The level of life in Slovenia is relatively high. It's small, safe, quickly accessible country with good transport connections. It is green, natural and diverse with a lot of cultural activities and stimulating social and health benefit packages. It's ideal place to live for families with children.

On the other hand Slovenia is less desirable for it's own citizens to stay and live in the country primarily due to economic crises and lack of attractive work possibilities

and professional development. Lately there have been tendencies of emigration of Slovenians. Mainly young well educated people without families emigrate to other West European Countries (England, Germany, Austria, Scandinavian countries), USA, Australia and Dubai.

Slovenia is desirable place to live and work for European citizens of poorer countries, which perceive Slovenia as prosperity and joyful place to live. Positive experiences of immigrants contribute to an overall positive image and reputation of Slovenia what enhances the country brand of Slovenia.

5.5 Summary of the analysis – the success of the country brand of Slovenia

The success and strength of the country the brand of Slovenia can be examined according to various criteria. Slovenia obtains a lot of positive attributes in different areas but nothing extraordinary, special or amazing that people could easily and immediately associate exclusively with. Slovenia constructed its country brand relatively late - 15 years after it's independence. The brand of Slovenia is based on its identity and was developed involving all important internal stakeholders. It is recognized but not fully accepted and supported by the biggest group of internal stakeholders – citizens of Slovenia who live the brand in practice. Slovenia is still mostly unknown and unrecognized with no image and reputation at all or with neutral/negative one among external stakeholders.

Slovenia has no great success in different key areas of interest. The only field where Slovenia is successful is in the political area and partly tourism sector. There is very little foreign investment in the country, products and services originating from

Slovenia are not known nor highly valued and Slovenia is an attractive place to live only for some segments of people from economically less developed countries. Compared to its competitors, Slovenia is far behind in all these areas.

The country has potential – a combination of attractive culture and rich history together with stability, safety and high quality of life are strengths of Slovenia. Due to lack of management and strategy is unable to communicate them to the world in a right way. Process of positioning of the country failed. There is no strategy of management and development of the brand of Slovenia.

Slovenia has not been included in "Anholt-GfK Roper Nation Brand Index" research what demonstrates the fact that Slovenia is not powerful enough to be included on the list of 50 the most successful country brands in the world. Consequently it is impossible to compare strength of country the brand of Slovenia with others. Another important measurement of strength of country brands is "Country Brand Index" research of FutureBrand where Slovenia has been included in previous years. According to the results of research evaluating power of 120 country brands yearly, the brand of Slovenia was ranked as 54 the most powerful in year 2010, in 2011 occupied 52 position and in 2012 was on the place 73. In 2014 research was made for the 75 strongest country brands and Slovenia was not among them (FutureBrand, 2015). As we can notice from the results, the power of the brand of Slovenia is declining each year.

5.5.1 Drawbacks and limitations of the Slovenian country brand

A short look into Slovenian marketing campaigns and early stages of brand development reveals some mistakes of Slovenian country branding until establishment of the country brand of Slovenia:

- Short term thinking, lack of strategy and continuous development of marketing activities: too frequent changes of logos, campaigns, quick slogan changes and inadequacy of slogans – too general and not differentiating Slovenia from competitors.
- Emphasis on advertising and lack of use of other marketing tools.
- Lack of knowledge about effective country branding.
- Exclusion of citizens from all the marketing activities resulting in their non-understanding, non-acceptance, non-support and non-identification with any of the marketing campaigns, logos or slogans.

A bad foundation for the country brand of Slovenia was established. The Slovenian country branding process corrected some of the mistakes made before but at the same time caused new ones. The problems of the country brand of Slovenia are:

- Lack of awareness, knowledge and interest of Slovenian brand representatives about the country brand of Slovenia for the overall success of the country.

Internal stakeholders, in particular political, governmental and other representatives of the country have no or very little knowledge about country branding and its importance for the overall well-being of the country. It results in the lack of proper communication of the brand of Slovenia and poor contribution to the success of the country brand from their side.

- Lack of financial sources for management of the country brand of Slovenia.

One of the reasons for this problem is the previous one. The manager of the country brand of Slovenia is the government with its institutions. It is also the main (97%) funder of the country brand. Management of the country brand requires high

financial investments and Slovenian government provides very little sources for management of the country brand of Slovenia compared to other countries. In last years there is even less financial sources provided for management of the brand of Slovenia than in the first years after establishment due to economic crisis and bad financial situation of the country.

- Lack of communication activities and promotion of Slovenia's country brand.

This is strongly connected to the lack of financial sources. There is insufficiency in communication of the brand of Slovenia and its successful promotion, advertising and marketing campaigns on domestic market and abroad. Lack of innovation in the presentation of the brand of Slovenia is observed. At the same time too quick and too high results of promotion are expected.

- Focus of communication activities exclusively on certain markets.

Promotion and communication of the brand of Slovenia is directed mostly to limited number of closer markets (Austria, Italy, Germany, Balkan countries).

- Lack of appropriate positioning of the country brand of Slovenia.

Inability to position the brand of Slovenia on the European and world marketplace successfully and lack of positioning strategy is noted. Slovenia was unable to position its unique, memorable and distinctive characteristics (or combination of them) in the mind of (mostly foreign) stakeholders.

- Lack of communication of the values of the brand of Slovenia to its citizens and their exclusion from brand management.

Managers of the Slovenian country brand have "forgotten" on the importance of the main group of internal stakeholders (residents of Slovenia). Values and characteristics of the country brand have not been communicated to them and they are not included in management and maintenance of the brand.

- Lack of support and acceptance of the brand of Slovenia among citizens and non-willingness to contribute to the brand.

Previous mistake leads to this one. Residents of Slovenia are not familiar with characteristics and essence of the brand of Slovenia and do not know how to participate in its development therefore are rejecting it.

- Lack of country brand management strategy and lack of consistence in the communication of the brand of Slovenia.

The brand of Slovenia has no adequate long-term neither short-term strategy of management of its country brand. It leads to inconsistent and confused communication of the brand by representatives and organizations communicating the brand of Slovenia.

Some of the possible solutions of these problems and recommendations for improvement of the country brand of Slovenia will be presented in managerial implications.

Chapter 6

CONCLUSION, RECOMMENDATIONS AND SUGGESTIONS

6.1 Conclusion

The era of globalization, quick economical changes and increased competition are the biggest reasons for country brand development and management. Countries became aware of benefits and advantages strong country brand can offer them on all the areas of interest and manage their images – brand their countries.

The focus of the thesis is to demonstrate the importance and benefits of creating a successful country brand for the country itself. Strength and power of the brand depends on numerous factors: motivation of internal stakeholders to live the brand, successful branding strategy and implementation of the brand, successful positioning of the brand, stereotypes and previous image, reputation of the country on different key areas of interest and more. Strong country brands are those recognized and fully accepted among its stakeholders.

Theory serves to understand the reality. The thesis proves the importance of strong country brand and benefits the country brand has for the economy and other areas of interest of a country on the practical case of the country brand of Slovenia. The thesis has presented the overall view on the country brand of Slovenia. Results indicate that Slovenia obtains the brand of the country but is not powerful and successful. The country brand of Slovenia exists a short time. It has been developed on the

foundation of identity elements of the Slovenians and Slovenia and with inclusion of the important stakeholders. The results of the research show that Slovenia has successfully built the identity of its country brand but was not able to change the image and reputation. Both of them are negative or neutral and Slovenia remains unrecognized. Overview of success of the brand of Slovenia according to distinct factors and measurement methods reveal that Slovenia is unsuccessful on the most of key areas of interest (except politics and tourism). Ranking of Slovenia is low and in constant decline. Results of research demonstrate unsuccessful management of the brand of Slovenia and lack of understanding and knowledge about the brand among its owners and managers.

Results of the analysis clearly answer negatively on the initial research question. It has been demonstrated that the country brand of Slovenia is weak, powerless and unsuccessful and this is a result of the fact that Slovenia has a country brand based mainly on its identity; that Slovenia is worldwide unknown country with negative image and little reputation among internal and external stakeholders; and that the brand of Slovenia has a lack of proper overall branding strategy and marketing communication.

6.2 Recommendations

The future of Slovenia depends on the strength of its country brand. As seen in the previous chapter there are still some problems preventing the brand of Slovenia from being a successful country brand. Further work on this area is needed. The biggest challenge for the owner, manager and guardian of the brand of Slovenia – the Government of Slovenia with its institutions, primary the Government Communication Office – is the implementation process: management and monitoring

of the brand. Practical implications necessary to be implemented by the policy makers in order to improve the power of the brand of Slovenia:

- Education of Slovenian brand representatives about a country brand Slovenia and benefit for the overall success of the country need to be done. Professional support in communicating the brand should be provided to them.
- Additional financial sources for management of the country brand Slovenia, communication and promotional activities should be provided.
- Core values and characteristics of the brand of Slovenia should be presented to citizens of Slovenia and their inclusion into brand implementation provided.
- Proper and creative overall marketing communication of the country brand of Slovenia should be executed. Advertising, promotion and other marketing activities using innovative techniques and proper channels of communication (internet, social media, mobile applications, participation in events rather than print media etc.) should be applied.
- Positioning of the brand of Slovenia should be effectively done. Selection of proper positioning strategy taking into account crucial factors of country brand positioning: find its unique, memorable and distinctive characteristics (or combination of them) and communicate them to stakeholders is the process to be elaborated.
- Monitoring the country brand of Slovenia should be done continuously - challenges, mistakes in the management of the country brand Slovenia should be spotted and quick appropriate actions if necessary (repositioning, rebranding) should be taken.
- Elaboration and implementation of efficient and consistent short-term and

long-term management strategy of the brand of Slovenia and development of sub-strategies for different areas of interest – division of responsibilities and it's execution should be done.

- The fact that Slovenia has it's own country brand only 8 years what is not a long period for a country brand and that it's very difficult to change perceptions of large amount of people about Slovenia in a short time should be considered.

All this represents a fundamental challenge to brand managers of Slovenia. Systematic and related activities mentioned above could bring the brand of Slovenia closer to domestic and foreign stakeholders and contribute to the success of the country brand of Slovenia. The brand of Slovenia needs to be improved and done differently than in the past. Let's be positive and optimistic about the future of the country brand of Slovenia and take this time from establishment of the brand till now as a "study period" and initial steps of Slovenian country branding hoping that owners and managers of the brand learned a lot from the past mistakes - they should not be repeated.

The country brand of Slovenia has potential to become a successful and strong country brand in the future. Time, money, knowledge, effective country brand management strategy and its implementation together with the hard work, active participation and devotion of all internal stakeholders in management of the brand of Slovenia is the formula for success.

6.3 Limitations and Suggestions for Future Research

This study proves that the country brand of Slovenia is weak and powerless, but some limitations remain. The biggest limitation is the lack of published information about the country brand of Slovenia and their dispersion. It's extremely difficult to get access to the internal sources of information about the brand of Slovenia since the owners are not willing to provide them to the public. Since the brand was launched there has been executed only one research about the country brand of Slovenia. Citizens of the country were asked about the awareness of the country brand Slovenia and intention to participate in the management of the brand.

Additional investigation and future research is needed in the area of branding of Slovenia. New research about recognition, power and acceptance of the brand of Slovenia among internal stakeholders should be done after 8 years of existence of country brand and compared with the previous done. Or easier, same research done in 2008 should be replicated on a probability sample of local inhabitants again and results compared. Ideally, this kind of researches among internal stakeholders should be carried out regularly and results compared. Integrated study about the image and reputation of Slovenia and awareness about the brand of Slovenia should be made on the crucial target markets of Slovenia in order to get the idea about success of the brand of Slovenia currently. This kind of research should be repeated periodically.

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