Export flagships in branding small developing countries: The cases of Costa Rica and Moldova

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Abstract Compared to developed and larger developing countries, small developing countries (SDC) face additional challenges while forging their nation brand. They must thus find creative and cost-efficient ways to create, position and communicate themselves. The authors suggest that by focusing on an export flagship product, one that not only has commercial potential but that also truly symbolises the country, SDC can develop/enhance their country brands. The authors further suggest that this export flagship might be a local food as this is a strong conveyor of culture. By being symbolically charged, and assuming that they are functionally and experientially competitive, food products have a good chance of success. Beyond immediate commercial benefits, export flagships transfer positive associations to the country and might serve as a basis for developing a country brand identity. Not only will the country brand be enhanced, but positive associations redirected towards further country branding activities resulting in overall improvement.

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INTRODUCTION

Place branding has evolved and become increasingly important in recent years. National, regional and city governments around the world are embracing the concept in an effort to successfully face global competitive pressures (Kotler and Gertner, 2002). Thus, a marketing approach to place management is much adopted by necessity rather than choice. Marketing a country (and more recently branding a country) is often a little-understood panacea (Papadopoulos and Heslop, 2002).

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

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markets, attracting tourists and foreign direct investment. By creating and managing positive and consistent brands, developing countries are in a better position to accomplish their objectives (Papadopoulos, 2004).

Despite the benefits associated with place branding, it is still an extremely difficult proposition to accomplish. Government's short-term orientation, conflicting interests among stakeholders, lack of a centralised authority coordinating efforts and popular buy-in are but a few of the hurdles a place branding initiative must overcome (Anholt, 2005; Florek 2006). As if that were not enough, and unlike their first world counterparts, developing countries face additional challenges while building and managing their national brands. First and foremost, their governments tend not to have the necessary resources for an adequate branding programme. These are not only financial, but also human in the form of technical know-how. Secondly, the asset base with which developing countries count is far smaller and limited in range than that of developed countries. This frequently makes niche marketing the only road for them to follow. Even though this approach is much more effective in terms of positioning and requires fewer resources than a mass/general approach, it also demands an even greater marketing know-how which leads back to the lack of skills. Thirdly, developing countries simply do not have the international weight of their First World counterparts. Due to limited exports, political importance and media coverage, developing countries have a much smaller share of mind. Their unfavourable and/or weak image often undermines their attempts to place export products in international markets, attract tourists and foreign direct investment, and to attract and retain development factors, such as qualified professionals, among others (Papadopoulos, 2004). In sum, developing countries are at a major disadvantage from the very beginning.

So what branding options do developing countries, particularly small ones have? Given their limitations, small developing countries (SDC) must find innovative ways to create, position and communicate their national brands. The authors suggest that by focusing on an export flagship product, one that not only has commercial potential but that also truly symbolises the country, SDC can develop and/or at least enhance their country brands. The authors further suggest that this flagship export might be a local food as this is a strong conveyor of culture. By being symbolically charged, and assuming that they are functionally and experientially competitive, food products have a good chance of success. Beyond the immediate commercial benefits, export flagships will transfer positive associations to the country and might serve as a basis for developing a country brand identity. What is more, not only will the country brand be enhanced, but the positive associations will be redirected towards further country branding activities resulting in an overall improvement.

The present paper addresses the above proposition using Costa Rica and Moldova as examples. Being both SDC, but also quite dissimilar in their circumstances, the purpose is to show how this approach can be used across the board. The paper begins with a short description of both countries. Brief theoretical reviews of country of origin (COO) effect and the nature of products are then provided in the context of country branding process. As a consequence, the authors propose their Export Flagship Model. The next part of the paper discusses the viability of exports and food products as brand communicators, addressing consumer involvement in food purchases, particularly wine and coffee. The countries' exports, flagship products and flagship-country image fit are then discussed. The final portion of the paper addresses the implementation of the proposed approach and offers some conclusions and recommendations.

THE CASE OF COSTA RICA AND MOLDOVA

Costa Rica is a small Central American country located between Panama and Nicaragua. It was discovered by Columbus on his fourth and last

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voyage (1502). The territory received its name, Rich Coast, due to its supposed mineral wealth. Not meeting Spanish expectations, and lacking significant indigenous labour, it became a relatively isolated colony depending mostly on subsistence farming. Costa Rica became independent from Spain in 1821 and has been a republic ever since. In 1949 the country abolished its army, leading to peace and stability. While the rest of the region faced decades of turmoil in the form of dictators, civil wars and revolutions, Costa Rica continued with its democratic tradition and was able to invest heavily in infrastructure, education and public health. As a result, the country currently has one of the highest standards of living in Latin America (Biesanz *et al.*, 1999). Costa Rica currently occupies the 47th position within the Human Development Index, the fourth most developed country in Latin America (UN, 2005).

Moldova is a small landlocked Eastern European country between Romania and the Ukraine. During the Middle Ages it was part of the larger Principality of Moldova which also included parts of present day Romania. In 1812 Moldova was annexed to the Russian Empire. In 1918, after the First World War, it gained independence from the Soviet Union and reunited with Romania. In 1940, however, Moldova was re-annexed and broken up by the Soviet Union. The southern parts of its territory, which included vital access to the Black Sea, were taken away and given to the Ukrainian SSR. The landlocked rest became the Soviet Socialist Republic of Moldavia. After the collapse of the Iron Curtain, Moldova regained its independence in 1991. Moldova is currently transitioning towards a market economy and has made significant progress towards macroeconomic stabilisation. Structural reforms have been successful in creating a largely private economy, liberalising prices and attracting foreign direct investment. As a result, the economy has experienced a healthy growth since 2000 (MMCT, 2006a). Nevertheless, the country is still affected by 50 years of Soviet influence. The economy remains vulnerable to local and regional political pressures, as well as international prices, particularly fuel. Despite its progress, Moldova remains one of the poorest countries in Europe. Ranked at 115, its Human Development is also one of the lowest of the region (UN, 2005). Table 1 presents some characteristics of both these countries.

Image of Costa Rica and Moldova

The international image of a country is often based on commonly accepted stereotypes. These are often created and reinforced by the entertainment industry, media and even the country/region itself (Gertner and Kotler, 2004). Historically and quite understandably, COO and image research has focused on the more prominent regions, countries and products of the world. According to Anholt (2005: 3) 'only a limited number of these [SDC] have international brand images that are strong enough to be measured. Many haven't, because almost nobody apart from their near neighbours has any knowledge or opinions about them.' Because of this, little information is available on developing countries, particularly from Eastern Europe and Latin America. This, however, is slowly changing. As developing countries continue to grow in importance and international activity, research will increasingly include them. For example, the Anholt-GMI (2005) Q4 Nation Brand Index acknowledges the need to measure developing countries and thus includes Russia, Hungary, Czech Republic, Poland, Brazil, Mexico and Argentina, among

Table 1: Costa Rica and Moldova at a glance

	Costa Rica	Moldova
Area	51,100 km^2	33,843 km^2
Population	4.1 m	4.5 m
Language	Spanish	Moldovan
School enrolment	68%	62%
Adult literacy	95.8%	96.2%
Life expectancy	78.2 years	67.7 years
Human development	High: #47 0.838	Medium: #115 0.671
Unemployment	6.6%	8%
Inflation	13.8%	11.9%
GDP	$44.68bn	$8.175bn
GDP per capita	$9,606	$1,510

Source: CIA (2006a, b).

others. However, and despite their size, the index gives these countries the lowest brand ratings (Anholt-GMI, 2005).

Kotler *et al.* (1997) classify countries into eight strategic groups based on two dimensions: 'Level of Wealth' and 'Degree of Industrialisation'. Latin American and Former Socialists countries form two distinct clusters. Being very close to one another, the two regions are perceived as being quite similar. Both are considered moderate in terms of development and thus an average image may be inferred. Despite being a good starting point, the inference is based strictly on economic variables, which are not sufficient from a place branding perspective. Broader perceptions, beliefs and even the regions assets and possibilities, among others, need to be considered in order to obtain a more accurate image.

In the particular case of Central America, the region has traditionally been known for military coups, human rights violations, dictatorships, civil wars and revolutions. Even though things have changed substantially, the region is still perceived like this (Gertner and Kotler, 2004). Costa Rica's image does, however, seem to be better than that of its neighbours, being presented as 'Latin America's most stable democracy' (Kotler *et al.*, 1993), and as a 'Central American success story' (CIA, 2006a). Beyond words, the fact that for years tourism has been the country's most important industry (Biesanz *et al.*, 1999) and that in 2005 it received over 1.6 million tourists from all over the world (BCCR, 2006), the equivalent of a third of the country's total population, indicates that the country is indeed well known with a fairly good image worldwide. While Costa Rica does not fit the regional stereotype, it does not cease to be a Latin American country with its more ample associations and stereotypes. Furthermore, it is still a SDC at the mercy of regional and global forces and as such needs as much branding power as possible.

According to Mort *et al.* (1996: 32) 'consumers outside Eastern Europe are likely to know little about these countries and even less about their products'. Beracs and Papadopoulos (1990) state that the lack of detailed public information about former communist countries during the Cold War resulted in the stereotype that they are 'a uniform mass'. Ettenson (1993) agrees, saying that given the West's lack of experience or information, Eastern European and Former Soviet Republics are seen as homogeneous economic entities. Furthermore, the reasons for such Western perceptions are Eastern European countries' common Socialist ideology, collectivist/planned economies and the still prevalent 'us versus them' Cold War mentality. More recently, Western media has largely portrayed Eastern Block nations as depressed and struggling to fight their 'post-Communist plight'. Moldova thus falls into the Eastern European stereotype. First and foremost, it is unknown, thus suffering from a severe awareness problem. And as it becomes known, its image is immediately tainted by all the post Soviet associations. The good news is that even though consumers seem to know little about Eastern European products, they do seem willing to purchase them (Mort *et al.*, 1996).

Moldova's and Costa Rica's country brands

Costa Rica's national brand is based on its tourism positioning. The country portrays itself as 'natural', which is reflected by its tagline: 'No artificial ingredients' (Figure 1) (ICT, 2006). The rationale behind this positioning is Costa Rica's wealth in terms of nature: Its geographic location and rich ecosystems make Costa Rica the country with the highest biodiversity density in the world, hosting about 4 per cent of the world's plants and animals. Costa Rica is also known worldwide for its conservation efforts with 25 per cent of the country's area

Figure 1: Costa Rica's national brand

protected. Because of Costa Rica's natural beauty and unspoiled landscapes, the country is increasingly sought after by both researchers and tourists (ICT, 2006; INBIO, 2006). The 'no artificial ingredients' concept, however, goes beyond Costa Rica's immediate nature associations. It is meant to be extended to its people, culture, and way of life, portraying them as 'pure', 'unspoiled' and 'genuine'. It is also intended to tie in with other Costa Rican associations such as 'democracy', 'freedom' and 'peace'.

Moldova's hitherto brand positioning is based on 'comfort' and 'wholesomeness', as indicated by its tagline: 'Moldova, feel at home in the heart of nature' (Figure 2). While a start, the concept does not really address Moldova's different aspects, such as people, history or culture in a holistic way unifying everything under a common concept. In addition, the concept did not really differentiate Moldova, setting it aside from its neighbours (MMCT, 2005). In June 2006, at the First International Promoting Moldavian conference a new Moldovan brand concept was presented with the intention to change the country's positioning, from then on based on all that the country has to offer. The world is thus being invited to 'discover' Moldova's people, nature, history and wine, among others (Figure 3).

The new brand/logo is based on a 'cube' concept. The rationale being that just like with a cube that someone holds in their hands, the world will be inclined to visit this small and precious country to see what's inside (MEPO, 2006). Even though the new brand is a significant move forwards from what Moldova was previously using, it still has not been implemented. Based on the author's recent personal communications with Moldovan government officials, it seems that the new brand initiative has been unexpectedly placed 'on hold'.

Figure 2: Moldova's national brand

Figure 3: New Moldovan brand concept

COO: THE PRIMARY PHENOMENON OF COUNTRY BRANDING

The authors suggest using a flagship product because it makes countries' positioning less abstract and more tangible for the average person. It also offers the country the opportunity to be known for something specific and memorable. Finally, through the repeated use of the flagship product and prolonged exposure to its marketing communications, the country brand may be reinforced and enhanced. As Papadopoulos and Heslop (2002: 296) emphasise 'since products today can be made almost everywhere and have increasingly standardised core features, marketers often turn to country associations to differentiate their brands'. This relation is widely known as COO, also called the 'made in' concept. The COO was also extended to the context of country of design and country of assembly as a result of globalisation process and development of multinational companies.

A large number of publications have addressed the effect of COO on product perceptions. Papadopoulos and Heslop (2002) analysed over 750 major articles dealing with this, spanning the last 40 years. The relationship between food products and COO has, however, been studied on a very limited basis (Almonte *et al.*, 1995). Skaggs *et al.* (1996) agree that most of the COO studies in which food has been included suffer from methodological limitations. They, however, add that because of globalisation, food marketers are increasingly using COO to differentiate their products and that because of this food-related COO should be further studied. One of the newest contributions is provided by Tellström *et al.* (2006) who explain how local food culture might be used in branding of food products stressing their symbolic and cultural meaning.

Hong and Wyer (1989) offer four possible explanations of how COO information can affect product evaluation: it could (1) influence interpretation of other available product attributes, (2) provide a heuristic basis for evaluation without considering other attributes, (3) act as an attribute in itself, and (4) influence the attention paid to other attributes affecting their impact. As Ahmed *et al.* (2004: 104) state 'consumers make decisions about the quality of products based on a systematic process of acquisition, evaluation and integration of product information or cues' that can be intrinsic or/and extrinsic. The intrinsic attributes (related to the physical composition of the product) might include flavour, colour, materials, appearance, design and style, while the extrinsic product attributes might encompass brand, price, package, seller, warranties and COO. Consumers with no prior experience or knowledge of a product's intrinsic attributes (which is common in the case of products from SDC) tend to rely on extrinsic attributes when evaluating a product (Johansson, 1989). Zeithaml (1988) adds that it is often in the case for low-involvement products, because the cost of searching for intrinsic cues far exceeds the benefits. Verlegh (2001) suggests that the geographic component of country images (such as climate and natural landscape) influences consumers' beliefs toward food products from different countries, but does not affect beliefs toward technology-based consumer durables.

Two theories have been used to explain how product–country relations affect consumer behaviour: Han's (1989) 'halo' and 'summary construct' models. The halo effect appears when consumers are not familiar with the products of a country. In it, a product's quality is inferred from the country's image. When consumers are familiar with country's products summary construct model applies in which a country's image is inferred from product information (Ahmed *et al.*, 2004). As Mort *et al.* (1996) state, in this case, COO acts in a similar manner as a well-known brand name. The latter situation might be crucial in building a country brand on the basis of products originated from this country; however, first the familiarity with product/s becomes the necessary condition.

Roth and Romeo (1992) state that a desirable product-country fit is necessary to benefit from favourable COO effect. Ahmed *et al.* (2004) elaborate on this indicating that a country's image is not indiscriminately applicable to all products but favourably associated to certain products and negatively to others. Beyond product category, country image also fluctuates across countries (Papadopoulos and Heslop, 1993), consumer segment (d'Astous and Ahmed, 1995), nationality of subjects (Hong and Yi, 1992), product class involvement (d'Astous and Ahmed, 1992), role of ethnocentrism (Lantz and Loeb, 1996) and research methods and techniques used (Johansson, 1993).

COO might also determine a brand's desirability for symbolic reasons since products and especially brands often serve as symbolic acquisition and communication of social distinctions and particularly status (Douglas and Isherwood, 1979). These are all extremely important considerations for countries attempting to launch an export flagship.

COO AND FLAGSHIP PRODUCTS AS A SOURCE OF SDC BRANDS

Most of COO studies follow Han's (1989) 'halo' approach, in which product perception is determined by country image (Papadopoulos and Heslop, 2002). Han's (1989) reverse 'summary construct' process, in which the country image is determined by the image of its products, has, however, not been thoroughly analysed. Furthermore, none address, develop or at least describe the possibility of creating a country brand through the export of commercial goods. At the same time the terms 'flag products' or 'flagship products' are often used in the context of country brand communication and promotion (eg Anholt's Hexagon and Olins' Four Vectors constructs). While not explicitly addressing the issue of building the national brand through flagship exports, this possibility may be inferred from the work of some authors.

For example, Gnoth (2002) proposes a tiered branding model using tourist destinations as platforms to subsequently promote national products. Gnoth suggests successive stages in which the branding focus becomes increasingly wider, staring with the destination/attraction itself, going on to direct facilitators, indirect facilitators, and finally to nonrelated products and services. This model, although highly applicable for tourist destinations, does have some limitations in a wider context. Since it operates via tourists who are successively exposed to the different branding levels, it rests on the assumption that there is in fact already a destination with tourists visiting. But a country could still have potential export products without a tourist destination in place, such as in the case of Moldova. Assuming that the destination (and its offer) did indeed exist, and was even quite successful, the host country could have a strong export product not immediately related to the destination. In this case, the country could export, capitalising on its overall positive image, but not being directly linked to the tourism positioning. This would be the case of Costa Rica. Finally, the model is linear, meaning that it should be completed in successive stages. A country's nontourist-related products (fourth stage) might actually have the highest potential. Gnoth's model is a good starting point for further discussion with the potential to be expanded into a wider system with feedback loops.

Another example is of Janda and Rao (1997) who argue that a person's stereotype and beliefs may be represented as a hierarchical structure. At a generic level country image is made up of stereotypes which can then be progressively refined to contain typical product categories. Skaggs *et al.* (1996) support this view claiming that consumers have stereotyped images of a country's food products. Janda and Rao (1997) go beyond product categories and also include typical products (particular domain of a country), and particular brands in their hierarchy. Brands originating from a particular country thus create intangible assets or liabilities that are shared by brands originating from the same country.

This model can be reversed (briefly alluded to by Janda and Rao, 1997), expanded and used for place marketing purposes. According to this rearranged and expanded model (Figure 4), and what the authors are essentially proposing, consumer's positive brand opinion can be transferred upstream to influence the perception of product type, product category, and ultimately country brand image. Through multiple and consistent reinforcement, using export products, a national brand can be strengthened, modified and even created. Thus strategic commercial products might serve as a basis for building or at least enhancing a country brand.

According to John *et al.* (1998), flagship products (flagships) are those that consumers associate most with a brand. In the case of countries these are products (category, type or brands) that people associate most with a country (eg for Cuba it is cigars although sugar is its top export representing

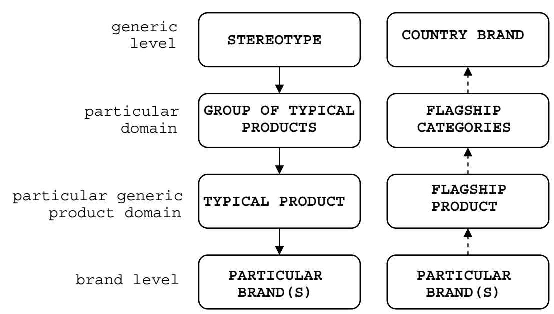

Figure 4: Influence of country stereotype on brands versus brands influence on country brand

about 35–40 per cent of total exports (USDA, 2006). According to Darley and Gross (1983; cited by Supphellen *et al.*, 2004), consumer's positive attitude towards flagships motivates them to selectively process information supporting the flagship. Jap (1993; citied in Supphellen *et al.*, 2004) found that consistent extensions may strengthen the parent brand. Morrin (1999) cited in Supphellen *et al.*, (2004) supports this view adding that extensions may also increase awareness. Finally, Supphellen *et al.* (2004) suggest that even advertising may transfer positive attitudes and beliefs upstream, from extension to product, flagship or even brand. This upward positive transfer has the potential improve, even revitalise, the upstream components. Therefore as country flagships' images improve, positive attitudes and associations will be transferred upstream improving the country brand.

Nature of products

According to Park *et al.* (1986), products satisfy customer's needs at three levels: functional, experiential and symbolic. Functional satisfaction is achieved through the product itself and derived from its intrinsic characteristics. Experiential satisfaction is accomplished through cognitive and sensual stimulation, perceived by the user in addition to functional benefits. Finally, symbolic satisfaction is achieved by addressing the user's internal need for enhancement, position, uniqueness or identification, which can be personal and social.

Brands offer different satisfaction mixes. While at a particular moment any of the product's three dimensions may be emphasised, it is the experiential and above all the symbolic levels that are the foundation for brand distinction and uniqueness. Basic ones, however, such as functionality need to be well established before superior ones, such as symbolism, are addressed (Gnoth, 2002). Kapferer (1992) agrees warning that a certain product quality, features and performance are required before experiential and symbolic overtones can be added. Furthermore, consumers will reject products regardless of their experiential or symbolic value if basic functional characteristics are substandard.

Just like conventional products, destinations also have functional and representational dimension which are increasingly used to express traveller's individual uniqueness and status. How fashionable destinations become is largely driven by their representational dimension (Caldwell and Freire, 2004). The authors argue that symbolic associations with the flagship product might enhance a country brand's representational level which is usually lacking in the case of SDC. Added benefits accompanying the product functional level and experiential one (like culture and tradition related to particular product) might be thus extended to more generic level which is the country as whole and could create the symbolic meaning of country brand.

Flagships as country brand communicators

The use of branded export products as a vehicle to build country brands is supported by the literature. For example, Kim and Chung (1997) argue that brands have an impact on the image of their respective countries. Papadopoulos and Heslop (2002) add that brand attributes can reinforce the country image. Gnoth (2002) states that particular products might signal benefits which in turn might be associated to the country brand. Tellström *et al.* (2006; citing OECD, 1995) indicate that products can be used to promote geographical areas. As already mentioned, exports are also a component of leading place branding models. For example, within Olins' approach to brand communication, exports would be one of his Four Vectors, the other three being FDI, tourism and foreign policy. Within Anholt's Nation Brand Hexagon, exports would be one of the Six Dimensions through which people perceive a country, the other five being people, tourism, culture and heritage, governance and investment and immigration. Finally, Anholt

(2006: 2) states 'Whether we like it or not, commercial brands are increasingly performing the role of transmitting national culture: they have become one of the primary vectors of national image, and are more and more often the means by which people form their views about national identity'.

Food products as DSC flagships

According to Harrison (2002), developing countries are looking for new models which provide economic growth while allowing them to maintain their indigenous culture. He adds that the export of local food, given its associated culture and tradition, might be an option. Verlegh (2001) suggests that the geographic components of country image, such as climate and natural landscape, influence consumers' beliefs toward products (especially food products) from different countries. Tellström *et al*. (2006) acknowledge that traditional foods have been used as vehicles to promote regional economic growth and agree that food is a key component in the communication of culture. If associated to a place, food will transmit the heritage and identity of its inhabitants. For expatriates food may be a source of national pride, while for former visitors to the region it might elicit memories of past experiences. According to Urry (2002), food and its associated culture can be used as a symbol, appealing to post modern consumers. He adds that food is an important communicator of culture and also a source for national identity as it contains place and heritage components. There seems to be a nostalgic idea regarding traditional food, which is perceived as having been 'of the past' or 'good and proper' (Gilg and Battershill, 1998). This represents an opportunity for developing countries to capitalise on consumers perceptions of them as being more old fashioned and thus more natural and wholesome. Anholt (2005: 147) coming from the consumer perspective argues that 'never before has there been such a vogue for the ethnic, organic and exotic. Consumers are also becoming more demanding about the authenticity of the ethnic food they buy rather than products with a manufactured spin'.

In the authors' opinion, food exports not only provide much needed income for SDC, but they help preserve local culture and satisfy consumers' demand. More importantly, given food's many associations, experiential nature and rich symbolism, it is a perfect medium for conveying meaning, creating an emotional bond and strengthening the national brand.

EXPORT FLAGSHIP MODEL

Based on the above discussion, the authors propose the following Export Flagship Model, as illustrated in Figure 5, that presents how commercial goods (in this case food products) might be a foundation for country brand development. The country brand is considered in three levels, similarly to traditional products' brands. To illustrate how the Export Flagship Model is applied, the Olins approach to brand communication was taken, which is based on four vectors: FDI, export brands, tourism and foreign policy. From a management/practitioner perspective, this model is relatively easy to design, implement and control.

The starting point (1) would be a suitable export product, either current or potential, selected from the country's export categories. After being properly branded, imbued with desirable national meaning and symbols, the product would become the country's export flagship, effectively conveying the country's associations to consumers. Given consumers' positive experience with the product, functional, experiential and symbolic, the product's associations would be transferred upstream (2). The positive associations would go from the brand, through product and category, reaching desired country image and therefore serve as a basis for developing the country brand. This feedback, however, would not consist of a single flow. Instead it would have three parallel flows, functional, experiential and symbolic, feeding each of the stages. Once the positive associations have been transferred to the COO, they would be retransferred to other country branding areas (3) according to Olins' model.

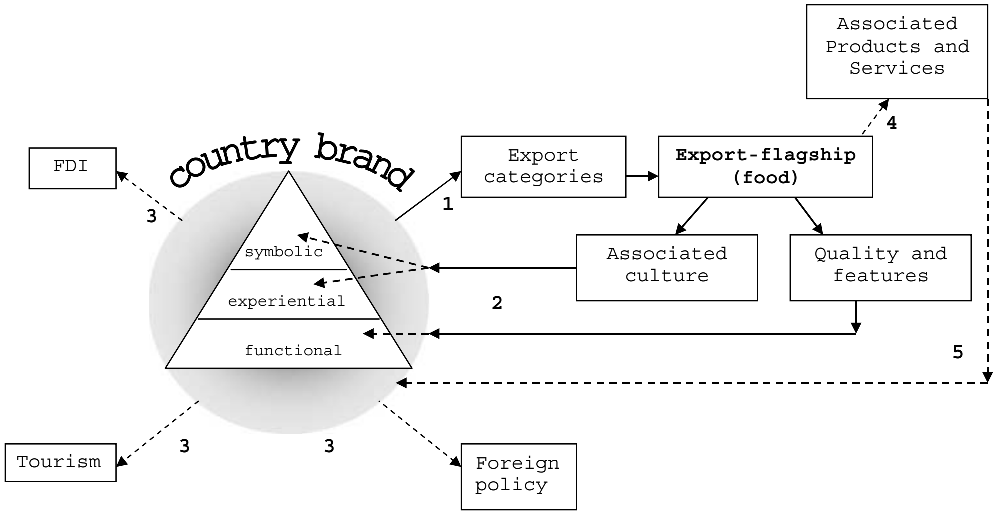

Figure 5: Role of flagship products in country brand creation

Thus, a feedback loop would be created to reinforce country and flagships mutually. After the export brand is established, and the export flagship has generated strong country associations, it may be extended through associated products (4). These will also follow the flagship's pattern (5) reinforcing the country brand. Similarly to a brand extension, a perceptual match between the primary and subsequent products has to occur.

Roth and Romeo (1992) suggest a framework which matches the importance of product category dimensions with the perceived image of the COO along the same dimension. They argue that these matches can be either favourable or unfavourable. The framework provides a set of guidelines as regards to in which products' categories COO might support their positive perception. A desirable product-country match occurs when important dimensions (features) for a product category (eg taste in case of food products) are also associated with a country's image and its perceived strengths (eg climate that influence food products' characteristics and quality).

Research conducted by Ahmed *et al.* (2004) indicated that a country may have positive COO perception for some products categories but a negative one for others. They present the case in which, despite generally poor country image, Colombia was the country that respondents were most likely to buy coffee from. They attribute this to South America's reputation as a source for coffee. Thus, Colombia might rank very high on coffee but low on other products. As Roth and Romeo (1992) conclude, if a country is perceived to have a positive overall country image and this image is important to a product category, consumers will be more willing to buy it. Thus, a fit between the product category and the country image is obligatory.

FLAGSHIPS FOR MOLDOVA'S AND COSTA RICA'S COUNTRY BRANDS

Consumer food involvement

The type of food chosen for branding purposes needs be carefully selected, balancing different requirements. The overall category needs to be important for consumers, having a high functional, experiential and symbolic value for them. The product itself must offer culture and tradition. But it should also be based on the country's capability, experience and specialisation in the area, ideally having a quality reputation. Wine and coffee satisfy the above requirements making them ideal for the task at hand.

Bloch (1986) and Goldsmith *et al.* (1998) cited in Lockshin and Hall (2003) conceptualise involvement as the interest, enthusiasm and excitement that consumers manifest towards a product category. They go on to suggest three dimensions of involvement: product, brand and purchase involvement. Food products tend to be classified as low-involvement or low-risk (Almonte *et al.*, 1995). For example, Ahmed *et al.* (2004) assessed COO effects on coffee and bread treating them as low-involvement products. Almonte *et al.* (1995), however, go on to suggest that it actually might be quite the contrary. For consumers, even though food might be financially low risk, as individual purchases are not expensive, it might be high risk in terms of safety, health, experience and even image. Likewise, global food marketers assume a fairly high consumer involvement in food purchases. In support of this conclusion they make reference to the high levels of food advertising and promotion dedicated to influence consumer behaviour. Skaggs *et al.* (1996) support this trend adding that consumer involvement in food purchases has increased even further due to the added risk induced by foreign origin.

Analysed strictly on its tangible characteristics, wine might appear to be a very simple product. It is actually quite complex, providing unique benefits to its different types of consumers (Edwards and Mort, 1991; quoted in Keown and Casey, 1995). Part of this complexity lies in consumers not being able to evaluate the product objectively. Because of this, consumers rely on both intrinsic and extrinsic cues to aid in the choice process (Lockshin and Hall, 2003). Keown and Casey's (1995) research revealed that after price, COO was the most important factor for those selecting a wine, with nearly 65 per cent of those surveyed stressing this feature. This is confirmed by Lockshin and Hall (2003) which list a number of European studies suggesting that COO is the primary implicit consideration in the decision-making process. Beyond COO, the wine's packaging contains other cues that influence wine's purchase, such as region, sub-region, vineyard, date, the grape variety or blend, producer or blender, style of bottle etc.

According to the Specialty Coffee Association of America (2006), consumers have become much more educated about coffee. Their increasing sophistication is driving markets in developed countries towards a wider variety of products and much higher quality. Furthermore, a coffee's origin, even when blended, is an increasingly important quality variable. Consumers have specific meanings, images and expectations of different coffee-producing countries and regions which they want reflected in their coffee. Since these origins are perceived as brands by consumers, and thus the country itself, coffee-producing countries and regions are protecting their names internationally through patents and trademarks.

These results support the notion that wine and coffee should be considered a fairly high involvement food product. As such they are ideally suited to transcend the functional and be imbued with symbolism and associations. They are thus suitable for branding, with the potential to elicit emotions and perhaps even a relationship. Furthermore, wine and coffee lend themselves perfectly as a transmitter of culture, with the potential to reinforce, but also even create, a country brand.

Costa Rica's and Moldova's exports

As of 2005, Costa Rica's exports totalled nearly \$8.6bn (PROCOMER, 2006). While they do cover a range of services, industrial products and agricultural commodities, they are not that diversified as the country's top 20 products accounted for nearly 73 per cent of revenues. Its top two products alone (tourism and computer chips) generated nearly 36 per cent of the country's revenue (BCCR, 2006; PROCOMER, 2006).

As of 2004 (no relevant data was available for 2005), Moldova's exports nearly reached \$1bn. While they do cover a range of services, industrial products and agricultural commodities, they are fairly concentrated within the agricultural sector. Moldova's top 20 products accounted for nearly 93 per cent of revenues. Furthermore, its top two products alone (wine and textiles) generated nearly 38 per cent of the country's revenue (MNBS, 2006b). As a side note, it should be noted that Moldova is struggling with tourism. The sector is not even within the country's top 20 exports. As of 2005, it received only 25,000 foreign tourists generating about $3m in terms of revenue (MMCT, 2005). Table 2 contains specific information on Costa Rica's and Moldova's exports.

Costa Rican coffee

Coffee was introduced to Costa Rica in the 1790s, not being much more than a botanical curiosity. After an unexpected independence from Spain in 1821, the new nation bet on coffee to fuel its economy and spur development (Biesanz *et al.*, 1999). The government heavily promoted the activity and encouraged coffee production by granting land, seeds and tax breaks. The country's moderate tropical climate, mountainous terrain and rich volcanic soils turned out to be ideal for the crop (ICAFE, 2006).

By the 1830s Costa Rican coffee started to be exported to England. On its way around South America, Costa Rican coffee was, however, repackaged in Chile and sold under the Valparaiso (Chilean) brand. Ironically, the country was not receiving the credit, nor most of the money, for its coffee. Not satisfied with this situation, efforts were made and direct exports began in 1843. By branding its coffee as its own, Costa Rica soon created a very positive country image in Europe and started branding the country internationally. This allowed it to depend entirely on coffee as its sole export product for the next 50 years. Exports (and national income) dramatically increased leading the country towards development and prosperity. The country's railroads, universities and its architectonic jewel, the National Theatre, may all be traced back to coffee (ICAFE, 2006; Biesanz *et al.*, 1999).

By the mid 1980s the importance of coffee had been reduced to 35 per cent of total exports and in 2005 coffee accounted for only 3 per cent (BCCR, 2006). The decline in coffee's relative importance was not due to a decrease in production, but rather the diversification of the economy and a large increase in 'non-traditional' exports. Today, Costa Rica is one of the world's smallest coffee producers. Despite exporting nearly 90 per cent of its production, it only supplies about 3 per cent of the world's coffee. Because

Table 2: Top 10 exports by value Costa Rica (2005) Moldova (2004) in millions USD

	Export products Costa Rica	Value USD/M	Per cent Part	Per cent Part	Value USD/M	Export products Moldova	
1	Tourism	$1,570	18.30%	22.00%	$217*	Bottled wine	1
2	Computer chips/parts	$1,482	17.30%	15.80%	$156	Textiles and Apparel	2
3	Textiles and apparel	$528	6.20%	6.90%	$68	Raw Hides	3
4	Bananas	$475	5.50%	6.60%	$65	Edible fruits	4
5	Medical equipment	$400	4.70%	4.20%	$41	Animal/veg fats/oils	5
6	Pineapple	$326	3.80%	4.10%	$40	Plant/veg/fruit preps	6
7	Coffee	$231	2.70%	4.00%	$39*	Un bottled wine	7
8	Medicines	$229	2.70%	4.00%	$39	Mech/elect machines	8
9	Prepared foods	$147	1.70%	3.10%	$30	Mineral products	9
10	Electronic equipment	$112	1.30%	3.00%	$30*	Bottled 'Divine'	10
	Top 10	**$5,500**	**64.20%**	**73.70%**	**$439**	**Top 10**	
	Others	$3,070	35.80%	26.30%	$546	**Others**	
	Total	**$8,570**	**100%**	**100%**	**$985**	**Total**	

Source: BCCR (Costa Rican Central Bank), 2006; PROCOMER (Foreign Commerce Promotion Agency), 2006; Moldova National Bureaus of Statistics, 2006a, b; *estimate based on 2005 percentages.

of its size disadvantage, Costa Rica focuses entirely on quality, targeting international gourmet markets. This is reflected by both industry standards as well as national laws: Costa Rica is the only country in which by law coffee producers must cultivate Arabica varieties. Cultivating inferior quality Robusta varieties would tarnish the national reputation (ICAFE, 2006).

Moldovan wine

Moldovan grapes go back to pre-historic times, having grown there naturally for millions of years (MMCT, 2006b; Wine Moldova, 2006). The country's moderate climate, rich soils and hilly relief, similar to those found in the best wine regions of France, are ideal for growing grapes (AllMoldova, 2006).

Moldova has a long winemaking tradition. About 5,000 years ago, the Dacians, Moldova's ancient inhabitants, started producing wine. Given its quality, it was soon traded becoming the source of pride and wealth for the region. During the first millennium BC, the Greeks established colonies in Dacia. They continued with winemaking and exported large quantities back to Greek cities (MMCT, 2006b; Wine Moldova, 2006). In the first century AD, the Romans also established colonies in Dacia. Their settlers introduced new grape varieties, added to the technical know-how and increased the region's wine output (AllMoldova, 2006; Wine Moldova, 2006).

During the Middle Ages, wine production was extensive in the Principality of Moldova. Some of the main producers were monasteries which used their wine for the Eucharist. In the 1800s, under orders from Tsar Alexander the First, French wine makers were sent to Moldova. They introduced western European grape varieties and industrial wine production was launched (AllMoldova, 2006). By the end of the 19th century, Moldova had become one of the largest wine exporters in the region (MMCT, 2006b).

Moldovan wine production reached its peak during the second half of the 20th century. By the 1960s total production had increased to 220,000 hectares (AllMoldova, 2006). Moldovan wines were exported primarily to the former Soviet Union, where they were considered among the finest (US Library of Congress, 2006).

Today, Moldova is one of the top 10 wine-producing countries in the world with about 142,000 hectares of vineyards and 180 processing plants. 85 per cent of its entire production is exported (MMCT, 2006b) generating about \$256m a year, or 26 per cent of the countries revenues (MNBS, 2006b). In 2005, 60 per cent of wine sold in Russia came from Moldova (Pravda, 2005). The presence of Moldovan wines in countries around the world, including traditional western European wine producing countries, is, however, increasing. This follows Moldova's quality grapes, modern production facilities and good quality wine (MMCT, 2006b).

Flagship-country image fit

Fit addresses the extent to which an export flagship reinforces the national brand and represents the country and its people. An export flagship does not necessarily have to be the country's largest or most modern export. What is important is that it is at least functionally standard, historically/culturally rooted, currently relevant, enjoys popular support, has a fairly high profile and has external demand. According to Papadopoulos and Heslop (2002), the product's attributes must reinforce the country image and thus products need to be selected according to competitiveness, uniqueness and desired identity. The selected product must also have a good story behind it to appeal to consumer's emotions and become personally relevant (Anholt, 2005).

Even though the relative importance of coffee has declined in relation to other export products (BCCR, 2006), Costa Rica is recognised internationally for its good coffee. Due to its medium body and sharp acidity, it is often described as being perfectly balanced (NCAUSA, 2006). Beyond its functional performance, coffee is a national symbol of which Costa Ricans are proud of, often hailed as the pillar of the country's national identity. Costa Rica coffee has a rich history behind it directly associated to widespread land ownership, the country's strong middle class and democracy. During the past 150 years, Costa Rica has also lived its brand, with coffee being an important part of everyday life. For example, school calendars were originally structured around the coffee harvest. This allowed students to pick coffee during vacations. As recently as the 1940s, public schools taught children how to read using coffee examples. 'Coffee is good for me. I drink coffee every morning' (Biesanz *et al*., 1999: 42). As can be seen, coffee is engrained in the national psyche with coffee drinking being an important part of the country's everyday culture.

It might be argued that positioning Costa Rica through coffee is a step backwards. By not emphasising its recent high-tech investments/capabilities (electronics, medical equipment, microprocessors and computer components) it would not be presenting itself as a modern nation thus limiting future FDI. Instead, it would be perpetuating the 'agricultural/underdeveloped' stereotype SDC so eagerly try to overcome. While a very valid point, and one that SDC should definitely take into account, it would actually be counterproductive for Costa Rica to pursue a modern/high-tech positioning as it would severely lack credibility. And as Kotler and Gertner (2002), and many others have pointed out, a place's brand must be based on its reality. While Costa Rica likes to portray itself as more developed than its regional counterparts, it still has serious infrastructure problems. So from a positioning perspective SDC need to keep their aspirations in check. Despite recent investments, Costa Rica is far from being in the same league as true high-tech giants, even contenders. Not only does it severely lack development, production capacity and infrastructure, but its 'industry' is centred on a single company. If Intel were to relocate, something not impossible in these globalised times, the country's high-tech industry, economy and its image, would be severely affected. With the above in mind, the country should not fight the coffee stereotype, but instead take advantage of it and actively use it within its branding. Not capitalising on the country's coffee reputation would be wasting valuable brand equity built up over the past century. Furthermore, coffee remains an important part of its people, culture and even landscape, making it an ideal 'soft' positioning vehicle.

Despite not being well known, Moldova has earned a regional reputation as a producer of fine wines. Domestically, it is the country's most important export product (MNBS, 2006b) and one of the largest sources of employment (MMCT, 2006b). Internationally, wine is a very high profile industry which enjoys a growing worldwide demand (Keown and Casey, 1995). Most importantly, wine is a genuine Moldovan product, having a long history and being deeply rooted within the country's culture. Home wine making is quite common in country villages. The Moldovan government has also instituted a National Wine Holiday, which formalises an old autumn tradition celebrating the grape harvest. Moldovan wine is sometimes represented by white storks, which according to legend saved the sieged Soroca fortress. White storks are also considered to bring good luck. Because of these associations, white storks are used by some of Moldovan winemakers as a symbol to promote their wines abroad (MMCT, 2006b).

Based on the above fit, the authors suggest that Costa Rica use coffee and Moldova wine as their export flagships.

IMPLEMENTATION OF EXPORT FLAGSHIP MODEL: POSSIBILITIES, DETERMINANTS AND LIMITATIONS

While the authors believe that developing a branded export flagship will help SDC to create and and/or strengthen their nation brands, it certainly should not be viewed as a panacea. Just like any other initiative it does require considerable time, effort and it is subject to difficulties. Since countries do not operate in a vacuum, and much of their success is determined by their competitor's actions as well as other environmental forces, they can expect to encounter obstacles along the way. Following are some of the issues that countries implementing the flagship approach should consider.

Country of origin

According to Hui and Zhou (2003), the application of a positive COO might be complicated, even impossible, if consumers are already psychologically attached to certain brands and/or countries of manufacture. This might be the case of US coffee consumers which will probably have a hard time parting ways with Juan Valdez (currently played by Carlos Castañeda; NFCGC, 2006). For almost 40 years, Colombia has done an outstanding effort branding its coffee in the US. Famous for his moustache, straw hat and mule, Juan Valdez's constant media presence (even in movies) has made him an international icon (NFCGC, 2006). Thanks to Colombia's asserted branding, Colombia became the largest coffee exporter to the US capturing over 40 per cent of the US specialty coffee market (Kotler and Gertner, 2002). On the other hand, Amine and Chao (2005) suggest that a country's image is not absolute, instead fluctuating over time. While Colombia's approach has worked in the past, coffee consumers have changed substantially over the last 40 years. They have become quite savvy regarding coffee and sophisticated in their tastes. Shying away from mass brands in favour of upscale ones, this new consumer might offer an opportunity for niche coffee producers such as Costa Rica.

Political factors

International business, including export, remains highly political. A country's products are prone to be banned, limited, taxed or boycotted at any time severely affecting sales, and within this context, branding. For example, for centuries Moldovan wine has had an excellent image, first in the Russian Empire, then the Soviet Union and more recently in Russia. In 2005, 60 per cent of wine sold in Russia came from Moldova (PRAVDA, 2005). In early 2006 Russia, however, placed an arbitrary embargo on Moldovan wine (Gilby, 2006). The ban was later extended to also include Moldova's brandies and sparkling wines. Even though Russian authorities claim that Moldova was failing to meet health and safety regulations, they have not proven the allegations. The ban has been denounced as both illegal and politically motivated. Observers consider it a measure to force Moldova into supporting Russia's entry into the WTO. It may also be seen as a Russian destabilisation effort to benefit Transnistria, a pro-Russian separatist province in Moldova (Burbidge, 2006). This would not be the first time that Russia tries to use a trade embargo for political purposes. In 2005 the Russian Duma requested that the country's government 'administer a severe punishment to Moldova' by banning wine and tobacco imports as well as imposing a visa regime for guest workers. (Pravda, 2005).

Competitors

According to the International Coffee Organization (2006b), even though coffee might seem like a fairly low profile, it is actually one of the world's most valuable and important agricultural commodities. It is second only to oil in terms of value and for many developing countries it represents the main source of employment, income and foreign currency. Furthermore (ICO, 2006a) in 2005, 120 million bags were produced around the world, and of these, over 86 million bags were exported, worth roughly $9.21bn. According to the National Coffee Association of the USA (2006) coffee is now grown along the entire Equatorial zone, in over 50 Latin American, African and Asian countries. Over the last several years, supply outpaced demand, as traditional grower increase output and new producers enter the market. Coffee is now largely commoditised with producers facing strong price competition ICO (2006a). Increased competition is sure to increase risk and reduce the already tight margins for supplier nations. As Anholt (2005) suggests, the answer for commodity-producing nations might lie in developing internationally branded products, ideally sustainable ones, with significantly symbolic values, through which they can differentiate themselves from their peers and appeal to first world consumers.

Internal cooperation

Ironically, one of the most problematic issues to resolve comes from within, not outside, exporting countries: cooperation among domestic flagship producers. As Papadopoulos (2004) emphasises, successful branding is contingent on consistency and clarity of brand promise and product delivery. Gnoth (2002), however, states that producers tend to be a heterogeneous group with different, often conflicting interests. He adds that because of mismanagement and lack of producer interest, participation and even defection are possible and that both product and marketing communications are likely to be inconsistent, thus diluting the brand. To illustrate, only seven of Moldova's top 50 wine producers assisted the Promoting Moldavian Conference despite having been invited. This figure, added to the fact that there are over 250 Moldovan wine producers, indicates how fragmented the country's wine industry is and how low the level of cooperation is likely to be. In the case of Costa Rica, fragmentation might be even worse since coffee is typically produced by small land owners. To overcome this problem, common product and communication standards need to be devised, as well as good incentives to induce participation and compliance.

Market scope

The authors agree with Papadopoulos (2004) who suggests that small and developing countries, given their limited assets, strengths and media exposure, focus on niche markets/segments. Only after product and brand awareness have been successful, should they expand and target other segments. In the particular case of wine, McKinna (cited in Keown and Casey, 1995) identifies four types of consumers: connoisseurs, aspirational drinkers, beverage wine consumers and new wine drinkers. Moldova's producers should thus decide which segment(s) to initially focus on (thus raising and awareness and recognition) and develop an appropriate growth strategy.

Product competitiveness

Mort *et al.* (1996) warn that since Eastern European countries are nascent and evolving, their image will be greatly influenced by consumer's direct product experience. Initial product experience thus needs to be positive, meaning that it has to be ideally superior to what consumers would have otherwise experienced through traditional brands. A negative experience is likely to have severely detrimental consequences, reinforcing negative product and country stereotypes. The authors strongly agree with the importance of product quality, particularly for SDC which need to prove themselves internationally. Even though experiential and symbolic elements are important, functional quality is the base for international success. Producers in SDC thus need to carefully monitor product quality and competitiveness according to their chosen segment's requirements. Both SDC studied have achieved good functional quality in their flagships: Moldova in wine and Costa Rica in coffee. 'Good' is, however, not enough. Both countries must strive to become world class, respectively comparable to the best wines and coffees, if they intend to base their national brands on these products. Very often consumers and importers base their decisions or rankings and awards. Both countries should thus make it a point to target the most respected rankings and awards in the world and consistently figure among top producers in terms of quality. This not only requires strict production standards, but also effective marketing communications and PR initiatives, all closely integrated.

Marketing communications

SDC tend to have weak and/or negative country/product images. Marketing communications, in conjunction with export flagships, are critically important to help build awareness and favourable perception. Even though SDC are likely to have very limited budgets, making large-scale advertising and promotion impossible, they still can be creative and effective. For example, SDC could adopt a grassroots or viral communication approach taking advantage of today's relatively low cost media, technology and mobile communication trends. The internet in particular provides a myriad of opportunities. Websites, not only addressing flagship products but also the country brand, among others, allow consumers to cost effectively be informed, entertained and ultimately influenced. For example, Keown and Casey (1995) indicate that word of mouth was most likely to influence consumer choice of wines. Knowing this would allow Moldova to strategically target opinion leaders and use them as the foundation for a worldwide viral branding initiative. It is in marketing communications that the experiential and symbolic product attributes become so important. Countries need to transcend the functional and start building emotional bonds, even relationships with consumers. In essence, they need to start branding. This is not only done through creative advertising but means adopting a holistic approach in which everything, from product and packaging all the way to spokespeople are carefully integrated.

Product extension

Directly related to a country's growth strategy are its brand extensions, specifically, which products the country intends to launch in order to complement the flagship. For example, Beverland (2000 cited in Lockshin and Hall, 2003) suggests that wine tourism provides the opportunity to build a brand loyalty. The authors agree with this approach as it extends both the experiential as well as symbolic product components. On one hand tourists will be able to see, hear, feel and even taste the product origin. On the other hand, learning about where their product comes from, who makes it and what it stands for will take the brand's symbolic meaning to a whole other level. This will certainly allow for brand differentiation and as Lockshin and Hall (2003) suggest, perhaps even a long-term emotional connection with the brand/country. Beyond the immediate product associations, and as Gnoth (2002) suggests, tourism is a good platform for exposing and branding other country products. Both Moldova and Costa Rica are already implementing product-related tourism. Moldova has several 'wine routes' which take tourists to different regions allowing them to experience wineries and other attractions. They are also used as a platform to promote other wine-related products such as their 'Divine' wine-based liquor (MMCT, 2006b). Costa Rica has several 'Coffee Tours' in which tourists learn about coffee history, visit plantations and processing facilities. They are then introduced to related products such as coffee liquor, chocolate-covered coffee beans and even oxcarts (Britt, 2006). Such extensions (very close from the start) are in the same time excellent basis for 'experiencing' the country flagships.

CONCLUSION

There is no doubt that country branding is increasingly important in today's globally competitive environment. Despite the associated challenges, it is something that SDC cannot afford to ignore. Their often unfavourable images and positions, coupled to their lack of resources, require them to devise new and creative ways to develop and enhance their national brands. 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 symbolise it (Papadopoulos and Heslop, 2002). In addition, the fact that consumers around the world tend to base their country images on stereotypes, generalising from a limited number of experiences and observations, gives SDC an area to exploit. Among different sources and stimuli, export flagships might be efficient way to start the holistic branding process.

The benefits that the reversed approach to COO and related export flagships give, might provide a platform for increasing SDC awareness and familiarity. Finally, they may constitute a basis for building the country brands. Country's flagships, however, need to be historically rooted, associated with local culture, currently relevant, functionally adequate and have to enjoy popular support. They must appeal to consumer's emotions. The proposed Export Flagship Model suggests that food products, which fulfil the above prerequisites and thus work on all branding levels, serve as adequate product categories in the case of SDC. Relevantly chosen country flagships are able to transfer positive associations to the country. What is more, the positive associations might be redirected towards further country branding activities resulting in an overall improvement.

Since country image is not constant, current perception is not the final one. Therefore countries, even if small and developing, should undertake efforts to create, modify and enhance their national brands. Among different sources and stimuli, export flagships might be efficient way to start the holistic branding process.

In closing, the authors hope that the above information has proved useful to practitioners, particularly those in developing countries. From an academic perspective, the authors acknowledge that the present paper is merely the starting point for further discussion and stress the need for research in each of the different touched upon areas.

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