

# Country Brand Index and Digital Country Index West Balkan's as Opportunity to Attract Tourists and Investments

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**Abstract:** *The last two years highlight the dominant role of research dedicated to calculate the Country Brand Index (CBI) and Digital Country Index (DCI). The question is why is there a growing importance of these indicators. In response there are selected multiple reasons and objectives: for the completion of the national identity of countries, so as to create innovative climate, growth investment opportunities, to attract international events, to promote tourism strengthening the state through a presentation to foreign media, growth of exports, for integration in the global and regional production and more. The successful achievement of these objectives requires such research so as to have the necessary resources. For these reasons, there are raised a sufficient number of specialized news agencies - companies for this purpose (Anholt - GfK, Roper, Future Brands, Brand Finance, Reputation Institute, Bloom Consulting), then, highly qualified specialists for the implementation of research, and creating good communication between public institutions and specialized companies that need to produce quality information. Professor Simon Anholt, from the University in the UK is the creator and a developer of the concept of the Country Brand Index. Countries in West Balkan today have big challenges. They are still a key element for stability of the region and whole of Europe. Data from the ranking of Brand index for the countries in Western Balkans, including Macedonia, Serbia, Bosnia&Herzegovina, Montenegro, Slovenia and Croatia, should contribute to improve the position of these countries in future, primarily for getting a strong perception in attracting investments as attractive tourist destinations.*

**Keywords:** country brand index, digital country index, quality life, tourism, investment

## 1. Introduction

Increasing access and application of information technologies in the work of prominent companies contribute to the economic development of countries. Therefore, studies and researches dedicated to this field show that developments in the real world is reflected in digital technology. If we consider data from the World Economic Forum for 2016 for the application of digital technology in the countries in the world, the top 10 include the following: Singapore, Finland, Sweden, Norway, USA, Netherlands, Switzerland, Great Britain and Japan.

Because recent years CBI and DCI have imposed themselves as significant indicators in deciding where to invest, and where you will be traveling, their calculation requires specialized companies and specialists responsible for the collection and analysis of data. Pioneers in this are the companies GfK and Anholt Future Brand.

We start with the hypothesis that the state can be understood in this global world only as the brand that is the sum of its identity and reputation which is acceptable and credible. These indicators contribute to the development of competitive advantages of countries in the global investment market, in the tourist market and education and building proactive brand for management of the countries. The strength of these indicators is so great that it enables strong perception that could change the decision of the consumer.

Digital country index started to be calculated since 2016, and this index includes five specific dimensions: exports, investment, tourism, talent and presence. Consulting company "Bloom consulting and digital demand" is a pioneer in this area.

Western Balkan countries as crossroad for East and West always have significant role in the region. They have similar needs in economical and political issues. Analysis of the needs of these states have shown the next similar problems such as:

- Bad and poor competition of the companies.
- Low percent of employment. Unemployment has an average rate of 22% and in this percent youth participate with 42%.
- Insufficient development of the business atmosphere for attracting investment and tourists.

Our research shows that Western Balkans countries including Macedonia should seriously commit to improving the results of the DCI and CBI.

## 2. Statement of the problem

In our consideration we accept three aspects: 1) We asked a question why countries should be branding themselves, 2) To answer this question we put the hypothesis that the state can be understood in this global world only as a brand which is a sum of its identity and acceptable and credible reputation. In this branding countries we analyze the use of two important indexes: Country brand index and Digital country index, 3) Countries in Western Balkans were facing big challenges. They are extended at very important crossroad which connects East and West part of the world. That is a main point where we have mixed many economical, political and global interests. For that, they need to expect better indicator for near future. For the first question, why would countries like to brand themselves we have the answer which is almost completed. There have been several reasons and objectives:

- To strengthen the national identity of countries;

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- To create a climate of innovation;
- To grow investment opportunities and attract international events;
- To promote tourism;
- To strengthen foreign media presentation of countries;
- Growth of exports;
- Integration of the original production in the region or globally.

For the second aspect, we confirm that realistically, every developed country aims at gaining a higher index of branding itself. But, we know not all countries have their brand. There are many conditions from: big global market, corporate communications, public institutions, specialized agencies, development of management etc. CBI and DCI are indicators which need parameters and conditions for better calculation.

Professor Simon Anholt made the first steps to calculate the CBI and was announced in 2005 with the establishment of the company Anholt GfK, He developed the concept of National brand index. For this he has received a Nobel Prize in 2009. Table no.1. shows top ten countries ranked from this company.

**Table 1:** Top ten countries ranked Anholt – GfK (CBI)

2016 rank index	Country	2015 ranking index	Score 2016-2015
1	USA	1	-1,04
2	Germany	2	-0,96
3	G. Britain	3	-1,31
4	Canada	5	-0,33
5	France	4	-0,81
6	Italy	7	-0,54
7	Japan	6	-0,88
8	Switzerland	8	-0,64
9	Australia	9	-0,25
10	Sweden	10	-0,64
NBI score changes:	Minor+/-0,26-0,50;	Medium+/-0,51-1,00;	Large>+/-1,00

**Source:** Anholt-GfK Nation Brand Index 2016, report from December 08, 2016, p.2.

The past several months have been marked by many key events: The US elections, the United Kingdom's vote to leave the European Union, terrorist attacks in France and other parts of the world, the Rio Olympics, and many more. Our research indicated that what happens in the real world is reflected in the digital world, which has been proven again in this year's Index. The dynamics of the DCI, 2017 were heavily influenced by the political and socio-economic events of the past year. The United States had to concede their position as the leading global winner to a Country that is approximately 40 times smaller. The following table no.2. presents data from the results for DCI, 2017. Results for DCI help us suppress the traditional perception and enables us to see the real dynamics of the world.

**Table 2:** Top ten countries - Digital country index 2017

No.	Country	Digital country index 2017	Digital country index 2016
1.	U. Kingdom	1	+7
2.	USA	2	-1
3.	Japan	3	-1
4.	Germany	4	0
5.	Canada	5	0
6.	Australia	6	-3
7.	Spain	7	+2
8.	France	8	-1
9.	China	9	-3
10.	Italy	10	+2

**Source:** www.Digital Country Index.com/countrydetails (2017).

Confirming our third aspect, in our paper we concentrated and analysed CBI and DCI in Western Balkans countries. Why? Because, strengthening the regional cooperation of the Western Balkans countries is still a key element for stability of the region and whole of Europe. This implies conducting enforceable reforms, solving the problem of organized crime and corruption, as well as respecting the basic human rights of the citizens. The regional states want to increase the economic integration and the positive participation of the European Union so as to give professional help equipment and political support.

### 3. Theoretical Review

Country brand index and Digital country index have recently growing importance. We accept hypothesis that the state can be understood in this global world only as the brand that is the sum of its identity and reputation which is acceptable and credible.

#### Country brand index

The first steps to calculate the CBI was announced in 2005 with the establishment of the company Anholt GfK, by professor Simon Anholt. He developed the concept of National brand index. For this he has received a Nobel Prize in 2009. Through the years this index has gained prominence and already in 2014 has collected qualitative and specialized information. With more than 13,000 expert research locations around the world, there is a rich, wide range of data and information for scientific research and experience. In the last two years (2015 and 2016) this indicator has got better information, supported by innovative technologies and intellectual scientific database. The survey was done on a sample of 50 countries (developed and developing countries). The 50 countries included in the 2016 survey were:

- North America: USA, Canada, Cuba.
- Western Europe: UK, Germany, France, Italy, Spain, Ireland, Scotland, Sweden, Denmark, Holland, Switzerland, Finland, Austria, Belgium, Greece, Northern Ireland.
- Central/Eastern Europe: Russia, Poland, Czech Republic, Hungary, Turkey, Kazakhstan.
- Asia-Pacific: Japan, South Korea, China, India, Thailand, Indonesia, Singapore, Taiwan, Australia, New Zealand.
- Latin America: Argentina, Brazil, Mexico, Chile, Peru, Colombia, Ecuador.

- Middle East/Africa: United Arab Emirates, Iran, Egypt, Saudi Arabia, South Africa, Kenya, Nigeria, Qatar.

Professor Simon Anholt, creator of the national brand index since the beginning of the creation of his study in 2005 commented that: [Anholt-GfK Nation Brand Index 2016, pdf, p.5]

„ Mostly, the global perception of a country is incredibly stable, but changes can affect the country itself. That impacts the calculation of the index, so that the impact of the world changing global reputation is far more essential than her accomplishments or successes. And that's what we're addressing. Those countries involved in the research can, in the current world influences perish in the ranking in the coming years, due to the emergence of international conflicts and human issues.”

**Digital country index.** DCI is a region, country that has triggered proactive interest from stakeholders in the digital world. This definition was presented from Bloom Consulting in 2015. Digital country index started to be calculated since 2016, and this index includes five specific dimensions: exports, investment, tourism, talent and presence. Consulting company “Bloom consulting and digital demand” is a pioneer in this area. Act of searching can be triggered by something one may have read in a newspaper, heard in a conversation or simply out of curiosity. “The DCI 2017 helps us suppress the traditional perception we may have of international relations and enables us to see the real dynamics of the world.” [Digital Country Index 2017, pdf, p.2.]

#### 4. Approach

In the paper we start analyzing three paragraphs. All of them are connected and contributed for better conclusion and developing opportunity.

**First**, we accept that countries would be branding themselves. In this way we have two conclusions: a) Not all countries have their own country brand, b) Country brand has competitive advantages.

a) *Not all countries are country brand.* If country would be branding themselves it assumes that all countries may not qualify as brands. As the same brands of products, strong or weak perception of a country influence people's decisions to choose a place to visit, for a living or for investment. Over the last 5 years, working in research in this field has highlighted the importance of "country of origin" in understanding Brand index as a "country as a force."

b) *Country brand has a competitive advantages.* Brand index, became a leader in consumer choice. In studies in recent years, not only of the strength of the brands, but the amount of research through brand's quality, made a strong change in confirmation of this perception. Because people actively prefer products and services when they are in certain countries, whether they are buying a car, or type of food or wearing brand clothing, it can consciously be revoked or reduced through a calculated brand index. This presupposes providing a competitive advantage in the global market, through tourism, education and investments, and it

requires building a proactive approach to manage the brand index. In other words, these indicators can greatly influence a final decision: to do business venture in a country; recommend it to anyone; or visit.

**Second**, we are appealed by the hypothesis that the state can be understood in this global world only as the brand that is the sum of its identity and reputation which is acceptable and credible. In other words, countries can usefully be understood as unity in which the sum of its identity and reputations included. In the process of branding the countries we analyze two important indexes: Country brand index and Digital country index. Both of them require wide data information, specialized agencies and professional specialists.

As previously mentioned, several companies and agencies are growing as experts to calculate the DCI and CBI. Among the most cited: Anholt-GfK Future Brands, Finance brand, Bloom Consulting (Tourism) and Bloom Consulting (Trade). The results of individual research companies that provide data separately for each characteristic of this brand index: future of the financial aspect, reputation, tourism, trade.

**Third**, countries in Western Balkans were always facing the global, political and economical challenges. They are extended by very important crossroad which connect East and West part of the World. That is a main point where it has been mixed many economical, political and global interests. They are main point of our interests in this paper.

#### 5. Results and Discussion

The results for CBI between 2014 and 2015, and between 2016 and 2015, are analyzed in terms of several characteristics: the rule of law, political freedom, the quality of education, opportunities for investment, quality of labor, tourism and the others (noticed in table no.1 and table no.2). There is right relationship between the CBI and investment opportunities in a country. The United States are in first place in three of the six surveyed features, then Switzerland in two research features, they are followed by Germany and Japan.

For Switzerland it is noticeable that: [The Naked Swiss, (2016), p. 10.] Switzerland is a winner, it has received 25 Nobel prizes and leads the world in patent applications and scientific publications per capita. „for it is written, that Swiss households have an average of half a million francs more than any other nation. It has the world's two largest banks and 80 other Swiss banks that have largely disseminated its affiliates in the United States, to facilitate avoidance of tax evasion.

Our results in the research confirm and we conclude that:

- *Not all countries are country brands* - The central hypothesis was that not all countries qualify as 'brands', and the findings are striking. The countries included in survey, only 22 qualify as 'country brands'. These countries are: Japan, Switzerland, Germany, Sweden, Canada, Norway, United States, Australia, Denmark, Austria, New Zealand, United Kingdom, Finland,

Singapore, Iceland, Netherlands, France, Italy, United Arab Emirates and South Korea.

- *Country brands have a competitive advantages-* It is perhaps unsurprising that when people rate a country as a brand they have more confidence in and feel closer to it than the other countries in the study. Most significantly, the research shows that people are also more likely to visit, recommend and do business with a 'country brand'. Which means that country brands have a tangible competitive advantage over other countries in the areas that are most likely to drive future success – from visiting for a holiday to make business investment or daily consumption of products and services 'made in' there.

The next tables from no. 3 to no. 8 shows results from brand ranking countries in Western Balkans. They are: Macedonia, Serbia, Bosnia & Herzegovina, Montenegro, Slovenia and Croatia. Only Slovenia and Croatia are countries- members of European Union, and they are better indicators than other mentioned countries.

**Table 3: Macedonia branding rank**

Macedonia	Rank 2011	Rank 2012	Rank 2013	Rank 2014
Anholt – Gfk Roper Nation Brands Index	-	-	-	n/a
Anholt – The Good Country Index	-	-	-	55
Bloom Consulting Country Branding Ranking Trade	-	-	-	136
Bloom Consulting Country Branding Ranking Tourism	-	-	-	152
Future Brand Country Brand Index	-	-	-	n/a
East West Global Index 200	162	n/a	n/a	n/a

Source: [www.countrybrandingwiki.org/index.php/](http://www.countrybrandingwiki.org/index.php/)

The Results for branding ranking tourism 2014 for Macedonia is 152, for Serbia is 103.

**Table 4: Serbia branding rank**

Serbia	Rank 2011	Rank 2012	Rank 2013	Rank 2014
Anholt – Gfk Roper Nation Brands Index	-	-	-	n/a
Anholt – The Good Country Index	-	-	-	62
Bloom Consulting Country Branding Ranking Trade	-	-	-	91
Bloom Consulting Country Branding Ranking Tourism	-	-	-	103
Future Brand Country Brand Index	-	-	-	n/a
East West Global Index 200	169	n/a	n/a	n/a

Source: [www.countrybrandingwiki.org/index.php/](http://www.countrybrandingwiki.org/index.php/)

**Table 5: Bosnia&Herzegovina branding rank**

Bosnia & Herzegovina	Rank 2011	Rank 2012	Rank 2013	Rank 2014
Anholt – Gfk Roper Nation Brands Index	-	-	-	n/a
Anholt – The Good Country Index	-	-	-	70
Bloom Consulting Country Branding Ranking Trade	78	62	103	121
Bloom Consulting Country Branding Ranking Tourism	88	91	113	133
Future Brand Country Brand Index	Not ranked	82	n/a	n/a
East West Global Index 200	187	n/a	n/a	n/a

Source: [www.countrybrandingwiki.org/index.php/](http://www.countrybrandingwiki.org/index.php/)

The same results for brand ranking tourism for Bosnia&Herzegovina is 133, Montenegro has a better rank-106.

**Table 6: Montenegro branding rank**

Montenegro	Rank 2011	Rank 2012	Rank 2013	Rank 2014
Anholt – Gfk Roper Nation Brands Index	-	-	-	n/a
Anholt – The Good Country Index	-	-	-	n/a
Bloom Consulting Country Branding Ranking Trade	-	-	-	116
Bloom Consulting Country Branding Ranking Tourism	-	-	-	106
Future Brand Country Brand Index	-	-	-	n/a
East West Global Index 200	59	n/a	n/a	n/a

Source: [www.countrybrandingwiki.org/index.php/](http://www.countrybrandingwiki.org/index.php/)

**Table 7: Slovenia branding rank**

Slovenia	Rank 2011	Rank 2012	Rank 2013	Rank 2014
Anholt – Gfk Roper Nation Brands Index	-	-	-	n/a
Anholt – The Good Country Index	-	-	-	28
Bloom Consulting Country Branding Ranking Trade	-	-	-	139
Bloom Consulting Country Branding Ranking Tourism	-	-	-	55
Future Brand Country Brand Index	-	-	-	n/a
East West Global Index 200	60	n/a	n/a	n/a

Source: [www.countrybrandingwiki.org/index.php/](http://www.countrybrandingwiki.org/index.php/)

Slovenia is ranked on 55<sup>th</sup> position, and Croatia on 28<sup>th</sup>.

**Table 8: Croatia branding rank**

Croatia	Rank 2011	Rank 2012	Rank 2013	Rank 2014
Anholt – Gfk Roper Nation Brands Index	-	-	-	n/a
Anholt – The Good Country Index	-	-	-	46
Bloom Consulting Country Branding Ranking Trade	54	70	81	88
Bloom Consulting Country Branding Ranking Tourism	29	19	27	28
Future Brand Country Brand Index	40	41	n/a	44
East West Global Index 200	40	n/a	n/a	n/a

Source: [www.countrybrandingwiki.org/index.php/](http://www.countrybrandingwiki.org/index.php/)

The following table no. 9 presents data for Digital country index of the countries in Western Balkan. Data shows that Macedonia, Bosnia and Herzegovina, Montenegro and Serbia are ranked worse than Slovenia which is 105<sup>th</sup> in the world and Croatia 60<sup>th</sup> in the world. Results for tourism aspects shows that Croatia has very good indicator of 22.

**Table 9: Digital Country index 2017 - Western Balkans**

Country	World	Europe	Export	Investment	Tourism	Talent	Prominence
Macedonia	162	45	146	141	228	148	134
Serbia	114	35	111	118	133	112	87
Bosnia&Herzegovina	164	46	129	172	165	199	138
Monte-negro	141	40	141	149	88	138	160
Slovenia	105	32	112	125	76	115	115
Croatia	60	23	91	77	22	62	66

**Source:** www.Digital Country Index.com/countrydetails. (2017).

Strengthening the regional cooperation with the West Balkan countries is still a key element for stability of the region and whole of Europe. In such conditions the rule of law is more than important. This implies conducting enforceable reforms, solving the problem of organized crime and corruption, as well as respecting the basic human rights of the citizens. Regional cooperation is necessary because:

- The regional cooperation increases the connection among the people, it also increases the number of cross-border and cross-state initiatives including the common investments. The regional cooperation is the basis of sustainable future economic development. In relation to the turnovers generally they have the support of the aim to incorporate the contract for a turnover community.
- The regional states want to increase the economic integration and the positive participation of the EU so as to give professional help with equipment and political support.
- The European business is less interested for a single presence on the market, therefore there is a necessity to seek for connection and unity for the economic potential of the region. That means that the business is the main issue among the governments of these states in this region.

The economic chambers during the last decades were initiating the governments for cooperation and unity. The regional cooperation is necessary for these countries because all of them have the same problems. That is the only way for them to strengthen the competition, the unity and to be more attractive for the investors and tourists.

## 6. Conclusion

In the end, starting on the basis of previously exposed there are derived some conclusions: 1- multiple agencies, companies and specialists are directed to research and calculate CBI and DCI, 2- There is a hypothesis that the state can be understood in this global world as a single brand which is a sum of its identity and reputation. A pioneer in this calculation data is the company GfK, Anholt, Future Brand, 3- In CBI, „the force of the country" or the flawed perception of the country can be a strong influence on consumer choice, or for people who are visiting or invest there, 4- Country brand index contributes to the creation of competitive advantages in the global market, tourism, investment and education. It builds proactive approach to create a strong brand and management to strengthen the country's brand. 5- As a final argument, the size of these indexes is to provide a strong perception that will affect the decision to invest in the country, and a decision to visit it. However, the Western Balkans, including Macedonia, Serbia and Bosnia and Herzegovina, and others have more to devote to improve the results of these indicators, instead of moving to places with higher positions.

## 7. Recommendations

The mentioned indicators – CBI and DCI, contribute to the development of competitive advantages of countries in the global investment market, in the tourist market and

education and building proactive brand for management of the countries. For the next research we recommended new issues because new countries have been target for moving forward in three years' time. Those countries are: China, United Arab Emirates, South Korea and Qatar. Many respondents in our research indicate they would consider visiting these countries.

Recently, world has surfaced three dominant themes: extremism, migration and conscious consumption. These themes we believe will have an influence on the future of the countries brands.

Countries in Western Balkans in the next three years are expected to make a very potential move. These are issues in economic growing preoccupation and social and political stability. They expect to become members of the European Union. All of these criteria will contribute for a better CBI and DBI.

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