Branka Novčić Korać[1]*, Branislav Miletić[2]
[1]University of Belgrade, Faculty of Organizational Sciences, Serbia
[2]Horwath HTL, Belgrade, Serbia

Differential advantages of Serbia – internal and external perspectives

Abstract: Research question: This study examines differences and similarities in internal and external perception of differential advantages of Serbia, seen through the eyes of internal (Serbian nationals) and the most important external stakeholders – business class in Italy, Austria and Slovenia. **Motivation:** The purpose of the paper is to discuss the concept of place and nation brand, and to analyse attributes which make the place unique and differentiate it from rivals. **Idea:** The core idea is thus to gain, from internal and external perception, the list of unique attributes that distinguish Serbia from other countries in the region. **Tools:** Qualitative and quantitative research combined with semantic and sentiment analysis revealed the existence of certain similarities and differences in both perceptions. **Findings:** People and unique Serbian mentality were recognized as the greatest differential advantage of Serbia, but also some negative attributes appeared such as war legacy in external perception and internal problems in internal perception. **Contribution:** Empirical evidence proved the presence of matching differential advantages in both perceptions and pointed to the necessity of applying a strategic approach in managing perception of Serbia.

Keywords: differential advantages, nation branding, external and internal perception, stakeholders, Serbia

JEL Classification: M3, M39, Z18, C83

1. Introduction

One can often see promotional ads calling you to visit, study, and invest in a place. So how is one place unique and different from another? Sometimes you are probably wondering how the sky is a bit bluer in Australia. Or how food is tasting so delicious in Italy. Or why is someone dreaming of studying in the UK? And what makes the Silicon Valley soo fruitful for young entrepreneurs? In most cases, places like this have invested great effort, knowledge and resources to find differential advantage which will make them thrive by applying what we today call place branding practice.

Traces of place branding can be observed in examples of almost all big empires who played an important role in the history of humankind. From ancient Greece and Rome, major European kingdoms in the Middle Ages, to bourgeois France, Nazi Germany, the Soviet Union – almost every country went through some kind of branding or image changing in its past. One of the main reasons why brands have an important integrative role in making places unique is because "the core of the brand is culture and the people who live and create it". Sometimes it is easy and obvious to find one or several features that will differentiate a place, but other times attributes or associations to a place are already given. Most commonly associations to a place are inherited from generations before and influenced by major events in a nation's/country's history. In the case like this brand perception is already created through years of good or bad business, and you cannot do much. The process of developing a geo brand, closer nation, region, city or a tourism destination brands, is even more complicated due to the question of perception ownership. When it comes to place brands, the ownership is waste and every person that is born, lived or travelled to a place, becomes a partial perception owner. Hence it is not up to branding consultancy or a group of experts/investors to decide on their own what makes a place unique. Most often the place already possesses differential advantages, which makes

it unique for years, decades or centuries and you need to dig deep, analyse different perceptions in search for unique features of a place.

In order to provide better understanding of depth and complexity of branding practice application to a geographical location, this paper will focus on two concepts: place and nation branding. By presenting these concepts, authors will attempt to clarify differences and relationships among them. But the main aim of the paper is to explore and analyse key attributes – differential advantages which make a place, in this case nation stand out among rivals. It is in the case of Serbia that authors wish to present research insights regarding the current internal and external perception of a nation's differential advantages.

2. Place Branding: Overview and Link to Nation Branding

It follows from the above that place branding is present in the history of almost all states throughout the world. When compared to the practice back then, the only thing that has changed in today's place branding is the way it is implemented and the terms that are used, but the approach has, in fact, remained the same. Creating, managing and improving a place image, identity and reputation have remained to be the imperative of every place. For the last 30 years the topics of place marketing and place branding have sparked the interest of many researchers and practitioners. Similarly to companies searching for ways to gain control over limited resources and secure their position in an increasingly globalised market, places are fighting the same battle. Place branding is defined as an umbrella concept ranging from nation, region, cities to tourism destination. The application of branding was found to be very successful in case of: nations/countries such as New Zealand, Spain or Poland; regions like Wales, Montana and Tuscany or cities like London, Madrid or San Francisco.

In order to understand the relationship between place and nation branding, it is essential to explain the process and the effects. Zenker and Braun (2010) define the process of place branding through creation of network associations in the minds of target groups "based on the visual, verbal, and behavioural expression of a place, which is embodied through the aims, communication, values, and the general culture of the place's stakeholders and the overall place design". The effects of place and nation are different and often misunderstood. In order to clarify the difference, Novcic Korac and Segota (2017) summarized that place branding is focusing on improving the image of a place in general, while nation branding focuses on „creating a positive image of a nation investment-wise, export-wise, employment-wise, and tourist-wise". Therefore, it could be said that place branding encompasses nation branding.

2.1 Conceptualizing Nation Branding

The most intriguing and complex part of place branding is the application of the practice to nations. Today, more and more governments are turning to marketing and branding techniques to highlight differential advantages of their countries and nations over their closest rivals. As a result of the fierce competition and fight for investment, tourists, exports and talents, there has emerged the concept of nations as brands. The field of nation branding is very dynamic and attractive for academic researchers, practitioners and politicians alike. In contrast to the practice where there are many activities and initiatives for nation brand development and management, there is a small number of research works and insufficient literature on the topic, which makes the field even more interesting. One of the main reasons for insufficient academic literature in the field of nation branding is the complexity of the concept: a large number of engaged stakeholders, the inability to implement conventional branding and marketing strategies, and the fact that this is a highly politicised topic. Another reason lies in the fact that nation and country (re)branding is most often caused by major social and political changes such as the collapse of previous states, wars, emergence of new ideologies and the rise of new rulers.

The origin of nation branding can be found within four fields: export branding, place branding, political branding and culture branding. Nation branding is described as a comprehensive branding strategy for creating the so-called umbrella brand stretching over several sectors (tourism or export) and building up a nation's competitiveness (Anholt, 2007; Fan, 2006; Hanna and Rowley, 2010). Various authors hold different views on manifestations of nation branding, and this is mostly the reason why the wider public does not quite grasp the concept. Fan (2006) states that nation brand does not present product in a traditional form and does not offer tangible products and services, but rather consists of many associations such as: place, natural resources, people, history, culture, language, political and economic system, social institutions, infrastructure, celebrities, design, etc.

Essentially, the nation branding strategy is directed at all levels of society, mainly citizens, with an idea of harmonising and communicating a unique nation-brand identity. The author further notes that the key aim of nation branding is to create a clear, simple and differentiating idea, based on emotional values, which can be symbolised visually or verbally, in communication with various target audiences in different situations. The leading authors in the field agree that one of the main goals of nation branding is to promote and improve the image, which requires a long-term and consistent strategy. The aspect of the long-term is a particularly important aspect, as it can take 10-20 years to implement a nation branding strategy and see its first effects.

The concept of nation branding is today primarily applied to improve a nation's image, through communication of unique elements and advantages of its national identity. The author highlights nation branding as a simple way of communicating national interests by creating a unique nation branding platform aimed at internal and external stakeholders alike. Although nation branding can seem to be a concept aimed at improving the image externally, the most significant dimension of this concept is national identity and the communication of the concept internally. External audiences cannot create an image of a nation as they would like to. The image of a nation is built around perceived national identity that its domestic public – nationals – the nation, communicate externally. However, for a nation to change its image, it first needs to change its behaviour and to inform people across the globe about the changes, because the image will not change straight after the changes in reality. The only way for the nation to achieve a better reputation is to search for and communicate its positive and affirmative characteristics (differential advantages) to both internal and external public.

2.2 The History of Branding Serbia

Since the middle ages Serbia was mostly part of some larger state entity. First it was part of two large empires: the Ottoman and the Austro-Hungarian (Hall, 2002), afterwards it was part of the Kingdom of Yugoslavia (the Kingdom of Serbs, Croats and Slovenes) and various forms of the Republic of Yugoslavia (Popesku et al., 2010). As a consequence of the turbulent political and social past, over the course of almost a century, Serbia changed its name several times until in 2006 it declared independence and became known as the Republic of Serbia. As Novcic and Stavljanin (2015) state, "the newly-formed state of Serbia restored the name last time used during the time of the Kingdom of Serbia and simultaneously launched the process of seeking the identity of the nation". It is the identity of the nation which was subordinate to the identity of the bigger community in the time of Yugoslavia or even forgotten during Ottoman and Austro-Hungarian rule. But like many ex-Yugoslav countries who became independent, Serbia was faced with a serious challenge: how to alter a negative perception, position the country, and find differentiating attributes which make a nation unique.

Namely, Serbia was facing a rough road toward improved international image and position. The main problem was poor recognisability worldwide and negative perception of the nation. This was mainly caused by the legacy of the past which was marked by dynamic, historical, political and economic changes, the civil war during the 1990s, international sanctions and NATO bombing (Hall, 2002; Popesku et al., 2010; Kanaeva, 2012: 213). All this resulted in the creation of an external perception of Serbia as "a bad guy" (Novcic and Stavljanin, 2015). Popesku et al. (2010) pointed out that Serbia was troubled with another, greater problem internally: "its citizens had unclear, inconsistent and somewhat confusing perceptions of Serbia's identity". Therefore, dealing with the national identity internally and finding differentiating attributes which present Serbia as unique externally, became some of the most important issues of the young state. Seeking and recognising a somewhat forgotten identity of the nation meant a departure from the legacy of the past, Yugoslavia and a return to the roots, history and tradition. It is in exactly this period that nation branding began to be recognised as a way to improve the tarnished image and forgotten identity of Serbia. Hall (2002) notes that in the 1990s, the ethnic identity was used in Serbia as a tool for seeking a national identity, and often with a political purpose. Further on, Novcic Korac and Segota (2017) sumarize all branding initiatives that were initialized by Serbian state entities in the period from the late 90s till today. Authors highlight that for a very long period of time all branding initiatives relied on presenting Serbia as a desirable tourist destination and were focused on destination branding rather than nation branding. In this period the National Tourism Organization of Serbia (NTOS) was in charge of every branding project in the country. But the first initiatives concerning the topic of nation branding emerged after 2006 when Serbia became independent (Kanaeva, 2012). This year was a milestone for Serbian government who, for the first time, approached nation branding on a strategic level. As a result, the Council for the Branding of Serbia (hereinafter the Council) was formed with the main goal to develop a nation branding platform. By initializing the Council, the Serbian government recognized nation branding as a more important tool than destination branding in improving international position of the country. However, the work of the Council was brief and did not result in desired outcomes. Thus, all following branding initiatives have returned to presenting Serbia as a tourist destination

and fall back on NTOS (Novcic Korac and Segota, 2017). What is even more important, none of the initiatives focued on nation or destination branding produced any tangable evidence nor market research results on what makes the brand of Serbia unique internally or externally and what are Serbia's differential advantages.

Therefore the main research question in this paper will be: *Are there differences and similarities in internal and external perception of differential advantages of Serbia?*

3. Research Methodology

The inspiration for theoretical bases of the study were found in the works of Risitano (2005) who offered a comprehensive destination branding model and Popesku et. al (2010) who proposed tools for analysing differential advantages of a destination brand. For the purpose of investigating external and internal perceptions of Serbia's differential advantages, a combination of qualitative and quantitative research techniques was applied. outlines that the greatest benefit of the results obtained by qualitative research can be observed on large samples where the plenitude of data can fully be grasped. On the other hand, points out qualitative research as particularly suitable for discovering different types of brand associations. The author continues by stating that one of the ways to determine the uniqueness of brand associations is by asking respondents to name associations by which one brand is different from other brands and/or competition. Therefore, qualitative data were grouped in accordance to corresponding association and transformed to quantitative data. The quantitative research method has enabled precise and consistent data interpretation. The question which was analysed in the paper was an open-end question where participants were asked to state three things that differentiate Serbia from the countries in the region. The question related to differential advantages of Serbia is part of a bigger, ongoing research that investigates internal and external perceptions of Serbia as a brand. The focus of the external part of the research was on the most important external stakeholder of Serbia, business class in Italy, Austria and Slovenia, whilst the internal part targeted members of the Serbian nation. The basic criteria for the selection of the three countries mentioned above were: the number of foreign direct investments in Serbia, economic relations (value of exports and imports), business cooperation (number of foreign companies operating in Serbia), frequency of visits, historical, cultural and social connections (Konecnik, 2010). According to the official data obtained from the Chamber of Commerce and Industry of Serbia (Casopis/Magazine Korak, 2013), around 500 Italian companies operate in Serbia. Only in the first half of 2014 Italy was Serbia's number one trading partner, first by exports ($ 1,432 million) and second in terms of import ($ 1,233 million) (PKS Milano info, 2014). On the other hand, Austria is the largest single foreign investor and the second by the number of companies (about 400) that directly or through the representative office operate in Serbia (SIEPA, 2014; PKS, 2015). Italy, Austria and Slovenia are the three leading partners of Serbia by the number of projects as well as by value of investments (SIEPA, 2014; Chamber of Italian-Serbian businessmen, 2015).

External and internal research on perception of the brand of Serbia was carried out in four countries, during three and a half years from October 2011 until April 2015. For conducting the study a uniform, online questionnaire was created and, in Italy, Austria and Slovenia, questionnaire was translated to official language of each country, respectively. The total number of collected responses was 4,656 out of which 4,350 valid (93.4%): external research 2,700 (Italy N=322; Austria N=314 and Slovenia N=2063) and internal research 1,650 (see Table 1 for demographic profile of all samples). The combination of convenient and snowball sample was used in the study.

Table 1: Demographic profile of samples in Italy, Austria, Slovenia and Serbia

	ITALY		AUSTRIA		SLOVENIA		SERBIA	
	%	Frequency	%	Frequency	%	Frequency	%	Frequency
Gender:								
Male	75.5	243	61.5	195	60.1	1239	31.6	521
Female	24.5	79	38.5	122	39.9	824	68.4	1129
Employment:								*
Employed	79.5	256	89.3	283	54.5	1125	54.1	892
Entrepreneur	9.9	32	6.0	19	40.4	833	5.0	83
Freelancer	10.6	34	4.7	15	5.1	105	4.4	72

	ITALY		AUSTRIA		SLOVENIA		SERBIA	
	%	Frequency	%	Frequency	%	Frequency	%	Frequency
Education:								
Primary school	.3	1	1.0	3	.2	4	.1	2
Secondary school	2.5	8	7.1	22	22.2	459	15.5	225
Business school (4-5 years)	20.8	67	15.2	48	8.5	176	9.5	115
Undergraduate	40.5	130	24.9	80	54.8	1130	48.6	802
Postgraduate (master/PhD)	36.1	116	51.8	164	14.2	293	26.4	436
Age:								
	$\dot{x}$ =40.6, Mean=39.5, Modus=29, σ=11.4, Xmin=23 Xmax=73		$\dot{x}$ =41.35, Mean=40, Modus=35, σ=43.86, Xmin=22, Xmax=74		$\dot{x}$ =43.4, Mean=40, Modus=40, σ=10.4, Xmin=23, Xmax=71		$\dot{x}$ =31.7, Mean=29, Modus=30,σ=43.86, Xmin=19, Xmax=76	

External research participants in Italy, Austria and Slovenia were informed about the survey via social media and mailing lists. The survey was advertised on professional networks such as LinkedIn and within professional business groups. Of great importance in conducting the research in Italy, Austria and Slovenia were the contact lists obtained from the consulates and economic attachés of the Embassy of the Republic of Serbia in these countries. As a result, the research was supported by the Embassy of the Republic of Serbia in Italy and Austria, which gave significance to the research and contributed to greater response rate. Contact lists provided by the Embassy of the Republic of Serbia in Italy and Austria were made up mostly of companies that are already cooperating with Serbia, companies that have opened offices in Serbia and companies which are planning to relocate or expand to Serbian market. The research was also supported by the Chamber of Commerce and Industry of Serbia, the Austrian Chamber of Commerce in Serbia, as well as by the Austrian and Italian Chambers of Commerce. The research among internal stakeholders was carried out via the Internet and the call for participation in the survey was advertised through social media. Potential participants were also informed about the survey through companies' mailing lists and professional associations, whilst the call for participation was advertised on influential blogs and forums. The research sparked a lot of interest and positive comments from general public because it was exploring the topic of branding Serbia.

4. Findings and Discussion

Based on the foregoing, the main goal of the paper is to identify unique, affirmative differential advantages of Serbia which are matching in external and internal stakeholders' perception. In the first step of qualitative analysis, responses from internal and external stakeholders on the differential advantage of Serbia were separately analyzed. By applying descriptive statistics it was possible to group raw, open-end answers according to related topics as well as to conduct a semantic analysis of obtained answers. After grouping, responses were categorized in relation to the frequency of appearance and a corresponding rank was assigned to each category (see Table 2 and 3). In the part of external perception analysis the procedure was repeated in the same manner for samples in Italy, Austria and Slovenia. In the next step of external analysis matching differential advantages were identified within all three samples and based on average values of aggregated, matching, individual ranks, new ranks were assigned to each category (see Table 3). In this way a unique list of Serbia's differential advantages perceived by external stakeholders was obtained. Within the final step, the obtained external and internal differential advantages of Serbia and corresponding ranks were compared and a final rank list of Serbia's differential advantages was made (see Table 4 for more detail).

4.1 Differences in Perception

The analysis of gained results pointed to the existence of certain differential advantages of Serbia which are recognized and highly ranked only by external stakeholders – such as "Language and alphabet" and "War legacy". highlight that the legacy of the conflicting past that the country was involved in most often brings negative associations to a place for a long period of time. Further on, a sentiment analysis was applied in order to understand the meaning and emotions behind differential advantages and it was concluded that

"War legacy" is perceived as differential advantage with strong negative sentiment among external stakeholders, whereas sentiment analysis has shown that the Serbian language and alphabet are perceived neutrally or positively as *different*, *interesting* and *strong*. The Serbian alphabet was presented through dual alphabets that are in use – *Cyrillic* and *Latin*.

On the other hand, internally, Serbia is recognized as unique by some other differential advantages that do not appear in external perception, such as: "Geographical location", "Good fun" "Hospitality" and "Belgrade". When it comes to "Geographical location", Serbia is described as *favourable*, *central* (in regards to the Balkans), *between the East and West*, *bridge of the Balkans*, *regional centre* and *traffic crossroads*, all with a strong positive sentiment. Serbian nationals also emphasised Serbia as a place where one can have "Good fun". *Great night life*, *good but affordable fun* and *celebrations* are just some of the strong associations with a positive sentiment picturing good fun. And lastly, the analysis of internal perception referred to "Hospitality" as another differential advantage of Serbia which did also appear in responses from Slovenia. In both samples (Serbia and Slovenia), the hospitality of the Serbian people was emphasised as one of key advantages and some additional attributes were added, such as *openness*, *kindness* and *homely place.* Although "Belgrade" is the lowest ranked advantage, it is the only specific place association in the list and is exclusively associated to Serbia. The main attributes of Belgrade are *capital of Serbia* and *metropolis of the Balkans*, but also some landmarks are highlighted, for example, *Kalemegdan*, *confluence of the Sava and Danube* and the *Avala tower*.

In addition to positive differential advantages, internal stakeholders also underlined some negative associations by which Serbia stands out in the region – "Internal problems" and "Bad politics and governance". It is not surprising that these associations are present only in internal perception, because Serbian nationals are the ones living the daily reality and facing day to day problems so they know the situation from the first hand. Therefore, they stress out many "Internal problems" as unique only for Serbia: *backwardness*, *collapsed value system*, *underdevelopment*, *unemployment*, *poverty*, *corruption*, etc. Serbian nationals have a strong negative sentiment toward "Bad politics and governance" describing it through *bad and rotten politicians*, *strong political polarization of the society*, *theft*, *bad image*, *poor governance* and *public policies*.

Table 2: Serbia's differential advantages by country – external perception

ITALY		
DIFFERENTIAL ADVANTAGE	%	RANK
People and mentality	13.3	1
Business potential	8	2
Culture and tradition	7.1	3
Religion	6.5	4
Language and alphabet	5.6	5
Natural resources	5.0	6
Geographical position	4.0	7
History	3.7	8
Sports	3.4	9
Food and beverages	3.1	10
War legacy	2.5	11
Social problems	2.2	12
Educational system	1.2	13

AUSTRIA		
DIFFERENTIAL ADVANTAGE	%	RANK
People and mentality	12.9	1
Food and beverages	7.6	2
Sports	6.0	3
Business potential	5.2	4
Natural resources	5.0	5
Culture and tradition	4.7	6
Politics	4.4	7
Belgrade	2.5	8
Hospitality	3.8	9
War legacy	2.2	10
History	2.2	11
Geographical position	1.9	12
Language and alphabet	1.6	13
Infrastructure	1.6	14
Educational system	1.3	15

SLOVENIA		
DIFFERENTIAL ADVANTAGE	%	RANK
Food and beverages	20.3	1
People and mentality	15.2	2
Hospitality	10.5	3
Hedonism	5.5	4
Sports	5.0	5
Pride	5.0	5
Culture and tradition	4.8	6
Music	3.6	7
Nationality	3.3	8
Language and alphabet	2.1	9
History	1.9	10
Social problems	1.9	11
Natural resources	1.7	12
Religion	1.7	13
Belgrade	1.6	14
War legacy	1.6	15
Business potential	1.6	16
Products	1.4	17

Table 3: External and internal perception comparison of Serbia's differential advantages

EXTERNAL perception			INTERNAL perception		
DIFFERENTIAL ADVANTAGE	Average	RANK	DIFFERENTIAL ADVANTAGE	%	RANK
People and mentality	1.3	1	People and mentality	16.7	1
Food and beverages	4.3	2	Geographical position	11.9	2
Culture and tradition	5.3	3	Historical & Cultural heritage	9.2	3
Sports	5.7	4	Good fun	8.5	4
Business potential	6	5	Internal problems	8.3	5
Natural resources	7.6	6	Natural resources	7.9	6
Language and alphabet	9	7	Hospitality	7.0	7
History	9.7	8	Gastronomy	6.1	8
War legacy	12	9	Bad politics and governance	4.5	9
			Sports	3.7	10
			Business potential	3.5	11
			Belgrade	1.6	12

4.2 Similarities in Perception

In the first part the evidence of convergent perception was presented with the focus only on those differential advantages which appear either only in internal or only in external perception. Further comparison of internal and external stakeholders' perception of Serbia's differential advantages revealed also some similarities. The analysis of Table 3 pointed to certain matching differential advantages which do exist in the perceptions of internal and external stakeholders (see Table 4). The average values of matching differential advantages in Table 4 are obtained based on average values of aggregated matching individual ranks from table 3.

Table 4: External and internal perception matching differential advantages of Serbia

RANK	SERBIA DIFFERENTIAL ADVANTAGES	Average
1.	**People and mentality**	1
2.	**History & Culture**	3
3.	**Gastronomy**	5
4.	**Natural resources**	6
5.	**Sports**	7
6.	**Business potential**	8

People and mentality are indicated by both groups of stakeholders as the most dominant differential advantage of Serbia. Among other Balkan countries Serbs distinguish themselves as people with *spirit* and *soul, people who love and enjoy life in fullest*. Especially, Serbs are highlighted as *resourceful*, *capable*, *talented*, *beautiful*, *good*, *smart*, *warm*, and people with a *good sense of humour*. Through the analysis it was discovered that some personal characteristics are perceived as dominant for the Serbian nation: *pride*, *honesty*, *dignity*, *generosity* and *immediacy*. It is not only positive characteristics which arose from the research, some negative characteristics like *disunity* and *stubbornness* were also found.

History & Culture - Serbia is perceived internally and externally as a country of *great*, *rich*, but *turbulent history*. When it comes to history, *rebellion against the occupiers*, *initiation of wars* (especially World War I) are the most common historical associations, while *Kosovo* and *Tito* are pointed as historical symbols. It was very interesting that Slovenian respondents possess extensive knowledge of the Serbian history and culture and outlined *living in the past* as one of key points of difference for Serbs (*Battle of Kosovo* as a highlight). On the other hand, culture is described above all as *mix of East and West*, *multiethnic*, *traditional* and as *hidden treasure* of Europe. *Ethno music*, *folklore* with *folk dance "kolo"* and *national costume*, *Orthodox religion*, and *art* are found to be key manifestation of the Serbian culture. Again Slovenians showed deeper understanding of Serbian culture by stressing *film* and *literature* as key differentiations.

Gastronomy, more specifically national food and beverages are the third differential advantage. National cuisine is characterized by heavy *meats* and *barbeque* (roasted pork and lamb, cevap, pljeskavica); cold starters like *kajmak* and *ajvar*; cooked meals lead by *prebranac*; vegetables with *paprika*; fruits, especially *raspberry* and *plum*; sweets with original Serbian *slatko* and spirits with *rakija* (sljivovica and quince) on its throne. Although many countries have a blue sky, green forests and beautiful nature, Serbia differentiates from competition with **natural resources** as well. Most dominantly Serbia is perceived as a place of *untouched, beautiful nature*, mostly a *mountain landscape* with the *great rivers Sava* and *Danube*, *lakes*, the *Vojvodina plain*, *rural countryside* and *national parks*.

Sports, success and world class athletes contribute greatly in differentiating and making Serbia more visible in the world. With *Novak Đoković* being for quite some time a No. 1 player in the world, it does not come as a surprise that *tennis* is recognized as a major sport in Serbia. Respondents also outlined *basketball*, *water polo* and *football* as successful sports, whilst Serbs in generally are perceived as *talented for spots* and characterized as a *sporty nation*.

Lastly, Serbia is seen as a desirable **business destination** with lots of business opportunities. Some of the reasons for choosing Serbia for relocating or setting up the business are driven by profits and induced by government's activities. As a business destination, Serbia is recognized for *low labor costs/ high quality manpower*, *tax reliefs*, *location*, *attracting foreign direct investments* and as a *stable, secure and open market*. A relatively developed industry with the focus on *agriculture*, *manufacturing* and *tourism* is pointed out as core business of foreign companies.

Conclusion

In this paper, certain differences and similarities in the perception of internal and externals stakeholders' perception regarding differential advantages of Serbia are discovered. Firstly, evidence of convergent positive and negative differential advantage is presented. Onwards, matching, affirmative differential advantages are summarized and analysed in the contexts of meaning, symbolism and sentiment. With this said, the research hypothesis set up at the beginning of the paper is confirmed. Bearing in mind that both internal and external stakeholders, in addition to affirmative associations, point out the negative associations to Serbia (war legacy and internal problems), it is of utmost importance to take into account both positive and negative differential advantages while creating nation branding strategy. Although countries most commonly focus on matching differential advantages, discovered divergent advantages of Serbia must not be neglected in the process of creating the nation brand. In fact, associations perceived as important (either positive or negative) by one group of stakeholders can make a crucial difference in the market positioning of Serbia in the long run.

For the purpose of qualitative research semantic and sentiment analysis were conducted and the most important insight revealed that internal stakeholders hold greater knowledge and more complex understanding of the investigated phenomenon. Furthermore, it was found that stakeholders in Italy, Austria and Slovenia hold a different level of knowledge about Serbia. Stakeholders in Italy have the lowest level of knowledge which is manifested in the number of differential advantages (see Table 2) as well as in the simplicity of given answers (without many details). Austrian respondents showed a moderate level of knowledge about Serbia which is mostly influenced by historical, cultural, social and economic ties between the two countries and a large Diaspora. Lastly, Slovenians have the broadest knowledge of Serbia, which is reflected in the rich descriptions of outstanding issues, knowledge of the various segments of Serbian society, music, art, literature and sports. Further on, the results obtained imply that the perception of Serbia among respondents in Italy and Austria is matching, while the Slovenians' perception is the closest to the perception of the Serbian nation in regards to differential advantages. The explanation of the observed similarities can be found in decades of coexistence between the two nations in Yugoslavia, which left a deep mark primarily on the personal relations between people, strong social and cultural ties.

Therefore, one of the practical implications of the paper which can be useful to Serbian state entities dealing with nation branding is a proposal to divide external stakeholders in two lines (circles) of Serbia's brand ambassadors. The first line will be made of Slovenians, while the second will consist of Italians and Austrians, who are shown to be the most important stakeholders of Serbia. The reinforcement of the claim could be found in the work of who suggest that it is necessary for the success of nation branding that common interests and similar perceptions should be established when choosing external stakeholders for brand ambassadors. Another practical implication drawn from the research is that all other external stakeholders who share similar perceptions as previously presented groups, may in the future be new allies in improving Serbia's image and differentiating it globally.

The research presented in the paper has several limitations. First, the sample chosen for the research was convenient, focused only on business class representatives in Italy, Austria and Slovenia. Second, the size of the sample varies in each of the countries covered by the research. And lastly, this research focused only on external perception of Serbia among the respondents in Italy, Austria and Slovenia. It would appear, therefore, that there is potential for undertaking more substantive and detailed empirical research in on external perception of differential advantages of Serbia. Future research should involve a more balanced and stratified sample, as well as explore the perceptions of some other external stakeholders who are important for improving the image and position of Serbia.

Nevertheless, insights presented in the paper bring a new light to understanding the depth of perception and knowledge shared by Serbia's stakeholders and are rare findings on external and internal perception of Serbia. Hence, these findings can serve to Serbian state entities as a starting point for exploring differential advantages of Serbia which are at present perceived as unique.

REFERENCES

[1] Aitken, R.& Adriana C.(2011). The Four Rs of Place Branding. *Journal of Marketing Management* 27(9–10):913–33. DOI: 10.1080/0267257X.2011.560718

[2] Amujo, O. C. and O. Otubanjo. (2012). Leveraging Rebranding of 'Unattractive' Nation Brands to Stimulate Post-Disaster Tourism. *Tourist Studies,* 12(1),87–105. DOI: 10.1177/1468797612444196

[3] Anholt, S. (2007). *Competitive Identity: The New Brand Management for Nations, Cities and Regions*. New York: PALGRAVE MACMILLAN.

[4] Anholt, S.(2010). Definitions of Place Branding – Working towards a Resolution. *Place Branding and Public Diplomacy* 6(1):1–10. DOI: 10.1057/pb.2010.3

[5] Anholt, S. (2013). Beyond the Nation Brand : The Role of Image and Identity in International Relations. *Exchange: The Journal of Public Diplomacy* 2(1):6–12.

[6] Aronczyk, M. (2008). Living the Brand ": Nationality, Globality and the Identity Strategies of Nation Branding Consultants 1. *International Journal of Communication* 2:41–65. DOI: 1932-8036/20080041

[7] Burgess, J. A. (1982). Selling Places: Environmental Images for the Executive.*Regional Studies* 16:1–17. DOI: 10.1080/09595238200185471

[8] Chamber of Italian-Serbian businessmen (2015). *Doing Business in Serbia*. Retrieved from June 8. http://www.ccis.rs/?page_id=343&&mid=11

[9] Casopis Korak (2013). Srbija prvi put u suficitu sa Italijom, Privredna komora Srbije, 77, 18-19.

[10] Curtis, J. (2001). Branding a State: The Evolution of Brand Oregon. *Journal of Vacation Marketing,* 7(1),75–81. DOI: 10.1177/135676670100700107

[11] Fan, Y. (2006). Branding the Nation: What Is Being Branded? *Journal of Vacation Marketing,* 12(1),5–14. DOI: 10.1177/1356766706056633

[12] Fan, Y. (2010). Branding the Nation: Towards a Better Understanding. *Place Branding and Public Diplomacy,* 6(2),97–103. DOI: 10.1017/CBO9781107415324.004

[13] Fetscherin, M, and Marmier. P. (2010). Switzerland's Nation Branding Initiative to Foster Science and Technology, Higher Education and Innovation: A Case Study. *Place Branding and Public Diplomacy,* 6(1),58–67. DOI: 10.1057/pb.2010.6

[14] Freire, J. (2005). Geo-Branding, Are We Talking Nonsense? A Theoretical Reflection on Brands Applied to Places. *Place Branding & Public Diplomacy* 1:347–62. DOI: 10.1057/palgrave.pb.5990033

[15] Freire, J. R. (2012). Special Section: Place Branding in the Middle East. *Place Branding & Public Diplomacy* 8(1):46–47. DOI: 10.1057/pb.2011.35

[16] Gilmore, F. (2002). A Country - Can It Be Repositioned? Spain - the Success Story of Country Branding. *The Journal of Brand Management,* 9(4–5),281–92. DOI: 10.1057/palgrave.bm.2540078

[17] Giovanardi, M., Lucarelli, A. and Pasquinelli, C. (2013). Towards Brand Ecology : An Analytical Semiotic Framework for Interpreting the Emergence of Place Brands. *Marketing Theory* 13(3),365–83. DOI: 10.1177/1470593113489704

[18] Gold, J. R. and S. V. Ward. (1994). *Place Promotion : The Use of Publicity and Marketing to Sell Towns and Regions*. edited by Chichester. New York: Wiley.

[19] Govers, R. (2011). From Place Marketing to Place Branding and Back. *Place Branding and Public Diplomacy,* 7(4),227–31. DOI: 10.1057/pb.2011.28

[20] Hall, D. (2002). Brand Development, Tourism and National Identity: The Re-Imaging of Former Yugoslavia. *Journal of Brand Management,* 9(4),323–34. DOI: 10.1057/palgrave.bm.2540081

[21] Hankinson, G. (2001). Location Branding: A Study of the Branding Practices of 12 English Cities. *Journal of Brand Management,* 9(2),127–42. DOI:10.1057/palgrave.bm.2540060

[22] Hanna, S, and Rowley. J. (2010). An Analysis of Terminology Use in Place Branding. *Place Branding and Public Diplomacy,* 4(1),61–75. DOI:10.1057/palgrave.pb.6000084

[23] Kanaeva, N. (2012). *Branding Post-Communist Nations Marketizing National Identitiesin the New Europe*. New York: Routledge.

[24] Kavaratzis, M.and Hatch, M. J. (2013). The Dynamics of Place Brands : An Identity-Based Approach to Place Branding Theory. *Marketing Theory,* 13(1),69–86. DOI: 10.1177/1470593112467268

[25] Keller, K. L. (2008). *Strategic Brand Management, Building Measuring & Managing Brand Equity*. London: Pearson Prentice Hall.

[26] Konecnik, M. (2010). *Destination branding: Theory and research*. Saarbruecken: Lambert Academic Publishing.

[27] Konecnik Ruzzier, M and de Chernatony. L. (2013). Developing and Applying a Place Brand Identity Model: The Case of Slovenia. *Journal of Business Research,* 66(1),45–52. DOI: 10.1016/j.jbusres.2012.05.023

[28] Kotler, P. and Gertner. D. (2002). Country as Brand, Products, and beyond: A Place Marketing and Brand Management Perspective. *Journal of Brand Management,* 9(4/5),249. DOI: 10.1057/palgrave.bm.2540076

[29] Kubacki, K. and Skinner. H. (2006). Poland: Exploring the Relationship between National Brand and National Culture. *Journal of Brand Management*,13(4),284–299. DOI: 10.1057/palgrave.bm.2540272

[30] Lodge, C. (2002). Success and Failure: The Brand Stories of Two Countries. *Brand Management,* 9(4–5),372–84. DOI: 10.1057/palgrave.bm.2540084

[31] Malhotra, N. K. (2007). *Marketing Research (5th edition)*. New Jersey: Prentice Hall.

[32] Melewar, T. C., Gupta, S. and. Dinnie. K (2013). Nation Branding: Issues, Insights and Impacts. *Corporate Reputation Review,* 16(1),5–6. DOI: 10.1057/crr.2012.21

[33] Morgan, N. J., Pritchard, A.and Piggott. R. (2003). Destination Branding and the Role of the Stakeholders: The Case of New Zealand. *Journal of Vacation Marketing*,9(3),285–99. DOI: 10.1177/135676670300900307

[34] Novcic, B. and Stavljanin. V. (2015). Brendiranje Nacije: Analiza Brend Identiteta Srbije. *Časopis Marketing,* 46(4),263–75. UDK 316.356.4:339.138

[35] Novcic Korac, B. and Segota. T. (2017). Branding of a (Desti)nation with a Deteriorated Image: The Case of Serbia. *Sociologija I Prostor*,207(1),77–99. DOI: 10.5673/sip.55.1.4

[36] Olins, W. (2002). Branding the Nation—the Historical Context. *Journal of Brand Management* 9(4/5): 241–49. DOI: 10.1057/palgrave.bm.2540075

[37] Papadopoulos, N, and Heslop. L. (2002). Country Equity and Country Branding: Problems and Prospects. *Journal of Brand Management,* 9(4),294–314. DOI: 10.1057/palgrave.bm.2540079

[38] Pasquinelli, C. (2010). The Limits of Place Branding for Local Development : The Case of Tuscany and the Arnovalley Brand. *Local Economy,* 25(7),558–72. DOI: 10.1080/02690942.2010.532358

[39] PKS Milano info (2014). *Aktuealno. Predstavništvo Privredne komore Srbije u Italiji*. Retrieved from May 25. http://www.pks.rs/SADRZAJ/Files/3_PKSMilanoINFO-avgust2014.pdf

[40] PKS (2015). *Srbija otvorena za austrijske investitore, srpske firme za partnerstvo*. Retrieved from June 8. http://www.pks.rs/Vesti.aspx?IDVestiDogadjaji=16959

[41] Popesku, M., Damnjanovic, V. Novcic, B. and Premovic, M.(2010). Serbia as Brand – Internal Perspective, 3rd Annual EuroMed Conference of the EuroMed Academy of Business, Nicosia, Cyprus.

[42] Pritchard, A. and Morgan. N. J. (2001). Culture, Identity and Tourism Representation: Marketing Cymru or Wales? *Tourism Management,* 22(2),167–79. DOI: 10.1016/S0261-5177(00)00047-9

[43] Risitano, M. (2005). Il sistema locale d'offerta turistica. in CANTONE L. (2005), (ED.), Strategie disviluppo integrato dei territori. Il sistema locale dei Campi Flegrei. Il Mulino Editore, Bologna.

[44] SIEPA (2014). *Investirajte u Srbiju!*. Retieved from June 17. http://siepa.gov.rs/sr/files/pdf2010/Investirajte%20u%20Srbiju%20SIEPA_lat_dec2014.pdf

[45] White, C. L. (2012). Brands and National Image: An Exploration of Inverse Country-of-Origin Effect. *Place Branding and Public Diplomacy*,8(2),110–18. DOI: 10.1057/pb.2012.6

[46] Zenker, S. and Braun, E. (2010). "Branding a city – A conceptual approach forplace branding and place brand management", 39th European marketing academy conference, Copenhagen, Denmark. Retrieved from April 17. http://www.placebrand.eu/publications.

//////////////////////////////////////   **About the Author**

Branka Novčić Korać
University of Belgrade, Faculty of Organizational Sciences, Serbia
branka.novcic@fon.bg.ac.rs

Branka Novčić is a lecturer with the PhD in place branding.
For more than nine years she has been employed at the Department for Marketing and Public Relations at the Faculty of Organizational Sciences. Branka's area of expertise is brand management, with the focus on the development of brand identity and brand image of places, more specifically nations. In the field of place branding she specialized in Italy, Austria and Slovenia.

Branislav Miletić
Horwath HTL, Belgrade, Serbia
bmiletic@horwathhtl.com

Branislav Miletić is director and partner at Horwath HTL Belgrade. He joined the company in 2012 and participated in numerous tourism and hotel development projects at international, regional, national and destination levels. He gained significant experience in tourism policy, strategy and planning, destination management, destination marketing and other tourism and hospitality projects.