

## CHAPTER 27. POSITIONING AND RE-POSITIONING OF NATIONAL BRAND OF SERBIA IN ORDER TO INCREASE EXPORTS, FOREIGN DIRECT INVESTMENTS AND TOURISM DEVELOPMENT<sup>1</sup>

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Dražko NIKOLIĆ<sup>2</sup>  
Duško BODROŽA<sup>3</sup>

### **Abstract:**

*During recent years, many countries in the world, especially countries in transition and developing countries, invest considerable effort and substantial resources in building and upgrading of its national brand, with the intention to promote it to the international (and domestic) public, seeking to change or improve their own image and reputation. The main purpose of this chapter is to identify the possibilities for positioning and re-positioning of national brand of Serbia. The chapter aims to: a) determine the current position of Serbia in the global public; b) identify social fields which can be an important element of Serbia's national brand identity; c) identify key markets for the brand positioning of Serbia.*

**Key words:** Serbia, national brand, national identity, SWOT analysis

### **CONCEPTUAL AND METHODOLOGICAL ASPECTS OF THE NATIONAL BRAND**

National branding can be understood as a process of competition between countries, which is based on finding, building and presenting a unique, attractive and interesting "value package". Within the process of national branding it is important to realize synergies of "commercial" brands, compatible with the values of national identity and brand. In this case, the national brand will have a greater value than the sum of the individual values of commercial brands and each brand is going to get

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<sup>2</sup> Draško Nikolić, MA, research associate, Institute of Economic Sciences, Belgrade, Serbia.

<sup>3</sup> Duško Bodroža, MA, research associate, Institute of Economic Sciences, Belgrade, Serbia.

added value from the national brand eventually. So identity, image, strength, market position and visibility of individual brand is transferred to a country's national brand, making it even more powerful national brand, which in return increases the value of each commercial brand.

Effects of successful branding of a country/nation are reflected in its recognition and differentiation from "the rest of the world." A country that knows how to successfully promote itself obtains numerous benefits, such as<sup>4</sup>:

- Increase in exports
- Greater inflow of foreign direct investment
- Development of inbound tourism
- Improving diplomatic relations
- Higher level of attractiveness of culture, art, science, customs and traditions
- A higher level of attractiveness for researchers, scientists, students and business people
- Easier job finding for the people living in the Diaspora
- Easier achieving of political goals of the country.

Elements of the brand of a country / nation can be: a commercial product, service, or a known historical figure, culinary specialties, traditions, customs, culture, political and economic situation, geographical location etc.

The national brand is essentially the "umbrella" brand that includes<sup>5</sup>: individual products and corporate brands, business and technology solutions and processes, institutions, society, culture, sport, arts, natural resources, tourism, investment, immigration, events, festivals, events, people, tradition and morality, mentality, architecture, artistic creation and cultural-historical monuments.

The process of national branding can be divided in the following phases:

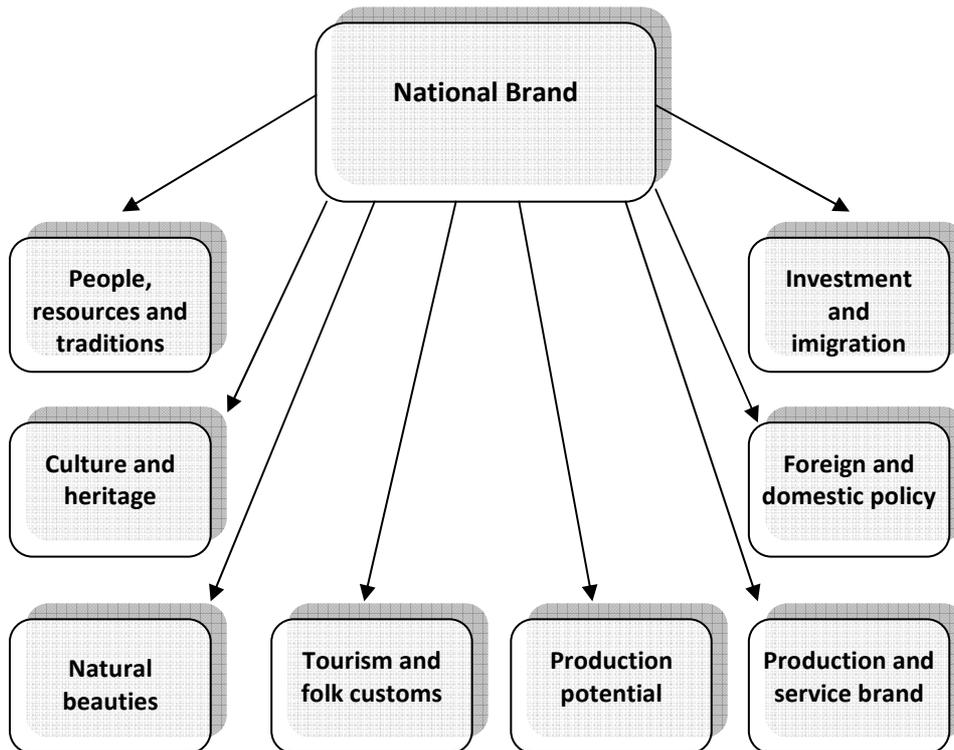
- Market Research
- Definition of unique values
- The creation of the nation's image
- Development of a national brand
- Introduction of a national brand (presenting vision)
- Brand monitoring and evaluation.

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<sup>4</sup> <http://nation-branding.info/2010/01/16/what-does-having-a-good-nation-brand-really-mean/>

<sup>5</sup> [http://www.brandmagazin.com/index.php?option=com\\_content&task=view&id=2299&Itemid=69](http://www.brandmagazin.com/index.php?option=com_content&task=view&id=2299&Itemid=69)

Figure 1: National brand as an "umbrella"



Source: <http://www.brandmagazin.com>

#### **SWOT ANALYSIS OF EXISTING STRUCTURAL AND FINANCIAL FRAMEWORK FOR THE DEVELOPMENT OF SERBIAN NATIONAL BRAND**

Based on conducted research SWOT analysis of existing structural and financial framework for the development of Serbian national brand is presented in SWOT matrix.

Table 1: SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Existence of awareness of the importance and necessity of engaging in activities related to national branding</li> <li>- The existence of a significant number of institutions that cover certain activities of a wide range of national branding</li> <li>- The capacity of local institutions, businesses and business associations for effective participation in international markets</li> <li>- Improved image of Serbia in the international media over the previous period</li> </ul>	<ul style="list-style-type: none"> <li>- Low level of financial investments in the process of national branding</li> <li>- Lack of overall strategy and systematic approach related to the development of Serbian national brand</li> <li>- Lack of effective institutional structures</li> <li>- The issue of coordination and the existence of different approaches of individual institutions responsible for specific issues relevant to building a national brand</li> <li>- Lack of cooperation between the private and public sectors in order to develop a national brand</li> <li>- Still under favourable image of Serbia as a propulsive market destination for foreign investors</li> <li>- Lack of strong corporate brands from Serbia and insufficient investment in the promotion of the domestic economy to international markets</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>- Adoption of development strategy for national brand of Serbia</li> <li>- Establishment of the Agency for a national brand development</li> <li>- Providing adequate financial resources</li> <li>- Deepening cooperation and better coordination among existing institutions in the process of forming a positive image of the national branding of Serbia (government, ministries, Chamber of Commerce, educational institutions, cultural institutions, tourism organizations. etc.)</li> <li>- Existence of conditions for a solid national brand of Serbia (science, culture, history, natural resources, sports, entertainment, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>- Need for substantial financial resources and their long period of effectuation (results of investment in national brand repositioning can be expected in the long run)</li> <li>- Lack of financial support because of problems related to the current budget deficit</li> <li>- Misunderstanding of the full importance of branding for national exports, inward foreign investment and tourism, as well as the reputation of the country in the world</li> <li>- A consensus on what kind of image Serbia want to send externally</li> <li>- Insufficient investments in promoting the local economy in the international market</li> <li>- Cooperation between state institutions and the private sector to develop a national brand</li> </ul>

The results of the research and analysis indicate the existence of a much larger deficiency in relation to the benefits and threats overcoming opportunities. The most significant identified shortcomings of the existing structural and financial framework for the development of a national brand of Serbia are: low level of financial investment in the process of national branding, the lack of an overall strategy and systematic approach related to the development of Serbia's national brand, and unclear and inefficient institutional structures and inadequate coordination between the institutions responsible for specific issues relevant to building a national brand.

The most important identified risk for the development of structural and financial framework of the national branding of Serbia are in need of substantial financial resources, which in conditions of rising budget deficits and the existence of other essential priorities is difficult to make. Also, a long period is necessary for results of investment in Serbia's national brand repositioning to become visible.

The most important identified advantages are: the existence of awareness of the importance and necessity of engaging in activities related to national branding, and the existence of a significant number of institutions engaged in various activities of the process of national branding, and their relatively solid capacity for effective participation in international markets.

The most significant identified opportunities for the development of structural and financial framework of the national branding of Serbia are: adoption of the Strategy for national brand development, establishment of the Agency for the development of a national brand of Serbia, and the existence conditions for a solid national brand of Serbia (science, culture, history, natural resources, sports, entertainment, etc.)

### **ANALYSIS OF THE POSITION OF SERBIA IN THE GLOBAL PUBLIC**

There are a number of research agencies in the world that are using different methodologies, focusing on the positioning of individual countries / nations in the global public. Most of them are, unfortunately, still does not include Serbia into their research. Here is primarily on the company GFK Roper Public Affairs & Media, one of the most influential market research in this area in the world. One of the few studies that analysed the position of Serbian is East West Nation Brand Perception Index 200 (CBI).

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### **East West Comms: Country Branding Global Index 200 (CBI)**

East West Comms Group is a U.S. company that provides various types of service like creation, communication and positioning of national brands. Basically, research and related services to the research that Group provides can be divided into three broad groups:

- Analysis of the brand: Nation Brand Perception Indexes, Nation Brand Perception Snapshots, Nation Brand Perception Reports and others.
- Branding and integrated marketing communications: brand positioning, branding strategies and the development of branding, marketing communications strategy, development plans and other promotional campaigns.
- Washington Briefing: Washington Briefing Details, Washington Briefing Brochure, Washington Briefing Information and others.

East West Comms Company publishes ranking of countries, based on the Country Branding Global Index 200 (CBI) research methodology and Perception Metrics system, which quarterly analyses positive and negative news on the countries covered, broadcast or published in leading international media. The main motive of association research efforts of East West with Perception Metrics is the effort to be on a valid theoretical and methodological basis, analysing the international perception of the brand and the nation state. The index is calculated based on Perception Metrics elements of the system, compared with the positive and negative news about the selected countries published in leading international media during the period from 1 April to 30 June 2010.

Nation Brand Perception Reports should address the following issues:

- What is the tone of coverage over the competition?
- What is the scope of coverage in the media over the competition?
- How is the key brand messages reflected in media coverage?
- What are the positive and negative messages that are used to describe?
- Is the current public relations good strategy for media coverage?

East West national brand index uses the permission of Natural Language Processing System, developed by Perception Metrics. This system consists of a vocabulary that includes about 16 000 words and phrases to indicate either positive or negative message. In its analysis East West is using only positive (aid, freedom, support, wins ...) and negative words and messages (violence, murder, separatism ...) that are linguistically and conceptually related to the observed country. Result (rank) is being calculated based on the analysis of these positive and negative messages, and comparison to other countries included in the study is made.

Results were categorized as follows:

- to 0.49 - a negative assessment of perception
- 0.50 to 0.79 - the perception of a neutral score
- 0.80 to 1.00 - the positive perception score

East West Nation Brand Perception Index analyses hundreds of thousands of articles from many countries. This index shows that the Serbian is listed very badly in the world media. Out of the 200 ranked countries (of which 192 are members of the UN) in the second quarter of 2011, Serbia occupies the 183rd position.

*Table 2: Ranking of Serbia and countries in the region for 2008-2011*

	2008	2009	2010	2011
<i>Serbia</i>	170	181	159	169
Bosnia and Herzegovina	185	108	183	187
Croatia	132	136	62	40
Montenegro	35	56	74	59
Albania	81	155	125	155
Macedonia	127	54	79	62
Bulgaria	148	140	124	133
Romania	47	157	163	139
Hungary	43	150	133	75

Source: *East West Nation Brand Perception Index 2011*

During 2011 Serbia was mentioned in the media worldwide, either positively or negatively, 22.489 times. Looking at the countries in the region only Bosnia and Herzegovina, which is mentioned in the international public about 8.454 times, is ranked worse (187th place) than Serbia.

According to the results of these studies, Serbia is the subject of relatively few and mostly negative perceptions of the world media. What is disturbing is the fact that in recent years, Serbia's position does not improve but rather worsen. However, it is reasonable to expect that the position of Serbia will improve in the future. The fact that Serbia has completed all its obligations towards the Hague Tribunal and incredible success of Novak Djokovic who are in a very positive way, accompanied by the world media, are supporting this conclusion.

### **World Economic Forum**

World Economic Forum in its Global Competitiveness Report 2010-2011 ranked countries by level of development of international brands of their respective companies. The report is based on estimates of the ability of countries to ensure

wellbeing for their citizens through productive use of available resources. Thus, the Global Competitiveness Index (GCI) is expressed by evaluating the capacity of institutions, policies and other factors that, in the short to medium term, ensure the sustainability of economic and social prosperity of the country / state (health, primary and higher education, market efficiency, technological activity, business sophistication, etc.). According to the methodology underlying the report countries are ranked on the basis of the results - score that ranges from the sum of 1 to 7. The score of 1 is given to those countries whose companies export primary products or/and completed products that are sold to end users under the name of foreign brands, while the score of 7 is given to countries that have strong international brands.

*Table 3: GCI Index for Serbia and selected countries*

Country / Year	2010-2011		2009-2010
	Rank	Score	Rank
GCI			
<i>Serbia</i>	99	3,8	93
Czech Republic	36	4,6	31
Slovenia	45	4,4	37
Poland	39,4	4,5	46
Slovakia	60	4,2	47
Hungary	52	4,3	58
Montenegro	49	4,4	62
Romania	67	4,2	64
Croatia	77	4,0	72
Bulgaria	71	4,1	76
Macedonia	79	4,0	84
Albania	88	3,9	96
Bosnia and Herzegovina	102	3,7	109

*Source: Annual Report, World Economic Forum, 2011*

Among all the neighbouring countries, only Bosnia and Herzegovina has a lower value of the Global index of national competitiveness comparing to Serbia. From a total of 133 countries, which are surveyed, Serbia now occupies the 99th position (with a total score of 3.8), which is compared to the previous year reduction by 6 positions.

### **Travel and tourism competitiveness index (TTCI)**

Index TTCI measures the different regulatory and business issues which are identified as incentives to promote travel and tourism competitiveness in countries around the world.

*Table 4: Serbia Index TTCI and selected countries 2011 and 2009*

Country / Year	2011		2009
	Rank	Score	Rank
TTCI			
Serbia	82	3,9	88
Czech Republic	31	4,8	26
Croatia	34	4,6	34
Slovenia	33	4,6	35
Hungary	38	4,5	38
Slovakia	54	4,4	46
Bulgaria	48	4,4	50
Montenegro	36	4,6	52
Poland	49	4,4	58
Romania	63	4,2	66
Macedonia	76	4,0	80
Albania	71	4,0	90
Bosnia and Herzegovina	97	3,6	107

*Source: World Economic Forum, Travel & Tourism, Competitiveness Report, 2011*

As the presented data show, in the set of a total of 133 countries included in the study in 2010, Serbia is ranked at 82nd position and, compared to 2009 it represents an improvement by 6 positions.

### **World Bank Doing Business report**

According to World Bank Doing Business report, based on the results of 10 indicators of ease of doing business Serbia is also ranked relatively low: out of 183 countries that are included in the analysis, in 2010 Serbia is ranked at 83rd position. It is encouraging finding that Serbia has improved its position in relation to 2009 from 88th place, while in 2008. Serbia occupied 94th position.

Of particular concern from the perspective of Serbia and attractiveness for foreign investors and the attractiveness of Serbia regarding the non / existence of entry barriers for starting a business in our country is the finding contained in the Report of the World Bank, which is very striking about the poor positioning of Serbia in terms of lightness of procedures and the time length for obtaining building permits. By the calculated numerical values of this criterion, Serbia is at 176th position (in a set of 183 countries covered by the survey).

Table 5: Business conditions in Serbia and the countries in the region

Criteria/country/rank	Serbia	Macedonia	Montenegro	Bosnia and Herzegovina	Albania	Croatia
Starting a business	83	5	51	160	45	56
Getting credit	15	46	32	65	15	65
Trading across borders	74	66	34	71	75	98
Dealing with construction permits	176	136	161	139	170	132
Protecting investors	74	20	28	93	15	132
Enforcing contracts	94	65	135	124	89	47
Registering property	100	69	116	103	72	110
Paying taxes	138	33	139	127	149	42
Closing a business	86	116	47	73	183	89
Ease of doing business	89	38	66	110	82	84

Source: World Bank: *Doing Business*, 2011

### **SOCIAL FIELDS, WHICH CAN BE AN IMPORTANT ELEMENT OF SERBIA'S NATIONAL BRAND IDENTITY**

Building a positive image of the country through science, cultural heritage, history, natural resources, sports, entertainment and relevant institutions opens the door to international markets. Celebrities, cultural monuments, scientific discoveries, historical events, natural resources and rich social life are just some of the elements on which the Republic of Serbia may establish a national brand. Activities related to the promotion of development and realization of the goals of different social areas, that include the improvement of legislation in certain areas, infrastructure development, implementation of new technologies, strengthening international cooperation, promotion of science, historical and cultural heritage, natural values of sport and entertainment are activities which inevitably must be respected when defining a national brand of the Republic of Serbia.

**Science** - one of the most important and dynamic field which influences the development of society. Through the implementation of new technologies and products, science creates an environment that besides the development of society affects the development of the economy. Also, it represents an image of a country in the world. The tradition of good quality education and science is an advantage of

Serbia. Strong education, quality and knowledgeable staff, scientific and developmental bases are elements that could be used as a good potential for branding process of Serbia. Promoting science as an element of Serbia's national brand includes a clear definition of priorities, investment in scientific infrastructure, the development of scientific staff, improving the quality of education, support for young scientists. Within the process of branding the national values in the field of science, special attention should be paid to the scientific contribution to the implementation of new technologies, demonstration of scientific achievements, environmental protection, international cooperation in the field of scientific methods, scientific publications in the country and abroad, and more.

**Culture** - a broader concept than science, art and politics. It plays a big role in identifying the elements of a national brand identity, taking into account first of all cultural heritage of special importance. The cultural heritage of special importance includes goods which are characterized by a special significance for the social, historical and cultural development of people, they testify about the crucial historical events and personalities and their influence in the national history. Also, it refer to the creation of unique specimens of its time and unique specimens of natural history and have a great impact on the development of society as a whole and are often reflected in remarkable artistic or esthetical values.

When defining a national brand Serbia, electronic catalogue of monuments of culture which is the result of the project "Digitization and electronic presentation of the medieval Serbian monasteries," which was funded by UNESCO and the Ministry of Culture of Serbia must be taken into account. Electronic catalogues database of cultural monuments of Serbia contains digitized materials of the Republic Institute for Protection of Cultural Monuments, Archaeological Institute of the Serbian Academy of Arts and Sciences, the National Library of Serbia and Kalenic monastery. The electronic catalogue contains records of 1335 protected immovable cultural monuments and related documents. Creating such a database and its translation into English not only provides insight into a wide range of national heritage, but also contributes to the process of standardization of vocabulary terms related to the Serbian medieval art and it has great significance in defining the strategy of national brand of Serbia. An electronic database can be searched via the index on sorted list of all monuments, monuments on UNESCO list of World Heritage Monument, monuments of greatest importance, monuments of big importance, and other monuments. The monuments that are on the list of world cultural and natural heritage are: the Stari Ras and Sopoćani, Studenica Monastery, Monastery of Decani, the Pec Patriarchate, the Mother of God Ljeviška and Gracanica Monastery.

**History** - The most respected historical persons, historical events and traditions of the Serbian people significantly affect the protection, development of national

identity and improving the image of Serbia in the world. Within defining of national brand it is important to focus on the fact that Serbia is now a democratic state, which took the road of the European Union accession, and also to promote historical events, personalities, traditions, etc. Showing cultural values, spiritual and moral qualities of the Serbian people as loyalty to the Orthodox faith, Patriarch Pavle, Milutin Milankovic, Nikola Tesla, Karadjordjevic dynasty, Vuk Karadzic, Dositej Obradovic , Obrenovic dynasty, Saint Sava, Nemanjic dynasty, The Kosovo Battle, Prince Lazar and others.

**Natural values** – so called natural heritage of Serbia which should be saved, could be a significant element of national identity of the brand in the area of natural resources. The natural values of great importance in Serbia should be preserved, protected and used for promoting a unique form of the value of a country. Above all, it is referred to the priceless ecosystem that includes a large number of swamp, marsh areas, steppe, sand, canyons, wild rivers and gorges and preserved samples of primeval character. Such ecosystems are inhabited by the most diverse plant and animal species (Serbian spruce, imperial eagle, white-tailed eagle, black stork, great cormorant, heron colonies and others.). In order to identify elements of a national brand identity, we must take into account the importance of a number of sources of thermal and mineral waters and enormous potential for the development of spa tourism. Spas have a huge complex with sports facilities for which they are suitable for the preparation training and maintenance of sports competitions, and are often the places where the different conferences are held. The summer months are characterized by a rich cultural program, events such as exhibitions and handicrafts self-taught painter, gatherings and events in the making of traditional culinary specialties. It is the reason for which spas are great tourist destination and they need to be taken into account when defining the national brand.

**Sport** - as part of the cultural wealth and social value it is of great importance in representing the country in the world. Thanks to the sport, values that can change society, strengthen national unity and tolerance, support economic and cultural development, promote the protection of public health are created. Sport plays a big role in creating social and cultural status, has enormous humanistic potential and meets various socio-cultural functions.

Each state has its own system of organization of the sport that depends largely on the historical traditions, cultural values of hierarchy, political, social, economic and demographic conditions, material well-being, development of science and technology, social, cultural, religious identity, and many other factors. The sport is closely linked to the functional basis of social order and development of society. Due to its importance as a mass phenomenon, a sport still has a huge impact on developing the image of the country and often becomes a major national symbol.

Sport in Serbia is one of the most successful social areas, and certainly could be one of the best brands of the country. Sport events in Serbia that are important as part of promoting a national brand are: the Belgrade Marathon, Tennis tournament "Serbia Open", Traditional event SKI Fest - Kopaonik, "Coca Cola Bicycle Race", "Expo-Zim", "White Cross", and others.

A significant share in brand awareness is devoted to known Serbian athletes (tennis players - Djokovic, Ivanovic, Jankovic, Zimonjic, Tipsarevic, Troicki, swimmers - Higl, Cavic, Siladji; football players - Vidic, Stankovic, Krasic, etc.). A team sport in which Serbia was and is very successful (water polo, volleyball, basketball, football) represents a real source of energy and positive image of Serbia.

**Entertainment** - as an element of national brand identity it has the greatest potential in the capital nightlife and music festivals. In the list of cities sorted by diversity and offer of "night life and entertainment," famous travel guide Lonely Planet puts Belgrade at number one spot, followed by Montreal, Buenos Aires, Dubai, Thessaloniki, La Paz, Cape Town and so on. The variety and popularity of different types of entertainment in Belgrade is testified by famous American magazine "AskMan" which places Serbian capital on the top of the list of cities that should not be missed. In this sense Belgrade is characterized as a world city with fun festivals where tourists gather from all around Europe. British daily journal Guardian put Belgrade on a list of desirable vacation destinations and presented it as a city with extremely diverse nightlife. What really makes the Belgrade special is the large number of festivals and events of international character such as the Beer Fest, Summertime Jazz, Belgrade Dance Festival, Belgrade Jazz Festival, Guitar Art Festival, BEMUS, Belgrade Cello Fest, Ring Ring, Museum Night, FEST, etc.

In the entertainment category in Serbia there are two major festivals, EXIT and Guca. Exit festival was created as a result of attempts of young people, a group of students at the University of Novi Sad, to revive and initiate cultural events and entertainment in the capital of Vojvodina. It is organized at the Petrovaradin Fortress in Novi Sad since 2001. It is the biggest music festival in Southeast Europe and has the status of the festival with great fun. In 2007 the festival was voted for best music festival in Europe at the ceremony "UK Festival Award" in association with "Yourope" (European Association of the forty largest music festivals in Europe). Festival in Guca is organized annually as a trumpet festival of Dragačevo region. It has more and more foreign visitors and participants each year. There was an increase in foreign tourists from former Yugoslav republics, but also from Germany, France and Great Britain and to the fullest extent of younger people. Through promotion of these festivals Serbia has great potential to improve its brand, because Guca and Exit cover diametrically opposite segments of the guests who visit them. Therefore we can conclude that the Guca and Exit are compatible (nothing rivals),

and popularization of both festivals should be continued trying to present Serbia in a new, modern way which contains the original, traditional, ethnic Balkan element, which is based on national characteristics and core values.

### KEY MARKETS FOR THE BRAND POSITIONING OF SERBIA

For the analysis and assessment of potential target markets for the positioning of Serbia it is very important to analyse the past (and expected) trends in the movement of exports, foreign direct investment inflow, and the number of foreign tourists. Specifically, these data should serve as a starting point, although not the only, analytical and documentation basis for defining the most important target markets (public) to which efforts to improve the positioning of Serbia should be directed.

In defining the key markets for positioning of national brand of Serbia first point was identification of countries in respect of which Serbia has the biggest foreign currency income from exports to these countries, the net inflow of foreign direct investment from these countries and the influx of tourist traffic generated in relation to that country.

The following table provides an overview of foreign exchange inflows from exports, tourism and FDI related to Serbia for the period 2008-2011. Based on the individual participation of each of these components in a lump sum, the weights are defined by the impact of exports, tourism and FDI on the foreign exchange inflows from abroad. These weights were used to determine the key markets for national brand positioning, taking into account each individual component of foreign exchange earnings for the top-ranked country.

*Table 6: Foreign exchange inflows from exports, tourism and FDI in the period 2008-2011 (000 USD)*

	2008	2009	2010	2011	Ponder
Export	10.973.000	8.344.900	9.795.000	11.775.000	0,79
Tourism	623.250	530.482	492.596	991.660	0,04
FDI	2.362.520	1.771.360	1.478.244	2.561.613	0,17
Total	13.958.770	10.646.742	11.765.840	15.330.284	1

*Source: National bank of Serbia*

Exports has the greatest weight and influence (0.79), followed by foreign direct investment (0.17) and finally tourism (0.04). By weighting of specific indicators in

relation to Serbia with individual countries, quantification of the key markets for national brand positioning of Serbia is conducted.

*Table 7: Key markets for the brand positioning of Serbia (000 USD)*

Country	Tourism	Net FDI	Export	Weighted average
Italy	6.713	935.334	4.161.879	3.457.464
Bosnia and Herzegovina	92.028	-925.838	4.485.128	3.421.297
Germany	631.489	258.140	3.959.084	3.216.726
Montenegro	85.489	196.324	3.877.779	3.117.330
Russia	17.042	557.702	1.885.597	1.588.462
Macedonia	8.045	-46.774	1.835.730	1.451.963
Austria	17.039	2.151.660	1.388.563	1.447.756
Romania	2.105	40.929	1.795.860	1.433.997
Slovenia	16.724	361.883	1.680.499	1.394.187
Croatia	16.024	256.070	1.350.972	1.115.359
France	10.197	195.487	1.162.583	955.693
Hungary	7.356	106.706	1.132.235	917.276
Bulgaria	1.096	84.160	909.133	736.069
Netherlands	4.746	989.225	646.998	672.305
Greece	4.845	483.739	711.000	642.521

*Source: National bank of Serbia*

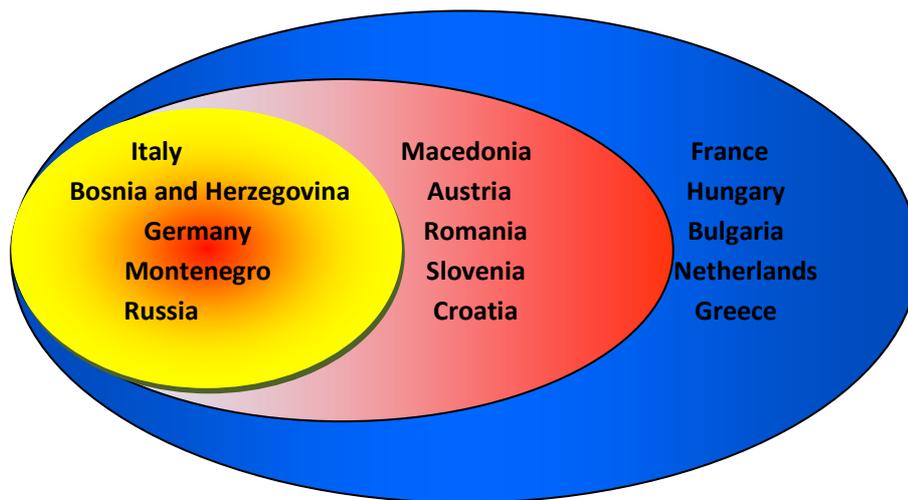
When it comes to the positioning of national brand the analysis suggests that Italy is now a key market of Serbia, followed by Bosnia and Herzegovina, Germany, Montenegro, Russia, Macedonia, Austria, Romania, Slovenia, Croatia, France, Hungary, Bulgaria, Holland and Greece.

In some countries the national brand of Serbia is positive, but there are countries where it is negative. Negative national brand creates a high resistance to corporate brands of the country, to the country as a tourist destination and to the country as a potential investment area.

Besides the 15 key markets for national brand positioning of Serbia, it is also important to mention countries that formed the political-economic group BRIC (Brazil, Russia, India and China) which has been identified as a leading emerging markets. Many analysts believe that the world is on the threshold of the

redistribution of economic power, and that in the next decade, the BRIC countries are to replace the G7 (U.S., Japan, Canada, Germany, France, Britain and Italy) at the leading position in the world economy.

*Figure 2: Key markets for the brand positioning Serbia*



Finally, it is important to mention some countries and markets, not belonging to the traditional markets in which Serbia is positioned, and where SIEPA is preparing presentations for the promotion of exports:

- The market of North Africa - especially Algeria, Libya, Egypt (final goods and services);
- The market of Angola, Syria, Jordan (countries with low production and relatively high purchasing power);
- The countries of the former USSR, such as Belarus, with whom Serbia has signed FTA.

## **CONCLUSION**

Improvement of the national brand is not all-powerful tool for solving all problems of Serbia concerning increasing the scope and effectiveness of exports, achieving a greater inflow of foreign direct investment, the development of inbound tourism and the improvement of diplomatic relations and political position of the country. The improvement of Serbia's national brand represents only effective instrumentality for quality informing of the world (and domestic) public on the actual changes in economic environment, achieving a stable business, legal and political environment, the conditions for investment, tourism etc. It should also be

noted that country branding is the process which results can be given only in the long term.

National Branding is a powerful tool that if properly used can have a huge impact on the overall well-being and prosperity of all citizens of Serbia. Previous analysis should be used as a basis for this tool to be used in the right way, so Serbia could be able to achieve the most positive influences on its economy through the process of building and positioning of national brand.

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