

# THE POTENTIAL OF NATIONAL EXPORT BRANDS TO BUILD A NATION BRAND FOR ROMANIA

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## ABSTRACT

*A country's export brands can represent real „engines” for the development of nation brands. It is the case of Nokia and Finland, of Volkswagen, Audi, BMW and Germany, of Sony and Japan, which, by their quality and viability, constantly proved in long periods of time, have created positive associations in the minds of the people in many countries of the world. They create expectancies and they consolidate a trust-based relationship with customers. In the case of Romania, the export brands are, in most cases, unknown, even in the EU member states, our main commercial partner. This article presents a perspective on the existing perception of Romanian export brands in the country and abroad and draws attention on several threats and challenges for them on long term.*

**KEY WORDS:** *Nation brand, export brand, stereotype, perception.*

## Introduction

In a world characterized by both an increased competition between countries and the most serious financial crisis after the Second World War, export promotion represents an activity of major importance in building a nation brand. It is essential that a country's export brands have sales on foreign markets, allowing an increase in notoriety and, most important, in reputation. Exports can lead to positive associations to the country and can contribute to building a nation brand for it (Florek, M.; Conejo, F., 2007). In the same time, some famous brands may find it difficult to decline their country of origin (Coca-Cola is seen everywhere in the world as an American brand) (Cai, Y; Cude, B.; Swagler, R.; 2004), which in some cases may bring sales advantages, in other cases disadvantages. Countries can be divided in two categories: the ones that already have at least one export brand with an international reputation and the others, that do not have such brands and they position themselves on foreign markets depending on circumstantial factors (e.g. temporary opportunities determined by limited need on specific markets). Romania is situated in the second case. Its exports are not very competitive and although they have increased in last years, import structure doesn't show an orientation towards performing technologies, necessary equipments for re-technologization and modernization of enterprises. Under the special circumstances of the current global economic and financial crisis, Romania's exports have significantly decreased, by 20,3%, in the first semester of 2009 compared with the same period of the previous year.

After 1989, Romania came through a difficult road of transition and many business people learned the rules of capitalism as they go, sometimes not very correctly. There is a tendency, for the developing nations, to evolve from the production orientation to the market to product economy and making better products (Zerrillo, P. C.; Thomas, G. M., 2007). That is why not many famous (in a positive sense) Romanian products emerged.

There was a sense of national pride about the sell of a Romanian anti-virus program to Bill Gates, but such examples were quite few. There were famous brands that every Romanian knew and used before the Revolution, such as: Olcit and Dacia cars, Drăgășani sports shoes and Arctic refrigerators. But in the 1990s, those brands either disappeared or they were bought by foreign investors.

The existing perceptions on Romanian products, both at national level and abroad, were not too favorable before 2007 (the year of Romania's accession to the European Union). Romanian products known at that time were famous even before the Revolution from 1989, such as: Ana Aslan – Gerovital, some local wines, handicrafts and Dacia cars.

The perception of Romanians on Romanian products was influenced, as a research from 2003 ("Percepție asupra țărilor. Proveniența celor mai bune produse și servicii în percepția românilor", Daedalus Consulting) showed, by stereotypes. Thus, Romanians consider that the best wines come from France, the best cigarettes from USA, the best beer from Germany, the best cosmetic products from France, the best clothes from Italy and France, the best banking and ensuring services from Switzerland, the best products incorporating technology from Germany, Japan and USA. Romania was appreciated as producing the best fruits and vegetables.

Taking into consideration that the main trade partner of Romania has been the European Union (intra-community trade represented in 2008 70,5% of the total exports and 69,1% of the total imports, according to the National Institute of Statistics), it would be relevant to see the results of some researches conducted in this respect.

The foreign perception on Romanian products doesn't vary too much from one country to another. So, Romanian products can not be usually nominated as a brand name by the targeted foreign audiences, but rather as a generic product (clothes, wood etc). They are not positioned as competitive, of high quality, but most of the times they are unknown. It is the case of Romanian products in Spain, Germany and Italy, at different periods in time.

In **Spain**, in 2005 Romanian products were almost completely unknown. In a Gallup research from December 2005, 93% of the questioned persons could not give the name of Romanian products or brands they heard of, while 7% mentioned something (e.g. handicraft, vodka, automobiles, furniture etc, but not the name of a brand). The feelings of Spanish people towards Romanian products vary, the most favorable ones being about traditional art/ handicraft, agricultural products, furniture, wines, shoes/clothing, automobiles and software. In the same time, only 1% of the questioned persons considered Romanian products to be better than the products from other East European countries (47% considered they are of same quality, 35% didn't know/didn't answered, 17% thought that the products of other East European countries are better). Attitudes towards several areas (automobiles, furniture, textile software, clothing and products) placed Romania somewhere in the middle of the hierarchy on a list with several countries (Czech Republic, Poland, Greece, Bulgaria, Turkey, Croatia, Slovenia, Hungary, Serbia and Montenegro). In the same list, the best quality/price report for food places Romania last, together with Hungary, Slovenia, Serbia and Montenegro. Comparing to the products of other countries, the predominant perception about the Romanian products is that they are cheap, technically challenged, necessary, common, with a traditional package, of a low quality, with an emphasis on functionality, imitative, with a bad reputation.

In **Germany**, Romanian products and brands were also practically unknown. Thus, in a research conducted in 2006 in Germany ("Imaginea României și a românilor în Germania"), 73% of the questioned persons did not know any Romanian product or brand. The others mentioned: wine (15%), automobile (8%), art, hand – made objects, art

warehouses (6%) and fabrics, dresses, clothing, wardrobe (3%). About the quality of the products, most of the German people questioned considered Romanian products to be of a similar quality with other East European countries' products (44%), while only 4% considered Romanian products to be better.

In 2008, the conclusion of an opinion poll conducted in **Italy** ("Percepția cetățenilor italieni asupra României și comunității românești din Italia") was that Romanian products do not have a clear, formed image, as holding a competitive advantage comparing to other East European countries. Thus, 77% of the questioned persons answered "I don't know" to the question referring to the quality of Romanian products comparing to other East European products, 15% considered that they have a similar quality, 3% considered that other East European countries' products are better and only 1% considered that Romanian products are better. In the same time, asked if they ever bought a Romanian product, 46% of the questioned people have never bought a Romanian product, 43% answered "I don't know", 5% once or twice, and 2% several times.

Although the researches mentioned above were conducted in three different European countries, member states of the EU, in different periods of time (during a four – year period, while Romania changed its status from an accessing country to a member state of the EU), the conclusion was common for all of them: Romanian products are not known abroad and they are not seen, in most cases, as having a higher quality than the products from other East European states. It seems that the accession to the EU did not yet have a major influence on how Romanian products are perceived abroad, even in the big European family of countries, and that, even if notoriety is not always synonymous with a good reputation, there is a quite long road to go until Romania's export brands have a strong country of origin effect.

About the institutional vision on export, it should be mentioned the fact that in 2005 the National Export Strategy of Romania was approved for the period 2005-2009. From the sector competitiveness perspective, there have been identified a few priority areas: clothing and shoe industry, furniture, IT&C, metal specialized components and components for the automobile industry, specialized electro-technical products, tire industry, technical articles made of rubber, products made of plastics, pharmaceutical products and fertilizers, viticulture, culture, glassware and handicraft, rural tourism, spa treatment or ecological agriculture.

In the same time, sectors of activity have been evaluated (e.g. textile, furniture, vineyard-wine, IT, naval sector) in order to build sector brands that should be adopted at the sector level and to lead to a higher notoriety abroad. In the IT sector, work has started and there is a sector brand.

At present, due to the economic and financial crisis, even the most successful Romanian brands feel threatened. Thus, Dacia - the most successful Romanian brand (according to "Top Brands România" realized by Business Week, Brandient and D&D Research), after being privatized ten years ago to a French investor – Renault, interrupted its activity for a small period of time, due to the international crisis. But in the first six months from 2009 the number of new Dacia cars registered in EU, Iceland, Norway and Switzerland grew by 28,6%. The German program "Junk" also played an important role in the increased sales. Still, there is the danger that this is only a temporary advantage.

A Romanian product relatively known abroad is wine. Although there have been promotion efforts, by the participation of Romania to different events (e.g. the World Contest from Brussels) and the awards won during these events by the Romanian wines contributed to their promotion beyond national borders.

In conclusion, the potential of Romanian export brands is not significant, especially under the unfavorable international conditions from today, when companies mainly struggle to survive the crisis and the fierce competition. After the accession of Romania to the European Union, national products had to respect a set of quality standards and the trust of potential clients grew to a certain extent, but not as much as maybe it was expected. The biggest threat for the Romanian products is, at the moment, the insurance of some competitive advantages on long term and not some circumstantial ones, on a limited period of time, determined by temporarily favorable conditions on the market. In the same time, ensuring the qualified personnel in some specialized fields of activity could be a problem (e.g. construction, medical services). A big challenge for Romania will be to be competitive even under the circumstances in which big European countries will always be directed – in what their localization is concerned - towards countries with a cheaper labor force, where they have access to relatively cheap natural resources, such as it was the case of Romania before its accession. It is expected that Romania will lose these advantages, in time, in favor of some countries from Asia, for example.

In conclusion, in order for its export brands to contribute to building a nation brand, Romania has to identify carefully its competitive advantages and to manage them in a sustainable manner, together with an orientation towards the customer and the satisfaction of his needs, desires and requests under the best circumstances.

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