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**Tatjana Petkovska MIRCHEVSKA\*)**  
**Natasha DANILOSKA\*\*)**  
**Danco ARSOV\*\*\*)**

## **THE AFFECTIVE AND COGNITIVE COMPONENTS AS FACTORS IN COUNTRY BRANDING**

### **Abstract**

The idea of the power of image or authority as a way to achieve political, social, economic and cultural goals, dates as back as the country itself. The need for a thorough study of these aspects in our time is greater than ever.

All governments on behalf of their peoples, institutions and companies must have a view of the world's perception of their country and develop a suitable management strategy. The main emphasis in this process should be on how to create a brand which will be truthful, authentic, powerful, attractive, and useful for achieving their economic, political, and social aims.<sup>1</sup> In the same time, it must be a true representation of the people's spirit, originality, ingenuity, and will. The governments of the 21<sup>st</sup> century faced with this great task must also make it their primary one.<sup>2</sup> Country brand and branding as new tendencies in marketing are the result of the expanding globalization as well as the needs of a country striving for sustainable economic development.

This paper defines brand and country branding from a marketing point of view, and moves on to discuss factors relevant in brand building. The effective combination of these factors in country branding from a

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\*) PhD in economics/full professor "Ss.Cyril and Methodius University" Skopje, Institute of Economics-Skopje, E-mail: tatjana@ek-inst.ukim.edu.mk

\*\*)PhD in economics/part-time professor, "Ss.Cyril and Methodius University" Skopje, Institute of Economics-Skopje, E-mail: Natasha.daniloska@ek-inst.ukim.edu.mk

\*\*\*)PhD, Municipality Shuto Orizari, Skopje E-mail: danco.arsov@gmail.com

<sup>1</sup>According to Simon Anholt, one of the most renowned theoreticians, an expert on managing nation identity and image:

<http://nation-branding.info/2010/01/01/13/sout-korea-upadate-country-nation-branding-seriously/>

<sup>2</sup> Skoko, Božo. *Država kao brend*. Zagreb: *Matica Hrvatske*, 2009, p. 10.

marketing point of view is portrayed with two successful examples: Iceland and Chile. These examples can serve as guidance in branding other countries, including the Republic of Macedonia.

**Key words:** brand, country branding, principles of branding, affective factors, cognitive factors.

**JEL classification:** M3; M38; M39

### **Introduction**

Significant changes in the socio-economic and political structure of the modern society happened in the last few decades. Fast development and increasing media impact, global public opinion as well as global economic relations all reflected in the behavior of consumers in the decision-making process. It also affected how political and economic institutions functioned, and as a result, the image gained “power”.<sup>3</sup>

The power of a country’s image is not a modern acquisition. On the contrary, during the last 500 years, each century was marked by the power and role of one superpower. In the 18<sup>th</sup> century this was Spain, in the 17<sup>th</sup> century France, in the 19<sup>th</sup> century England, and the 20<sup>th</sup> century belonged to the USA. Although each of these countries knew how to manage its power and strengths, the way they earned this image differs and was in tune with the epoch.

The rapid progress of globalization in the 21<sup>st</sup> century pushed each country, city or region in a race for a piece of the global cake. As a consequence, the countries had to find ways to become competitive on the global market and have a clearly defined, genuine appeal as well as a specific and well-planned vision, identity, and strategy.

The era when the image of a country was based on its military, political, and economic power is in the past. In the new millennium a country can be competitive only if it is recognizable; it owes its recognition to its natural resources, the set of values of its citizens, its products, cultural, historic or spiritual values, or a combination of the above. Besides the fact that this paper deals with a global theme, the main goal is to stress the importance of the affective and cognitive

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<sup>3</sup> [http://earthSpeak.com/Why\\_is\\_branding\\_so\\_important.htm](http://earthSpeak.com/Why_is_branding_so_important.htm), 5<sup>th</sup> March, 2007.

components as the starting point in the process of branding. In this respect, the paper gives an account of the brand building in Iceland and Chile on the basis of cognitive components.

## 1. Definition of Brand and Branding

The theory of economics gives several definitions concerning the brand. According to the American Marketing Association (AMA)<sup>4</sup>, a brand is a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. According to a different view<sup>5</sup>, the brand is defined as the personal experience of a product, service or a company. Kotler's definition<sup>6</sup> of brand states that a brand is a name, symbol or design which identifies the producer, whereas the product can be any material good, service, organization, place, subject or idea. Based on these definitions, one could conclude that the brand identifies a product and it allows for easy selection, pinpointing, and recognition of a product.

Speaking in terms of countries, a group of authors define brand as a combination of a nation's elements which refers to the cultural and historic values. These values are utilized when the nation's distinctiveness and relevance for the target group are created.<sup>7</sup> Another group of authors<sup>8</sup> maintains that a brand is the same with the nation; a nation embraces the past and prepares for future challenges, therefore, according to this group, the nation isn't eternal – as it came to life, it will also come to an end.

Simon Anholt's definition<sup>9</sup> of brand talks of the way a country is perceived by its own citizens in the first place, and by those of other countries in the second place. According to him, if a brand is defined through the way an organization communicates and differs from the other, then the country-brand or the national brand does the same with the whole country.

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<sup>4</sup> Kotler, Philip; Gerther, David. *Country as a brand, product and beyond a place marketing and brand management prospective destination branding* (second edition). Oxford: *Ebvier Butterworth Heinemann*, p. 46.

<sup>5</sup> Premovi, Miljan; Damjanovi, Vesna. *Strateški pristup brendiranje nacije*, Beograd: Menadžment marketing i trgovina; 2009 god; p. 201.

<sup>6</sup> Philip, Kotler; Nancy, Lee. *Marketing u javnom sektoru*. Zagreb: *Mate, d.o.o.*, 2007, p. 114-115.

<sup>7</sup> Premovi, Miljan; Damjanovi, Vesna. *Strateški pristup brendiranje nacije*, op. cit., p. 202.

<sup>8</sup> Kotler, P. i Keller, K. *Marketing menadžment*. Beograd: *Data Status*, 2006.

<sup>9</sup> [http://www.sourcewatch.org/index.php?title=Nation\\_branding](http://www.sourcewatch.org/index.php?title=Nation_branding)

Branding is different from brand; branding as a process is discussed by Kotler and Keler<sup>10</sup> as applicable in all areas which offer the consumer the right to choose. In essence, branding is a term that covers several aspects: name, design, symbol, copyright elements that protect a product's identity, service, and manufacturer.<sup>11</sup> The analysis of various definitions of branding shows that branding is a mix of art and science, used to manipulate the associations between brands and the memory of the target group.<sup>12</sup>

Based on the above, it is obvious that the country-brand is more than just a mere image or perception. It is an emotional relationship with a target group that provides wide recognition and a place on the global scene.<sup>13</sup>

## **2. Cognitive and Affective Components as Factors in Country Branding**

Branding a country is a process of designing, planning, and communicating the name and identity, with the aim of creating and managing the brand. When a country is branded on the basis of its national identity, it should be noted that there is no common way to construct a national identity based on the same set of factors. There are many countries around the world that cannot build their national identity and image based on their economic, political, and military power as they do not have any. But, at the same time, their rich historic, cultural, and spiritual heritage enables them to be recognizable, and to build their identity and image on these foundations.

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<sup>10</sup> Ibidem.

<sup>11</sup> Arsov, Danco. *Marketing-aspekti vo procesot na brendiranje i gradenje brend na gradovi na primerot na grad Skopje* (masters dissertation). Skopje: *Ekonomski institut Skopje*, 2010, p. 15.

<sup>12</sup> Ibidem.

<sup>13</sup> Anholt, Simon. *Competitive identity, The New Brand Management for Nations, Cites and Regions*, New York; Palgrave Macmillan, 2007, p. 4.

## 2.1 Affective and Cognitive Factors

The term “affective” is derived from the term “affection” which refers to the strong inner emotional experience of humans.<sup>14</sup> The affective factors include those factors that affect the perception of a particular value as higher than it actually is, due to subjective reasons (strong inner emotion). The paper studies affective factors as referring to: culture and cultural heritage, folk wisdom and level of spirituality with the emphasis on the subjective element, as well as the inner feeling or experience triggered by cultural values, wisdom, and spirituality of the country’s residents.

The term cognitive or conscious refers to any mental operation or structure. Cognition is the greatest exercise of the intellect founded on human experience and reasoning.<sup>15</sup> Based on the terminology and definition of the word “cognitive”, this work treats cognitive factors as referring to nature’s treasures and historic heritage of a country. This group of factors stresses objective elements (nature’s treasures and historic heritage that have existed or still exist).

The affective and cognitive factors have two completely opposite characteristics. Firstly, the ability to establish propositions (creating ideology), an outward action, and secondly, the ability to persuade (to convince or advise)<sup>16</sup>, which is an inward action.

### 2.1.1 The Role of Affective and Cognitive Factors in Branding

Culture and cultural heritage, folk wisdom, and the level of spirituality as affective factors are aspects that can lead to powerful emotional experience which could be used as the foundation of a country’s identity and brand. The example of some countries with rich culture and cultural heritage shows that such feelings are present both in the residents and nonresidents of the country. For instance, Italy with its rich cultural and historic heritage is a good example of a country that uses such assets to boost its brand and identity.

The wisdom and spirituality of people are nonmaterial factors that may induce strong emotional experience and connection. For instance, in the orthodox Christian world, the spiritual component is most visible

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<sup>14</sup> Filipovi , Marjan. *Rje nik stranih rije i*. Zagreb: *Zadružna štampa*, 1988: p. 14.

<sup>15</sup> *Ibid.* p. 188.

<sup>16</sup> *Ibid.* p. 275.

upon mentioning Constantinople<sup>17</sup> (present day Istanbul), the capital of the Empire which ceased to exist almost four centuries ago, and yet maintains its role as a spiritual center. Likewise, Mount Athos<sup>18</sup> is a spiritual symbol in the orthodox world and has made the Khalkidhiki peninsula (where it is located) an attractive destination for many visitors.

While affective factors are marked by subjectivity or irrational perception, cognitive factors affect the rational perception. The influence of these factors is best seen in the potential to create a myth or an ideology about the country's eternal and inevitable character.

Thus, branding a country based on these factors<sup>19</sup> is done by acknowledging its attractions, natural beauties and their surroundings, and the values set by its historic heritage. Building an image or a brand based on these factors does not depend on the information gathered by the individual from various sources only, but, most of all, on the characteristics of these factors.

The cognitive or perceptive aspect of country branding is visible in the characteristics of the country, such as its nature's treasures, clean environment, and historic heritage in the form of events, people or buildings. A good example of the influence of cognitive factors is the branding of Dubrovnik as a tourist destination by employing a set of cognitive factors.<sup>20</sup>

The economic theory reveals certain ambiguity between theoreticians regarding the meaning and influence on the affective and cognitive factors in brand building and their advantages and disadvantages. Accordingly, some theoreticians maintain that the brand of a country cannot be constructed solely on the basis of cognitive and affective factors, but these can be used as extras. The brand should be founded on the economic, political, and military power of the country.

It is a fact that the economic, political, and military power of a country play a role in the brand building, however, it is disputable

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<sup>17</sup> Constantinople – the capital of the East Roman Empire, a byzantine civilization that existed from 330-1450 when it was conquered by the Turks.

<sup>18</sup> According to the Orthodox Tradition, the Mother of God was sailing accompanied by St John the Evangelist on her way to Cyprus. When the ship was blown out of course to then pagan Athos it was forced to drop anchor. The Virgin walked ashore and, overwhelmed by the wonderful and wild natural beauty of the mountain she blessed it and asked her Son for it to be her garden. A voice was heard; "let this place be your inheritance and your garden, a paradise and a haven of salvation for those seeking to be saved". Since that moment the mountain was consecrated as the garden of the Mother of God.

<sup>19</sup> Kesi , Tanja. *Country image and product brand iamge as a competitive marketing strategy factors*. Zagreb: Faculty of Economics and Business, University of Zagreb, 2009, p. 6.

<sup>20</sup> Ibidem.

whether they are the only factors a country should use when shaping its distinctiveness. Branding a country using affective and cognitive factors provides opportunity for detecting, identifying, and defining its particular characteristics and benefits. These will be used to create a recognizable image which will provide the country with a more competitive place on the global market.

The weakness of this idea the poor familiarity and understanding of the potential and influence of the affective and cognitive factors in country branding. The downside of this idea is the fact that it is not easily put into practice. When discussing the obstacles, one should be aware of the following<sup>21</sup>:

- a) A large part of the world doesn't have a postindustrial society which limits the transformation of power;
- b) Africa and the Near East are in the stage of pre-industrial society with insufficiently developed institutions;
- c) Countries such as China, India, and Brazil are industrial economies analogue to some western ones.

Therefore, building a country's brand based on the cognitive and affective factors is an opportunity for countries with small economies and developing countries to build a brand and recognizable image based on their singularities and benefits. The affective and cognitive factors are important for countries whose brand is mainly founded on the economic, political or military power as they can additionally contribute to the brand management.

### **3. Cognitive Components as Factors in Branding a Country – Iceland and Chile**

#### **3.1 Iceland**

In general, the strategy behind Iceland's brand is founded on cognitive factors, the nature and its resources as well as the people's culture of living.

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<sup>21</sup> Kesi , Tanja. *Country image and product brand image as a competitive marketing strategy factors*, op. cit., p.7.

Iceland's example illustrates the importance of both the basis for branding and the wrong perception Icelandic people had about themselves before the branding had started. Namely, according to a research about the rating of the nation among the Scandinavian countries and the OECD member countries which was conducted by Anholt in 2007<sup>22</sup>, out of 37 countries, Iceland was the 19<sup>th</sup> in popularity ranking.

These results "enlightened" the Icelandic authorities as they realized that the perfect image about their countries was in their imagination only. Subsequently, the Icelandic government started looking into the current state of affairs with respect of the country's image and possible ways to find a solution. Therefore, they appointed Anholt to conduct a research and to prepare a project to brand Iceland that would found the Icelandic brand in "clarifying certain aspects of the image of its people, i.e. nation".<sup>23</sup>

Anholt elaborates on its branding strategy claiming that when potential investors are about to decide whether to invest, their decision is not based solely on the economic factors. Rather, it is a predominantly emotional decision and it is determined by their perception and impression of the nation's image and reputation.

Because of this, Anholt suggested to the Icelandic authorities first to decide what investments should enter the country, and then the aspect of its image will be accordingly clarified. This was expected to influence the decision-making of future investors. Hence, according to Anholt, if Iceland decides to favor high-tech companies, then the aspect of the country's image regarding its relevant education and expertise will have to be clarified.

For this reason, the motto of the strategy for Iceland's branding was "The image should be of a trophy-wife and not a street-hooker"<sup>24</sup>, while the basis for branding was made up of three nuclei: energy, freedom, and peace, applied in four important fields: nature, people, business, and culture.

This strategy was developed based on previously obtained results concerning the country's existing image in coordination with the vision for the future of Iceland, based on actual potential. So, according to the creator of this strategy<sup>25</sup>:

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<sup>22</sup> <http://nation-branding.info/2009/04/01/branding-iceland/>

<sup>23</sup> Ibidem.

<sup>24</sup> <http://nation-branding.info/2009/03/25/brand-chile-10-point-action-plan-unveiled/>

<sup>25</sup> Ibidem.

- **Energy** is reflected on nature, since Iceland's nature is rich in green energy which can produce renewable energy. It connects with people who are ready and determined, and reflects on business and culture, since the Icelandic people are creative and productive.
- **Freedom** relates with nature by means of free and clean space. It is crucial to people since they are independent and business is not smothered in bureaucracy and corruption. It relates with culture too, as free minds create clean art.
- **Peace** has to do with preserving the environment which reflects on people as they create a safe society. The safe society is closely connected to business, culture, peace, and love of the Icelandic people.

Apart from the image it provides on how to create a brand of a country based on cognitive factors, Iceland's example sheds light on two important issues for any country that wants to start the process of branding:

1. A country's image does not reflect the original idea. It is not the fruit of some irrational perception or a reflection of the collective egoism. A country's image should be set on realistic unbiased research, as this is the only way to find out what exactly is needed for it to be improved.
2. The basis of branding must not be traced solely in our desire, i.e. what image we wish for our country, but in what we really are, what we can offer and accomplish, and what sets us apart from the rest.

Iceland's example shows that there is a real need to conduct marketing research when branding a country, especially when establishing the current image of the country and the foundation for brand building.

### **3.2 Chile**

Having assessed the importance and benefits of creating a recognizable image of the country, Chile's authorities set off with the brand building strategy by hiring the world-wide renowned authority in marketing, Simon Anholt.

The results from the research that was conducted so as to get a truthful idea of the current image of Chile before the branding starts showed that Chile is one of the many countries that have neither positive nor a negative image, rather a "weak" image.

It was an anonymous and uncompetitive country with over 200 companies on the market. Anholt used the results of the research as basis for acquainting the Chilean public with the significance of their country's image.

Chile's branding campaign was run with the motto: "As long as we are respected, we are rich. If we lose the respect, we grow poor." Anholt was inspired to use this motto from William Shakespeare's Othello<sup>26</sup>, especially from Iago's words addressed to Othello:

*"Good name in man and woman, dear my lord,  
Is the immediate jewel of their souls:  
Who steals my purse steals trash; 'tis something, nothing;  
'Twas mine, 'tis his, and has been slave to thousands:  
But he that filches from me my good name  
Robs me of that which not enriches him  
And makes me poor indeed."*

When developing Chile's branding strategy, Anholt used the results from the research according to which Chileans, unlike other people, have a strong feeling of national identity and this was considered an asset. The strong sense of national identity was the main reason behind the campaign's motto: "Chile is the best country in the region", whose purpose was to improve Chile's image.

When Anholt chose the strategy and the basis for Chile's brand, he was aware of the country's weak economic, military and political power, and that is why he opted for the cognitive factors, or Chile's nature and historic heritage.

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<sup>26</sup> <http://shakespeare.mit.edu/othello/full.html>

During the campaign, all participants were continuously instructed that the country should be presented as it is, not as they wish it to be. For this purpose, apart from the campaign's motto, the branding was marked by another slogan inspired by Socrates: "The way to a good reputation is to endeavor to be what you desire to appear." It is actually a rather risky statement, since one should not worry about one's reputation – it is superficial. One should think about reality because better reality earns better reputation. Reputation (or image) is the reflection of reality.<sup>27</sup>

### **Conclusion**

The advantages of a positive image and perception of a country by other developed countries have been long known and acknowledged. Many countries made an export story out of their way of life and set of values and won the global market. In the past few years we are witnessing many countries that start paying a lot of attention to their image. As a result, the positive image is no longer a privilege of the countries with economic, military, and political power.

Consequently, the brand of a country is now understood primarily as the way citizens perceive their country, and later those of other countries. A country's brand is a condition for its global success and development. For this reason, branding is an important process that takes years to the benefit of all.

Since image cannot be "created" but "earned", countries started selecting the elements for their branding very carefully. Thus, most countries present themselves to the international public in the light that makes them look most productive, starting from culture, art, customs, and lifestyle.

The national identity as the base for country brand building is a subject to change; it is not limited to the country's economic, military and political power. In the 21<sup>st</sup> century, the national identity is a mix of economic, military, political, ethnic, environmental, cultural, historic, and spiritual components.

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<sup>27</sup> Ibidem.

This understanding of national identity allows many countries without economic, military or political power to create a brand and image based on the affective and cognitive factors. Iceland and Chile are examples that clearly demonstrate the influence of the cognitive or perceptive aspect of nation branding visible in the national symbols, energy, freedom, and peace articulated through the country's nature and green environment.

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