CHAPTER 1

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

The concept of branding has been traditionally associated with corporations and their products and services, in either the consumer or the business-to-business markets. Today, the concept of branding is not just limited to products and services, it is also being used for the shaping of a country's image (Kyriacou and Cromwell, 2007).

Cities, states, regions, and countries are now actively promoted through multiple communication tools such as advertising, direct mail, and others. The goals of these types of campaigns are to create awareness and a favorable image of a location that will entice temporary visits or permanent moves from individuals and businesses alike (Keller, 2003).

According to Passow (2005), different notions were coined to describe the process of creating a favorable image of a location: ‘destination branding’, ‘country branding’, ‘nation branding’ and ‘place marketing’.

The world today is very similar to one market and with rapid globalization, it means that every country, every city and region, rich or poor, must compete with others for its share of the world's consumers, tourists, investors, students, entrepreneurs, international sporting and cultural events. Places around the world rival one another.
for the attention of international media and the people of other countries (Anholt, 2007).

Countries have always been brands, in the truest sense of the word. The ability of these countries to compete against each other for tourists, foreign investment, consumers, the attention and respect of the media, is greatly dependent to and determined by the power of their brand image. The notion of brand management for countries has become established as one of the key tools for competitiveness (Anholt, 2005a).

Principles of branding apply in equal measure to countries as they do to corporations. However, the methods employed could be different. The benefits of a consistent and professional country branding can be observed in many ways. They include the ability of the country to win more investment business because the country image says the right things about taxation, labor skills, safety, the environment, political stability plus the chance to apply a ‘made in’ label because it will positively aid the sale of a product in an overseas market (Brymer, 2003).

Papadopoulos (2004) thinks that country branding is particularly relevant for developing countries in their struggle to define their political, economic and social roles. More specifically, their image often determines their success placing export products in international markets, attracting tourists and foreign direct investment (FDI). By creating and managing positive and consistent brands, developing countries are in a better position to accomplish their objectives.
According to Gudjonsson (2005), nation branding is equivalent to a supporting programme that aims at increasing a nation’s prosperity by adding to the value of its brands. However, nation branding is not a process to brand a nation as nations cannot be branded as such.

Place branding has evolved and become increasingly important in recent years. National, regional and city governments around the world are embracing the concept of place branding in an effort to successfully face global competitive pressures (Kotler and Gertner, 2002). Thus marketing approach to place management is much adopted by necessity rather than choice (Florek and Conejo, 2006).

However, Papadopoulos and Heslop (2002) mentioned that marketing a country (and more recently branding a country) is often a little-understood panacea. The image of a country brand, due to its complexity, is limited to a number of attributes. Thus adequate ones need to be chosen to communicate a brand. Events, experiences and even products allow consumers understand a country better and symbolize it.

According to Morgan (2004), while there is a growing body of work on the process of destination branding, there are no studies that investigate the extent to which these brands impact on the populations of these countries.

Thus, with that in mind, this study attempts to explore the effect of country branding on the populations of the country- in this case, Malaysia.
1.2 RESEARCH QUESTIONS

Based on the studies that formed the background to the research, the following research questions are derived. Answers to these research questions will lead to better understanding on the effect of country branding has to emotion of the visitors and country competitive advantage and if this two dimensions mediate the effects country branding has on the residency choice of the visitors to Malaysia.

The following are the research questions that guide the study:

i) What are the country branding elements that should be adopted to brand a country successfully in the eyes of visitors to attract them to be resident of a country?

ii) Is there a relationship between country branding and emotion of the visitors?

iii) Is there a relationship between country branding and the competitive advantages of Malaysia?

iv) What is the impact of emotion of the visitors to the visitors’ residency choice?

v) What is the impact of competitive advantages of Malaysia to the visitors’ residency choice?
1.3 OBJECTIVES OF THE STUDY

The effect of country branding has to the population in the country is done by looking at the impact country branding has on the visitors to Malaysia. The study is designed to find out whether country branding will affect the choice of residency of the visitors to Malaysia in the near future.

The study is also aimed at finding the effect country branding has on the emotion of the visitors to Malaysia and how country branding may give Malaysia competitive advantages. The study will explore the effect these two dimensions- emotion and country competitive advantage may have as mediators that link country branding to residency choice of the visitors to Malaysia.

This paper proposes a research framework that incorporates country branding, emotion, country competitive advantages and residency choice to test the effect of country branding has on the population of a country. The research framework is very much based on the findings of the gurus in the field of place and country branding like Anholt (2002), Papadopoulos (2003), Gudjonsson (2005), and also justified with reference to Fombrun-RI Country Reputation Index (CRI) created by Passow et al. (2005).
The objectives of the study are as followed:

i) To determine which are the elements that form a country brand based on the implications of the study.

ii) To investigate the relationship between country branding and emotion of visitors to Malaysia.

iii) To identify the relationship between country branding and country competitive advantages.

iv) To determine if there is a relationship between the emotion of visitors to a country and their residency choice.

v) To determine if there is a relationship between the country competitive advantages and the residency choice of visitors.

1.4 SCOPE OF THE STUDY

The study employed the method of convenience sampling and the sample is restricted to foreigners who are visitors to Malaysia. The study focused on the effects of country branding on the emotion of the visitors and also the impact country branding has on the country competitive advantages and how these two dimensions will link to the residency choice of the visitors to the country.
1.5 CONTRIBUTION OF THE STUDY

This study has contributed to the literature of country branding methodologically and theoretically.

First, the study has indirectly tested and refined the dimensions used by Passow et al. (2005) to measure country branding. This is due to the fact that most of the original country branding instruments and dimensions in the Fombrun-RI Country Reputation Index (CRI) (Passow et al., 2005) are adapted and used to measure the country branding in Malaysia.

Secondly, from this study, two dimensions namely ‘Physical’ and ‘Social’ are added to Nation Brand Hexagon created by Anholt (2005a) to represent country branding. These two dimensions added are especially true when branding a country is done to give positive effect to residency choice of visitors to a country based on the findings from this study.

The study has also showed that there is a relationship between country branding and emotion of visitors and between country branding and country competitive advantages. From the findings of the study, country branding is linked to residency choice of visitors by the emotion of visitors and country competitive advantages.