NATION BRANDING THROUGH MEGA-EVENTS AND THE IMPACT ON
TOURISM DEVELOPMENT IN THE HOST COUNTRY:
A Study on the 2014 FIFA World Cup in Brazil
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Thesis presented to Escola de Administração de Empresas de São Paulo of Fundação Getulio Vargas, as a requirement to obtain the title of Master in International Management (MPGI).

Knowledge Field: Marketing

Adviser: Prof. Dr. Luís Henrique Pereira

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*It's the possibility of having a dream come true that makes life interesting.*

Paulo Coelho

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ABSTRACT

Nation branding has recently gained importance as countries strive for a global competitive advantage to attract worldwide tourists, foreign direct investment and talented workforce, and to enhance consumer preferences for its exported products. The significance for Brazil of having hosted the two most important sport mega-events, the 2014 Football World Cup and the 2016 Summer Olympic Games, within two years is discussed in detail. The objective of the exploratory research here presented is to understand the perception of Brazil internationally (measured as nation brand) and to determine whether primarily the 2014 World Cup had an impact on the nation brand as possibly also on the tourism activities in the country.

A methodology of a single case study has been applied. Main sources of information were secondary data from websites and tourism and event related journals, as well as quantitative data from nation branding indices and official tourism statistics. The most insightful data source was provided by seven interviews with experts in the field of nation branding, events and tourism business.

The research suggests that the World Cup had two-sided effects. Increased international awareness, hospitality and improvements in perception of culture and people in Brazil are positive results that were partly restrained by negative images of corruption, insecurity and social problems. The World Cup overall resulted in positive outcomes in the tourism industry. Despite being beneficial in many aspects, the mega-events happened at a difficult economic and political time in Brazil. Together with persistent deficiencies of the international sport organizations, these circumstances further hindered lasting legacies and international reputation. The findings therefore are not straightforward. They are rather based on a complex discussion which identifies positive contributions of the events to destination branding and possibly to the development of the nation branding strategy of Brazil.

**Key words:** nation branding, mega-event, 2014 World Cup, international image, Brazil brand
RESUMO

A consideração da marca-nação recentemente tem ganhado grande importância com países se esforçando para alcançar uma vantagem competitiva global, atrair turistas de todo o mundo, investimento estrangeiro direto e uma força de trabalho qualificada, além de melhorar as preferências dos consumidores por seus produtos exportados. A importância para o Brasil em ter hospedado os dois mais importantes mega-eventos esportivos no prazo de dois anos, a Copa do Mundo de 2014 e os Jogos Olímpicos de 2016, é discutida em detalhe. O objetivo da pesquisa exploratória aqui apresentada é entender a percepção internacional do Brasil (medida como marca-nação) e determinar se principalmente a Copa do Mundo de 2014 teve um impacto positivo na marca-nação e também nas atividades de turismo no país.

A metodologia de um estudo de caso específico foi aplicada. As principais origens de informações foram dados secundários de sites e revistas relacionados a turismo e eventos, bem como dados quantitativos de índices de marca-nação e estatísticas oficiais de turismo. A fonte de dados mais significante foi obtida em sete entrevistas com especialistas no campo da marca-nação, eventos e turismo.

A pesquisa sugere que a Copa do Mundo teve efeitos de dois lados. Aumento da consciência internacional, hospitalidade e melhorias na percepção da cultura e das pessoas no Brasil são resultados positivos que foram parcialmente restringidos por imagens negativas de corrupção, insegurança e problemas sociais. De forma geral, a Copa do Mundo apresentou resultados positivos na indústria do turismo. Apesar de serem benéficos em muitos aspectos, os mega-eventos aconteciam em um momento difícil para o Brasil, econômico e políticamente. Juntamente com deficiências persistentes das organizações desportivas internacionais, estas circunstâncias impediram ainda mais os resultados duradouros e a reputação internacional. Os resultados, entretanto, não são simplórios. Pelo contrário, são baseados em uma discussão complexa que identifica contribuições positivas dos eventos para a marca de destino e possivelmente para o desenvolvimento uma estratégia da nação-marca no Brasil.

**Palavras chave:** marca-nação, mega-evento, a Copa do Mundo de 2014, imagem internacional, marca Brasil
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| ABDIB       | Brazilian Association of Infrastructure and Basic Industries  
             | (Associação Brasileira da Infraestrutura e Indústrias de Base) |
| APEX       | Brazilian Agency for Promotion of Export and Investment  
             | (Agência Brasileira de Promoção de Exportações e Investimentos) |
| BRIC       | Brazil, Russia, India, China |
| COO        | Country-of-Origin Effect |
| ETC        | European Travel Commission |
| FIFA       | Federation Internationale de Football Association |
| GfK        | Association for Consumer Research  
             | (Gesellschaft für Konsumforschung) |
| GDP        | Gross Domestic Product |
| IOC        | International Olympic Committee |
| MICE       | Meetings, Incentives, Conferences and Events |
| MTur       | Ministry of Tourism in Brazil  
             | (Ministério do Turismo do Brasil) |
| UNWTO      | United Nations World Tourism Organization |
| WTTC       | World Travel & Tourism Council |
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1 INTRODUCTION

In a globalized world, countries have started to compete against each other for maximizing profits and profitable places and conditions in a worldwide marketplace. Every country aims for a good share of worldwide tourists, foreign direct investment, consumer preferences for its exported products and the attraction of talented workforce (Dinnie, 2010; Fan, 2010; Kaneva, 2011). Therefore, nation branding activities have gained increasing importance in the last years, and they constitute a competitive advantage among nations. Morgan, Pritchard & Pride (2012) perceive hosting a well-managed global event, which is clearly connected to the destination’s brand, as a valuable driver for a nation’s reputation. Mega-events are more and more understood as a marketing opportunity, tourism attraction, catalyst for urban development, fostering construction, image creator for the country to increase international mutual understanding and governmental reputation (Zhou & Ap, 2009). However, these events require billions of currency investment in infrastructural construction, media, marketing, safety, transportation and intangible aspects (Ernst & Young Terco & FGV, 2011). Many stakeholders such as the government, tourism actors and event agencies among others are keen to benefit economically or in terms of branding, thus having high impact expectations of a mega-event. Although the FIFA 2014 World Cup1 was meant to build up Brazil’s prestige internationally, it had been flawed by protests against spending public money on the stadiums instead of investing in education, health or basic infrastructure (Santos-Muñiz, 2014). Nevertheless, the related tourism and further effects have been regarded as an opportunity to improve the nation brand. The present research focuses on the topic of nation branding in the form of a qualitative, exploratory, single case study that examines Brazil’s nation brand especially with regard to tourism developments initiated by the 2014 World Cup.

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1 Hereafter only referred to “2014 World Cup”
1.1 Research Question and Objectives

The general objective of this research is to understand the perception of Brazil internationally (measured as nation brand) and to determine whether the 2014 World Cup have had an impact on the nation brand as well as the tourism activities in the country. Consequently, the guiding research question is the following:

*How can a mega-event influence a nation brand in terms of tourism development?*

The relation between a nation brand and hosting a mega-event are the focus of this research. To understand the context of the case study object – the 2014 World Cup in Brazil – the following four specific objectives were defined:

- Describe the concept of nation branding and its application in Brazil determined through several indices;
- Identify legacies of an international sporting mega-event and the importance of those in Brazil;
- Characterize the tourism market in Brazil and analyze how a mega-event creates opportunities for international tourism development in the host country;
- Understand how the 2014 World Cup influenced Brazil’s nation brand and its tourism activities to conclude whether it was worth for Brazil to host the event.

1.2 Research Justification

As reported by Dinnie (2010) nation brands are considered to be powerful drivers for export and import opportunities, immigration, investment potential, development in the culture sector, tourism, and international relations in general. The World Cups and Olympic Games have been used accordingly to create a positive and attractive image of the host city or country. Therefore, place or nation branding can be seen as a valuable development tool if managed properly, and they with all probability will be maintained in the future (Anholt, 2009a). Considering the expected outcomes of the research, this study may have a significant value because it contributes to improvements in organizational practices as well as in the academic sector. Determining and understanding the concept of nation branding, its applications for mega-events and its
impact on tourism development is useful for governments hosting or considering an event, nation branding consultants, marketing executives, decision makers in politics, tourism actors such as hotels as well as tourism organizations and event managers. Particular academic conclusions may be drawn from the combination of the research on topics nation branding, event and tourism management.

The topic of this work covers a fairly recent mega-event which had positive implications (international recognition of and vitality in Brazil) but also negative ones (protests against the government and spending procedure). The field of nation branding is a rather novel one; it has first been developed by Anholt in 1996, who has been much involved in establishing the subject of nation branding as discourse and practice (Kaneva, 2011). Nevertheless, it yet deserves more study in relation to mega-events and tourism development.

Nation branding focuses on a new field of research and marketing strategy. This topic has evolved with time in frequency and importance because scholars consider nation branding as a technique, which originated from branding products and services, that can usefully be applied to nations as well (Anholt, 2009a). Especially the impact of an event in a developing country like Brazil makes this research relevant because increasingly governments from developing countries see hosting sport mega-events as a way to stimulate development in their country, in the sense that they gain international reputation or that expenditure on construction may crowd out investments for other projects (e.g. 2008 Summer Olympic Games in Beijing or 2010 World Cup in South Africa) (The Economist, 2012). The question is whether mega-events in developing or newly industrialized countries actually spoil their economy as well as their reputation in the long run (Maennig & Zimbalist, 2012; Santos-Muniz 2014). In the penultimate Country Brand Index 2013 Latin America, Brazil as the leader of the ranking was considered to have the highest potential in nation branding (FutureBrand, 2013).

Conducting this research as presented subsequently contributes to knowledge whether it is really worth for a country to host such an event and whether it is a good instrument to improve the nation brand. As explained later on, expected impact studies of an event outnumber post-event studies, that is why an analysis after the 2014 World Cup is expected to be insightful. Some attention is further given to the 2016 Olympic Games in
Rio de Janeiro. Moreover, the research reveals useful information for future mega-events and other countries’ nation brand strategies. Managerial suggestions for other countries and event managers are advised in the last stage of this study.

1.3 Thesis Structure

Following the introductory part, the second chapter provides an extensive overview on the existing literature on the relevant concepts of brand and branding. It further describes the definition, origin, usage and measurement of nation branding which is the most relevant concept of this study. The significance and implications of mega-events, particularly of the 2014 World Cup in Brazil, in addition to tourism aspects in recent host countries are components of the third part of the literature review.

The methodology has been chosen as an exploratory qualitative research due to the objective of providing general insights into the research unit and its context. The detailed reasoning for this choice plus the procedure of data collection and analysis is presented in the third chapter.

The fourth chapter exhibits the complete overview of the result analysis and discussion. By linking the theory from the literature with the analysis of the interviews, a conclusive outline of the effects of mega-events on a nation brand is achieved. First, Brazil’s brand, the status of destination branding and application of nation branding are evaluated. The results of two main indices in nation branding reveal the overall measurement of the brand internationally. Secondly, the overall state of tourism and the direct impact on tourism due to the World Cup are assessed. Key indicators of the tourism industry disclose Brazil’s performance. Thirdly, the importance of the World Cup in Brazil is described in a historical context. Special focus is also given to the current crisis in Brazil. Factors on how the Olympic Games can increase a nation brand and if that was applicable in Brazil is ultimately topic of the results.

Finally, the fifth chapter presents the conclusion of the subject with managerial implications for future host countries regarding their nation brand, followed by research limitations and recommendations for possible future research.
2 LITERATURE REVIEW

This chapter summarizes the fundamentals in existing literature to understand the theory behind nation branding and the characteristics of a mega-event and tourism development. Increasing importance has been given by the various authors and institutions to the concepts of branding (Aaker, Keller, Kapferer, Davis etc.), nation branding (Anholt, Dinnie, Fan etc.), mega-events (Ritchie, Hall, Maenning & Zimbalist) and tourism (UNTWO, WTTC and MTur). Subsequently, the first topic is the theory of brand and branding. A closer look into the topic of nation branding is provided through the origin, definition, creation, brand equity and measurement, including different forms of nation brand indices. The last section focuses on the definition of mega-events and their importance for the host country, joined with a description of tourism aspects in host countries and a summary of the 2014 World Cup in Brazil.

2.1 Brand and Branding

2.1.1 Definitions

The terms “brand” and “branding” have been widely used by companies, organizations and individuals within their marketing strategy. Definitions are presented in sequential order: defining the term brand, then identifying the benefits of a strong brand before explaining the term branding.

A very common brand definition in the literature is due to Keller (1998): “A brand is a set of mental associations, held by the consumer, which add to the perceived value of a product or service” (as cited in Kapferer, 2012, p. 7). Farquhar (1989) defines a brand as “a name, symbol, logo or mark that enhances the value of the product beyond its functional value” (p. 24). Another often cited definition was developed by Kotler & Armstrong (2011). They perceive a brand as “a name, term, sign, symbol, design, or combination of these which is used to identify the goods or services of a seller or group of sellers and to differentiate them from those of competitors” (p. 260). This definition does not yet include the implications for the brand’s market. Kapferer (2012), in contrast, integrates that by saying “a brand exists when it has acquired power to
Influence the market” (p.9). In that sense, the brand can influence the image, brand awareness and market share. In order to advance a brand’s power, the product itself, the service, the people behind the brand and its attributes such as price, place, and communication are sources for the whole brand experience (ibid.). As a consequence, the system of a brand overall consists of “products or services, name and concept” (ibid., p.9). This system includes tangible assets (quality of the product, customer service, functional attributes etc.) and intangible assets (level of loyalty, prestige of the product, the general brand, self-esteem of the consumer etc.) (Aaker & Joachimsthaler, 2000; Keller, 1993; Hankinson & Cowking, 1995). As reported by Aaker (2009), the brand is the most important asset among the intangible ones. Aaker & Joachimsthaler (2000) even acknowledge the brand at the same level of importance as the product when comparing the two options brand and product. Furthermore, brands are viewed as the major permanent asset of a company which survives its products and facilities. Kapferer (2012) enriches this notion of brand as a benefit for the company by arguing that “the brand is an asset whose values come from investments over a period of time” (p. 451). In contemplation of the actual purpose - the financial value - the brand needs to work in conjunction with tangible assets, such as product quality. In fact, “there are no brands without products or services to carry them” (ibid., p.8).

With regard to a strong brand, consumers consider such a brand as an integral part of the product; they build up a relationship with the brand they trust and regularly purchase. That means, value is added to the product that is beyond its physical appearance. In that sense, the benefit of a strong brand is the differentiation among other brands and the facilitation for the customer to identify the product and make buying decisions accordingly. This recognition reduces the perceived risk by the customer since the consumer expects a certain level of standard and quality when buying a brand. It further creates barriers for other products and increases the brand loyalty which can result in a price premium, increasing sales as well as a competitive advantage to other brands (Kapferer, 2012; Kotler 2012; Aaker & Joachimsthaler, 2000; Hankinson & Cowking, 1995).

According to these benefits, companies have given great importance to their brands and the process of branding. The term branding is used for “a complex, interrelated system of management decisions and consumer reactions that identifies a product (goods,
services or ideas), builds awareness of it, and creates meaning for it” (Franzen & Moriarty, 2008, p.6). Scholars have noticed a recent change in the branding technique: the old branding worked in the sense that advertisers published messages to consumers who are not interested necessarily whereas the new form of branding puts the consumer into the focus. It relates to understand and adapt costumer needs; and listening what they tell about and how they relate with the brand. Companies thus incorporate product innovations in order to increase loyalty and word of mouth. As a consequence, branding is a delicate practice of intended messages by the company and perceived meanings by the costumers (ibid.).

Davis (2009) states that branding is a complex process including the marketing of a product, name and logo creation, which gives directions for a vision. A holistic brand strategy requires a deep understanding of the product, the market and the company’s market position, customers and further integrates brand values, audience, aims and aspirations (ibid.). Moreover, Blackett (2009) argues that branding has switched the focus from consumer goods and services to industrial, business and public sectors. Thereby, two developments have been noticed; “the application of branding techniques to corporations, and the internalization of brands and their management” (ibid., p. 20). Corporations have recognized the importance of their brands and with it the potential financial asset. Due to the increasing interest of stakeholders, such as investors, customers, suppliers and employees, companies are forced to implement proper branding strategies to secure their reputation. Besides, according to Blackett (2009), there has been a shift in output from the industry to services which results in a greater demand for high-quality services aligned with the brand strategy and vision of the company with the aim of securing customer satisfaction and increasing brand loyalty.

2.1.2 Brand Equity

For most of the time, tangible assets including manufacturing resources, land or financial assets were regarded as the main source of business. The value of intangible assets such as brands, technology or patents has been difficult to measure. According to Lindemann (2009), the evaluation of profitability of a business focuses only on indicators like return on investment that excludes intangibles. On the contrary, branding
is seen as a unique differentiator between companies, and brand equity is a key asset nowadays (Fortune magazine, 1997 as cited in Blackett 2009).

The term brand equity was defined by Farquhar (1989) as “the added value with which a given brand endows a product” (p.24). Aaker (1991) further classified brand equity as “a set of brand assets and liabilities linked to a brand, its name, and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers (p.15). Keller (1993) defined it as “the differential effect of brand knowledge on consumer response to the marketing of the brand” (p. 1). Various concepts have been established correspondingly to explain and measure brand equity (Aaker, 1991; Keller, 1993; Kapferer, 2012). In general, two main approaches of measuring brand equity can be distinguished: financial-based and customer-based perspective.

The financial-based perspective represents the value of the brand to the company for accounting purposes, measuring the brand equity for instance by isolating the net additional cash flows created by the brand (ibid.). Although the understanding from where the equity of one’s company’s and competitors’ brands originates, is essential for its increase. It yet is still a challenging process since a lot of data is needed, preferably for a single brand not for the whole company, while the evaluation of investment and brand valuation is not synchronized internationally (Farquhar, 1989). Still little consensus has been reached to measure the financial-based perspective of brand equity.

The consumer-based perspective measure more commonly used represents the value of the brand to the consumer. This method measures brand equity as the difference between an individual consumer’s overall brand preference and one’s preference on the basis of objectively measured product attribute levels. In other words, a brand has positive customer-based brand equity when consumers respond more favorably to an element of the marketing mix for the brand than they do to the same element of an unnamed version of the same product (Keller, 1993). Hence, consumer-based brand equity is strongly related to the brand knowledge when consumers link brand associations to the brand positively in their long-term memory. Keller identified that consumer’s strong, favorable and unique brand associations elevate their differential perception of the branded product (ibid.). According to this, Keller (1993) defined brand
knowledge as “consisting of a brand node in memory to which a variety of associations are linked” (p.3). In 1993, he further identified two aspects that compile brand knowledge: brand awareness and brand image. Brand awareness is related to the likelihood that a brand name will come to one’s mind and the ease of this process. It also includes brand recall and brand recognition. In contrast, brand image is composed of perceptions about a brand reflected by associations of the consumer’s memory linked to the brand (ibid.).

Later in 2003, Keller (2003) accredited more components to his brand knowledge concept which has then been divided into seven dimensions: awareness, attributes, benefits, images, thoughts, feelings, attitudes and experiences. While attaching greater importance to the personal experience of the consumer and enhancing the latter definition, Keller (2003) defined brand knowledge “in terms of the personal meaning about a brand stored in consumer memory, that is, all descriptive and evaluative brand-related information” (p. 596).

Keller’s brand equity model differs from Aaker’s in terms of the brand image and awareness. While Keller sees brand image as an integral part of brand knowledge, Aaker (1991) attributes less importance to it - considering it as a part of brand associations. On the contrary, Keller attaches less significance to brand awareness than Aaker who included it into his main categories of brand equity. Aaker’s five categories of brand assets and liabilities to compose brand equity are the following: brand loyalty, brand awareness, perceived quality, brand associations and other proprietary brand assets (ibid.). As table 1 shows Aaker enlarged his concept of brand knowledge by developing more specific categories calling it the Brand Equity Ten in 1996.

**Table 1: Brand Equity Ten by Aaker**

<table>
<thead>
<tr>
<th>Loyalty Measures</th>
<th>1) Price Premium 2) Satisfaction/Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Quality/ Leadership Measures</td>
<td>3) Perceived Quality 4) Leadership</td>
</tr>
<tr>
<td>Associations/ Differentiation Measures</td>
<td>5) Perceived Value 6) Brand Personality</td>
</tr>
<tr>
<td></td>
<td>7) Organizational Associations</td>
</tr>
<tr>
<td>Awareness Measures</td>
<td>8) Brand Awareness</td>
</tr>
<tr>
<td>Market Behavior Measures</td>
<td>9) Market Share</td>
</tr>
<tr>
<td></td>
<td>10) Price and Distribution Indices</td>
</tr>
</tbody>
</table>
Aaker (1996) holds the opinion that “the price premium may be the best single measure of brand equity because, in most contexts, any driver of brand equity should affect the price premium” (p. 6). That means, if a variable has no impact on the price premium in the end, it has little input on the overall brand equity.

Given these concepts by Keller and Aaker, it can be concluded that brand equity can be measured in a variety of ways. The importance of both concepts lies in the representation and association of the brand in consumer’s minds. Therefore, products and services should be created in a way to enhance brand knowledge by connecting brands with former products, the company, people, and places among other possibilities. Using positive associations and the brand is not only valuable for companies but also increasingly important for places and nations. Nation branding is a relatively new concept of growing importance in marketing and public policy (Fan, 2010).

The following chapter describes how the traditional branding is applied by nations through the concept of nation branding.

### 2.2 Main Concepts of Nation Branding

#### 2.2.1 Origin of Nation Branding

While a nation's reputation has always been crucial in international affairs, the large-scale concept of nation branding has gained importance in creating extra potential in economic, political and social terms of promotion in the home country and abroad. It is developed over a long time as part of the branding strategy of a nation. Furthermore, the nation brand is supposed to support and strengthen the brands of other products from a specific nation, for instance technological products or human capital (Santos-Muniz, 2014; Heath, 2013).

The use of nation branding as a method for countries originated from the corporate business world. In a similar way that companies compete against each other on a
worldwide marketplace, so do countries aim for attracting tourists, foreign direct investment, labor force and facilitating trade of exported products (Dinnie,\textsuperscript{2} 2010; Fan, 2010; Kaneva, 2011). For that reason nation branding has become more relevant in the last years because nations strive for competitive advantages compared to others. Although a nation brand offers similarities to usual product brands with the respective name that is associated with unique characteristics and images, yet it differs from a corporate brand due to its complex dependence on geography, language, histories, experience, an unlimited life cycle and characteristics of the population that form the brand. Researchers state that these attributes contribute to a unique nation brand, but at the same time create constraints because - in contrast to a product or service - specifications of a nation cannot be changed easily (Jaworski & Fosher, 2003; Fan, 2010).

Before explaining what nation branding actually is, it is worth looking at the topics which are considered as sources for nation branding: nation image, national identity, country-of-origin effect and destination branding (Dinnie, 2012; Fan, 2010).

Regardless of an intention or not, every nation has a nation image. They are multifaceted, originate from various sources and can include factual as well as affective information (Papadopoulos & Heslop, 2002). Furthermore, a nation image can be mainly positive or negative, strong or weak, rich and complex or simple (Papadopoulos & Heslop, 2002; Anholt, 2007). A strong nation image is measured by the number of people knowing about it; in case of a weak nation image less people have associations or knowledge. A nation image can be built upon first-hand experience such as traveling or working abroad; or through second-hand experience such as word-of-mouth, media coverage, owning a product of this country, sporting and cultural events, or political acts (Anholt, 2010; Dinnie, 2012; Fan, 2006). Dinnie (2012) holds the opinion that a nation image usually does not reflect the reality; there might exist a gap between the image and the identity. The image is a rather broad idea or perception of a nation whereas the national identity includes more specifications about the nation.

\textsuperscript{2} Keith Dinnie is regarded as a leading expert of nation branding. He is the author of the first textbook on this topic “Nation Branding – Concepts, Issues, Practices” (2008). He is the founder of Brand Horizons, a consulting firm specialized on place branding.
According to Dinnie (2012), nation branding has emerged on the one hand from national identity literature and on the other hand from the country-of-origin effect. Generally speaking, national identity embraces all the characteristics of a nation which its citizens (and foreigners) perceive to be the most important, distinctive, and permanent, taking into account the past, present and future (Fan, 2006). The aspects of which a national identity is composed vary slightly from author to author though they are all related to culture, history/tradition and physical country appearance. Dinnie (2012) takes an historic homeland, common myth, historical memories, and a common mass public culture into consideration. Varga (2013) includes images of a country(side), citizens, traditions and political systems as parts of national identity. Language, literature, music, food, drinks, sports and architecture are the most relevant dimensions of national identity, according to Heath (2013). Researchers claim that efforts to create a national identity aim at generating loyalty to the nation that supersedes local or ethnic loyalties and helps to maximize a nation's development potential (Heath, 2013; Olins & Hildreth, 2012).

A more specific concept and a parallel to the business world is the country-of-origin effect (COO) which can influence the demand and supply of a product. The COO is known to lead to associations in the minds of consumers. One of the first conceptualizations of the COO phenomenon was that of Nagashima (1970): “The picture, the reputation, the stereotype that businessmen and consumer attach to products of a specific country. This image is created by such variables as representative products, national characteristics, economic and political background, history and traditions” (p. 68). According to Anholt COO is “the power of an explicit or implicit geographical indication to add appeal to products and services to create a price premium for them and to stimulate customer loyalty towards them” (Anholt, 2005, p. 2). Positive examples are German cars perceived as reliable; Italian shoes as fashionable and Japanese electronics as high quality (Jaworski & Foshur, 2003). Yet, customers are less knowledgeable about

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3 Simon Anholt is one of the best-known and most-cited authors in nation branding related topics. He specialized in branding for places, advised more than 40 regions on public diplomacy and brand strategy as well as organizations such as the World Bank or the WTTC. Anholt published more than 50 works, developed the Nation Brand Index (see chapter 2.2.5.1) and is the founding director of Placebrands, an international consulting firm in branding.
COO information of less developed countries, for example electronics made in Indonesia.

The COO not only affects consumer preference or exports, but makes a difference to the world’s acceptance of country’s products, people (e.g. employees, immigrants, politicians, investors, media stars), sport or cultural endeavors, political and diplomatic relations, tourism attractions, investment offerings, media or other creative productions (Anholt, 2005). Verlegh (2010) concludes that there is a strong connection between the COO and perceived quality. As a consequence, consumers use the COO as a clue to assess product quality and make their consumption choice. Clearly, the credibility of the COO depends on the consumer's image of the country; COO credibility is high when consumers have a favorable image of the country, and vice versa (ibid.). In general, the COO effect results from the image that consumers have or the stereotypes connected to a certain country. Marketers make use of that in advertising, packaging or branding. Some authors argue that nation branding is another term for the COO or tourism promotion (Kotler, Haider, Rein, 1993). However, the COO and the product's country image are only related to the general image that is associated with the product and the nation respectively. Hence, nation branding goes beyond this effect as it includes every aspect of international engagement and thus gains importance for economic, social, political and cultural process. The understanding of the scope of nation branding, being the greatest difference to COO, is a prerequisite for this research.

The last topic that is considered a source of nation branding is destination branding. Going back to the 1990s, destination management composes enhancing the appeal of core resources and attractors (e.g. natural resources or special events), strengthening the quality of supporting factors (e.g. infrastructure and accessibility) and adapting to amplifying determents (e.g. safety or cost/value perception). Destination branding is part of marketing policy by focusing on strategic positioning of the country specifically as tourism destination (Ritchie & Crouch, 2003). It is defined as “the process used to develop a unique identity and personality that is different from all competitive destinations” (Morrison & Anderson, 2002, p. 17). The purpose is to convey to promise memorable travel experience that is closely associated with the destination (Ritchie & Ritchie, 1998). As places and destinations increasingly have a social, emotional or identity value to consumers, the competitiveness among places rises simultaneously.
That is why destinations incorporate branding techniques to create a unique image which is appealing to consumers and their lifestyles (Morgan et al., 2012). There is an increasing agreement among academics and practitioners that destinations can be branded in much the same way as consumer goods and services (Anholt, 2007; Papadopoulos & Heslop, 2002). Destination branding as one component of strategic tourism management is yet only a small part of nation branding. Although the focus of the here presented research is the tourism aspect of a nation brand, it still embodies only one point of view on the entire concept.

2.2.2 Definitions

Country branding and nation branding are often used synonymously in literature, though they have different meanings. A country is an area of land with border occupied by a nation (Fan, 2006) whereas a nation is defined as “a group of people who are connected to each other through common aspects such as culture, ethnicity and ideology” (Outhavon, 2007, p.16). For this research, country branding and nation branding can both be used interchangeably. Yet, in other cases such as Great Britain, where the country consists of different nations, this procedure would not hold true.

The term “nation brand” was first developed by Simon Anholt in 1996 who noticed that a country’s reputation behaves rather like brand images of companies or products. Throughout the years, governments and consulting companies have changed the name to “nation branding” which is more a process than a theory originated expression. Anholt (2011) criticizes that this phrase falsely implies a promise that a brand of a nation can be manipulated through marketing communication techniques. Still, according to Anholt countries are judged by actions not promises. In 2007, he started to call this process “competitive identity” because the process is more related to national identity, politics and economics of competitiveness rather than the original branding idea (Anholt, 2007). Despite alteration of the term, for this research the expression “nation branding” is used, since it has been more widely used in research and literature. Anholt (2007) states that an image is created through six different channels: tourism, 

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4 Nation Branding results at Google: 219,000 and at Scholar.Google: 5,190 (March 2016)  
Competitive Identity results at Google: 18,500 and at Scholar.Google: 2,060 (March 2016)
export, governance, immigration/investment, culture and people. (Please see chapter 2.2.5.1 for further explanations).

Dinnie (2012) defines a nation brand as “the unique, multidimensional blend of elements that provide the nation with culturally grounded differentiation and relevance for all of its target audience” (p. 15). By integrating the brand existence in consumer's minds considering the rather restricted ability to influence or control a nation brand, he confirms Anholt's point of view. Fan contradicts that opinion by saying that nation branding can indeed be actively influenced. As reported by Fan (2010), that is a “process by which nation images can be created, monitored, evaluated or proactively managed in order to improve or enhance the country's reputation among a target international audience” (p. 101). Nworah's (2007) definition, which is rather related to destination branding, acknowledges nation branding as “the process whereby a town, region, country (place) actively seeks to create a unique and competitive identity for itself, with the aim of positioning it internally and internationally as a good destination for trade, tourism and investments” (p. 7).

These four definitions are respectively related but differ in the meaning. While Fan rather describes the process of branding, Anholt, Dinnie and Nworah focus on points constituting the brand. The common dimensions of the latter are tourism, trade/export and investment. The evaluation of Brazil's nation brand in chapter 4.1 is concentrated on the area of tourism described as the one impacting nation branding the most.

### 2.2.3 Creating a Nation Brand

Nations have become more aware of their brand as an asset and the focus of nation branding has shifted from investing in marketing campaigns to behavioral aspects of managing a nation’s image. Anholt (2007) describes the branding technique as “the process of designing, planning, communicating the name and identity” (p. 4).

The objective of nation branding is to influence a brand in a way that all dimensions benefit the country; independently of its reputation and that the image of the country may be enhanced internationally through these activities. Thereby, the asset of the brand should translate the intangible wealth into economic growth, for instance through strong business relationships with the foreign market, a vigorous tourism industry or a prospering employment.
As a way of influence, countries lay certain importance on the different aspects, for example some countries such as Singapore pursue employment and investment branding to promote their infrastructure, English-speaking workforce or favorable market conditions for European countries in Asia. Other countries, such as New Zealand or Costa Rica as ecotourism destinations, have primarily promoted their tourism industry to increase their nation brands (Teslik, 2007; Quelch & Jocz, 2005).

In a general perspective, Anholt (2005) identifies three steps for a government on how to manage a national reputation:

- Understand and monitor the international image in countries and sectors to understand where it matters most;
- Collaborate with business and civil society in order to agree on a joint national strategy and narrative;
- Ensure the country to maintain innovative products, services policies and initiatives to secure world’s attention and admiration.

The success of nation branding depends on a number of factors, yet primary on the quality of the product a country is trying to sell (Teslik, 2007). The branding strategy has to be strongly connected to the national identity and the legitimacy by the stakeholders – namely the citizens. It would not make sense to brand a nation differently to its character and identity. Therefore, branding strategies should focus on communication and reputation management in order to transmit the real national culture (Weigel, 2014).

On the contrary, there certainly are some obstacles for nations to brand themselves. First, critics argue that existing brand images are seldom an accurate reflection of the reality while little can be done to change a nation’s image due to people’s ignorance, media presentation, persistent image, globalizations and one’s own roots or history. Second, marketers have increasing control over the entire nation branding because an image is also developed through newspapers, TV, movies and social media, often not aligned to the official promotion campaigns. Also, they might not have the authority to control the branding strategy. Third, due to many different stakeholders involved, a conflict of interest among them may arise and they may cause different signals sent to the outside world. Fourth, nations should not assume that simply paying someone to fix
problems, caused by bad policy, would improve the nation brand in the long term. Finally, a problem exists in the differentiation of the nation in respect to others and the invisibility of the nation within the international market (Fan, 2006; Teslik, 2007; Anholt, 2005; Weigel, 2014).

However, there are some best practice examples which prove that a country’s international reputation can indeed be managed. Teslik (2007) mentions the campaign of post-Yugoslav countries like Slovenia and Croatia that emphasized scenic venues and new cultures. As a result, both countries have newly emerged as a tourist destination. Also, Tony Blair’s “Cool Britannia” campaign is seen as a successful example since it focused on the branding termination in order to refer to the nation as modern “Britain” in contrast to the formal “United Kingdom” (ibid.). Another case is the 2006 FIFA World Cup in Germany where brand activities were driven by federal ministers, the Federation of German industry, and media and finance sector representative. 10 million Euros were spent by the government and another 10 million Euros by sponsors. In total, this private-public partnership and the branding strategy behind led to a significant improvement in Germany’s image throughout the World Cup and beyond, both at a national and international level (Aronczyk, 2013).

Anholt (2005) states that “a clear, believable and attractive national brand is achieved when the country's main bodies, activities and investments are - accidentally or deliberately - organized around a clear and shared vision, and when its communication channels with the rest of the world (tourism, investment and export promotion, cultural relations, public diplomacy and so forth) are harmonized” (p. 2). On this note, branding for nations or countries appears as a component of national policy not as a single campaign to boost a nation’s reputation in the long term. The overall success in positioning one’s nation brand is determined profoundly by one’s brand equity (Dinnie, 2012).

### 2.2.4 Nation Brand Equity

Again referring to the corporate world, the concept of brand equity can be applied to nations as well. A positive, strong brand can be an asset whereas a negative, weak brand can mean a liability for the nation. Dinnie (2012) developed the asset-based nation brand equity model which explains the impact of four assets that are fundamental for
developing a strategic nation branding campaign. According to that model, internal assets are composed of innate or nurtured ones; and external assets of vicarious or disseminated ones.

Innate assets are unique and long-lasting elements of national identity. They give authenticity to the nation and are differentiation factors among other nations. To be included are iconography, landscape and culture. Iconography can be composed of visual images, symbols or representational elements such as national flags, personalities, places or products that are perceived as or indeed symbolic for the country’s image, for instance Nelson Mandela for South Africa, the Colosseum for Rome, or Whiskey for Scotland. In countries with rich culture or unique landscape and a poor economy, such as Bolivia, the attractiveness of the innate assets and thereby its uniqueness must represent the key component of the nation branding strategy (Dinnie, 2012).

Nurtured assets derive from the continuous effort at the present time to develop and maintain a healthy environment for nation brand development. The first factor of nurtured assets is internal buy-in, because internal stakeholders such as the local population have to accomplish and agree with the brand communicated outside. A gap between the created brand and the real identity should thus be avoided. Another factor is support for the arts, which is related to the activities of the county to promote arts, culture and tradition. This support can originate from public sector or private sponsorship. Finally, loyalty levels for a strong brand are supposed to be of high importance among citizens, trading partners, consumers for national goods, international organizations, tourists, investors and so forth (Dinnie, 2012).

Vicarious assets are external assets and experienced second-hand. They are divided into nation image perceptions and external portrayal in popular culture. Positive perceptions can increase the nation brand equity, while negative or out-dated perceptions due to high crime, corruption or historical image, can decrease equity and damage the brand. They should therefore be in the focus of improving the image to reflect reality. Some sources of perceptions are beyond the reach of branding marketers, for instance political behavior, poor sporting performance of the national team or products with ethical issues. Similarly, little influence is given in case of external portrayal of the culture in
movies, books, music or advertising. The branding strategy should concentrate on portraying the positive image and not stressing stereotypes, especially negative ones extensively (Dinnie, 2012).

*Disseminated assets* refer to the external facet comprised of tangible projections. They include brand ambassadors, the diaspora and branded exports. Officially appointed brand ambassadors have the role to embrace and represent the nation’s personality and positive characteristics. Ronaldo Luis Nazário de Lima was officially chosen as brand ambassador of Brazil for the 2014 World Cup. Fulfilling this task can be achieved through non-appointed yet important persons in the country, for instance model Gisele Bundchen or soccer player Edson Arantes do Nascimento (Pelé). A diaspora is the dispersion of people from the original homeland. They are regarded as a network of potential brand ambassadors for the future. Also, they can contribute to a brand in respect of policy, technology or managerial expertise in their homeland. Lastly, branded export products play an important role in nation brand equity since they might help to develop a positive image abroad (Dinnie, 2012).

To sum up, all these assets are crucial for a nation’s brand equity, however, they are difficult to measure. Two indices that attempt to measure brand equity and a nation’s reputation are subject of the following assessment.

### 2.2.5 Measurement of a Nation Brand

To stay competitive in the global economy, countries need to understand how they are perceived around the world, have to assess their achievements and failures, assets and liabilities and also notice how their people and product are reflected in their brand image in order to manage it properly through public and private organizations. When looking at effects on nation branding, they can for example be measured in increased revenue or positive global perception, but at the same time it is hard to determine to what extent the actual nation brand results in an increase of these variables (Teslik, 2007).

In practice, two forms of measurement, regarded as “the most high profile existing measures which assess a country brand” (Fetscherin, 2010, p. 3), are the Anholt-GfK Roper Nation Brands Index℠ and the FutureBrand Country Brand Index.
2.2.5.1 Simon Anholt Nation Brand Index

Simon Anholt developed the Nation Brand Index (NBI) in 2005 as a way to assess the image and reputation of world’s nations. Since its first publication in April 2005, it has been updated several times. From 2005 to 2008 the index “Anholt-GMI Nation Brand Index” was established with the Global Market Institute. In spring 2008, Anholt started to partner with GfK Roper Public Affairs & Corporate Communications, a division of GfK Custom Research North America. (Zhao, 2014) The GfK (in German: “Gesellschaft für Konsumforschung” – Association for consumer research) was founded in Germany in 1934. Since 2008, the study has been rolled out every year measuring the image of 50 nations through interviews with approximately 20,000 adults above 18 years old of 20 core panel countries\(^5\) with at least 1,000 interviews per country.

Anholt (2005) recognizes the entirety of a country’s competitive identity while conceptualizing it in his “Nation Brand Hexagon”, which is sketched in figure 1.

**Figure 1: Nation Brand Hexagon® by Anholt**

![Nation Brand Hexagon® by Anholt](http://www.branding-institute.com/rated-rankings/anholt-gfk-roper-nation-brands-index)

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\(^5\) USA, Canada, UK, Germany, France, Italy, Sweden, Russia, Poland, Turkey, Japan, China, India, South Korea, Australia, Argentina, Brazil, Mexico, Egypt, South Africa
Compliant with the theory, nations communicate with the outside world and thus are creating an image in the mind of others employing the means inherent to the six channels:

- **Tourism**: This includes experiences of a former visit or the intention to visit a country and awareness of a country’s natural beauty, historic building and other attractions. It is often the most visible aspect of a nation brand, as well as a great income source and marketing force on its own;

- **Exports**: This aspect incorporates the availability of branded, quality commodities where the place of origin is explicit, knowing that the COO likely affects the purchasing decision;

- **Governance**: That is the public opinion about national government competence, policy reported in international media and perceived commitment to global issues such as peace, justice, poverty and environmental protection;

- **Investment and Immigration**: The attractiveness of inward investment and capital flow in the country, as well as recruiting foreign workforce, perception of country’s economic conditions and quality of life are integrated in this part;

- **Culture**: Cultural aspects are the global perception of a nation’s heritage, cultural exchange and contemporary culture such as media, film, art, sport, literature and attractiveness of the language;

- **People**: This comprises people’s perception on high-profile leaders, political leaders, figures of science and the general population as well as reputation of competence, openness and tolerance (Anholt, 2007; Anholt, 2005).

The overall NBI score is calculated as an unweighted average based on the six dimensions. Three to five questions are assigned for each dimension in which a range from one to seven (seven is the highest appeal) is used by the interviewees. In addition to that, people may state what they consider best about a country, such as “democratic, open” or “good quality of life” (Anholt, 2009). Table 2 displays the NBI ranking for the previous two years. After holding the number one place since 2009, the USA was pushed down to the second place following Germany in 2014, yet gained rank 1 again in 2015. The positive result of Germany in 2014 is attributed to the reflection on a
recent mega-event with Germany winning the 2014 World Cup, and also to politics: The USA has been downgraded especially by Russia and Egypt regarding “peace and security”. Furthermore, it is recognizable that the first top ten countries did not change within a year meaning that is a stable measurement (Zhao, 2014).

Table 2: Anholt-GfK Nation Brand Index Results of 2014 and 2015

<table>
<thead>
<tr>
<th>2015 rank</th>
<th>2014 rank</th>
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<tr>
<td>1 USA</td>
<td>2</td>
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<tr>
<td>2 Germany</td>
<td>1</td>
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<tr>
<td>3 United Kingdom</td>
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<td>4 France</td>
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<td>5 Canada</td>
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<td>6 Japan</td>
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<td>7 Italy</td>
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<td>8 Switzerland</td>
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<tr>
<td>9 Australia</td>
<td>9</td>
</tr>
<tr>
<td>10 Sweden</td>
<td>10</td>
</tr>
</tbody>
</table>

Note. Reprinted from “USA regains position as top nation brand from Germany”, by GfK, 2015.

Although the index is widely known and used as a measurement for competitive positions, critics remain in regards of subjective perception data and the limited scope of 50 nations to be evaluated and 20 only participating (Fetscherin, 2010).

2.2.5.2 FutureBrand Country Brand Index

The FutureBrand Consultancy as a brand and design consultancy is part of McCann-Erickson WorldGroup. Apart from the Country Brand Index they publish “The Made-In Report” focusing on the COO effect. In terms of destination branding, they created brands for the Bahrain Bay, Peru, Mexico, London 2012 Olympic & Paralympic Games, Sydney 2000 Olympic Games, and The Palm in Dubai. Their annual report further includes the “Tomorrow’s Leading Country Brands: The Future 15” analyzing the future projections for a countries performance. The FutureBrand Country Brand Index (CBI) was established in 2005 in research partnership with QRi Consulting. This annual ranking is based on various sources: First, on a quantitative research study with about 2,500 participants called “opinion-formers or frequent international business or
leisure travelers” coming from 17 countries. Applying their Hierarchical Decision Model, the index determines the perception of the brand from a general perspective up to more specific advocacy (FutureBrand Consultancy, 2015).

The score, measured in seven aspects, is trying to answer the exemplified questions:

- **Awareness:** Does the audience know about the country?
- **Familiarity:** How established is the knowledge about the country and its offerings?
- **Associations:** What do people associate with the country?
- **Preference:** What is the admiration for the country and does it resonate?
- **Considerations:** How likely is a visit to the country, an investment in this place and a purchasing decision of products from there?
- **Decision/visitation:** To what extent do people follow through the country and does a commercial relationship take place to become more visible?
- **Advocacy:** Do people recommend the place to family, friends and colleagues? (FutureBrand Consultancy, 2015).

In addition to the quantitative source and opposed to the NBI, the CBI also includes profound interviews with experts from international policy, public relations, economics, energy, trade, international law, and urban planning. Based on these interviews, CBI publishes rankings in sub-categories of the nation image which are the following: Value System, Quality of Life, Good for Business, Heritage and Culture, and Tourism.

The results of the last year’s CBI (see table 3) reveal that Japan is the number one for the first time. Also, in contrast to the stable NBI the countries of the CBI change more often. In comparison to the NBI, the United Kingdom, France and Italy are not parts of the first ten, while Norway, Denmark and Austria are. Broadly speaking, both indices reveal similar results. Countries that are perceived positively (based on NBI) have a stronger country brand (CBI). The two indices are significantly correlated, indicating they measure very similar phenomena, although they use different methodologies and independent data (Fetscherin, 2010).

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6 USA, Canada, Brazil, Argentina, Mexico, UK, Germany, France, Russia, Turkey, India, China, Thailand, Japan, Australia, South Africa, UAE
Table 3: Country Brand Index Results of 2013 and 2014

<table>
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<tr>
<th>Rank</th>
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<td>1</td>
<td>Japan</td>
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<td>2</td>
<td>Switzerland</td>
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<td>9</td>
<td>Denmark</td>
<td>10</td>
<td>Austria</td>
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</table>

* In 2013-14 no CBI was published.


FutureBrand states that out of 75 countries studied only 22 meet the criteria of a country brand, showing measurable competitive advantage over their peers as a result. Moreover, the key driver for a country brand includes having a reputation for high quality products, a desire to visit or study in a country and perceptions of good infrastructure (FutureBrand Consultancy, 2015).

How Brazil’s nation brand is perceived according to the NBI and CBI is covered in chapter 4.1.3. In addition to the two described indices, there are more rankings measuring nation brand and related issues. Some of them are subject of the subsequent chapter.

2.2.5.3 Alternative Rankings

Combining both concepts above and adding further dimensions, such as the level of immigration and government environment, Fetscherin (2010) developed the country brand strength index. Despite applying a different methodology through secondary data, this index shows similar results as the NBI and CBI. He further argues that the NBI and CBI are highly correlated and actually measure the same things (ibid.).
The *Bloom Consulting Country Brand Ranking* inhibits one edition on tourism, one on trade and one digital country index that are published on a yearly basis. Especially the tourism edition is of interest for this research (see chapter 4.2.1), because it includes important parameters such as the online demand for tourism, the effectiveness of a country’s destination branding strategy, tourism receipts and revenues as well as the economic impact of tourism for a country. The report’s particularity is the use of only quantitative data in order to evaluate a country’s brand (Bloom Consulting, 2015).

Besides the mentioned indices assessing a nation brand, further rankings and indicators exist that measure a reputation, competitiveness or perceptions of a country. The performance in such rankings can encourage countries to improve the areas where they obtained poor scores (Dinnie, 2012).

The *East West Nation Brand Index*, introduced in 2008, measures a country’s reputation using a different methodology. The index was published quarterly and annually based on an analysis of the media coverage of 200 countries and. Positive and negative country attributes are cataloged through a language text analysis system. The last published index in 2011 revealed Singapore, Malaysia and Kuwait as the most frequently mentioned and best ranked countries (East West Com, 2015).

Two reports published by the World Economic Forum are worth mentioning for this study. First, the “*Global Competitive Report*” reflects economic development in a country. This report assesses the drivers of economic performance, productivity and prosperity of more than 140 countries. Switzerland, Singapore and the United States rank from one to three. Secondly, the “*Travel & Tourism Competitiveness Report*” determines factors and policies enabling the sustainable development of the travel and tourism sector of the 141 countries which in the end contributes to the global competitiveness of a country. Spain, France and Germany are the here leading three countries. The results for Brazil are discussed in chapter 4.2.1 (World Economic Forum, 2015).

Another often cited report from the World Bank Group is “*The Doing Business Report*”. It evaluates the business regulations that enhance or constrain business development in 189 countries and thereby reflects the conditions of doing business in a
country. As reported in 2015, the result is best in Singapore, New Zealand and Hong Kong (Doing Business, 2015).

The last one to be mentioned here is the “Human Development Index” as part of the United Nations Development Program. It combines statistics of life expectancy, education, and per capita income indicators, which are used to rank countries into four tiers regarding of human development. When evaluating countries, this index can be an additional source complementing economic reports, since it also takes societal aspects into account. In 2015 the highest scoring countries were Norway, Australia and Switzerland (UNDP, 2015).

These rankings are only one source for a country to measure its international perception or ranking. An important factor is the actual behavior or actions by the government within a country. One option for a country to improve its ranking and perception consists of well-marketed and well-managed global events such as the soccer World Cup or the Olympic Games (Anholt, 2005). The following chapter concentrates on mega-event characteristics.

### 2.3 Mega-Event Characteristics

#### 2.3.1 Definition of a Mega-Event

When using the term “mega-event”, it is apparent that mega is a prefix for large or great. The rationale for global, large or mega-events is complex and widely discussed by scholars. The origin of sport mega-events goes back to the ancient Greek and the development of the Olympic Games. Roche (2002) defines mega-events as “large scale cultural (including commercial and sporting) events which have dramatic character, mass popular appeal and international significance” (p.1). Hall, another researcher in the field of tourism and events, conceptualized the subject by introducing the term “hallmark events”. They hallmark or characterize a certain region, for instance the Oktoberfest in Munich or the Carnival in Rio (Hall, 1997). These events are “one-time or recurring events (…) developed primarily to enhance the awareness, appeal and profitability of a tourism destination (…)” (Ritchie, 1984, p. 2). Hall (1997) further gives a more complex definition of a mega-event, also specifying the included ones:
“Mega-events such as World Fairs and Expositions, the World Soccer Cup Final, or the Olympic Games, are events which are expressly targeted at the international tourism market and may be suitably described as “mega” by virtue of their size in terms of attendance, target market, level of public financial involvement, political effects, extent of television coverage, construction of facilities, and impact on economic and social fabric of the host community” (p. 5).

In order to distinguish between mega and non-mega events, Maenning & Zimbalist (2012) describe three features: First, popularity of the event which can be measured in number of participants or viewers, number of TV transmission hours; second, revenue the event produces in terms of invested budget or more macroeconomics patterns such as employment rate or tax revenue; third, international significance that the event creates in relation to audience, publicity or reputation. Ritchie (2000) further classifies mega-events as short term events with long term impacts for the cities that stage them.

Malfas, Theodoraki & Houlihan (2004) determine two layers of a mega-event; On the one hand the importance of internal characteristics such as duration and scale (e.g. number of participants etc.) of the event; on the other hand external characteristics like media, image and tourism attractiveness in the host city or country. Bowdin, O'Toole, Allen, Harris & McDonnell (2006) attach importance to sport events due to their ability to attract tourists, generate media coverage and have economic impact. The authors have further developed a categorization for sport events, in which mega-events such as the Olympic Games and World Cup constitute the first category. Second are calendar events (e.g. Wimbledon Championship), third One-off events only happening once (e.g. Millennium night 1999/2000) and fourth Showcase events (e.g. European Showjumping Championship) (Bowdin, O'Toole, Allen, Harris & McDonnell, 2006). All researchers agreed to each other in counting the Summer and Winter Olympic Games and the World Soccer Cup as a mega-event (Bowdin, O'Toole, Allen, Harris & McDonnell, 2006, Hall 1997, Maenning & Zimbalist, 2012; Page & Connell, 2014; Ritchie 2000, Roche, 2002). Depending on the definition, some also include the Commonwealth Games (Bowdin, O'Toole, Allen, Harris & McDonnell, 2006; Page & Connell, 2014), the Champions League Final or Super Bowl Final (Maenning & Zimbalist, 2012), the IAAF World Athletic Championship (Bowdin, O'Toole, Allen, Harris & McDonnell, 2006) or the World Expos (Hall, 1997; Roche, 2002) into the definition of a mega-event.
Why have mega-events gained growing attention internationally? Horne and Manzenreiter (2006) identify three reasons for that: First, thanks to fast information and communication technological advancements, such events have become accessible to a global audience, mainly via satellite television and online streaming. Second, these large events are meant to create a powerful “sport-media-business” by means of an increasing commercialization of sports with revenue streams through sale of television rights, sponsorship and merchandise for the host nation. Third, cities and countries are increasingly interested in marketing and branding their region with hosting a sport mega-event. Therefore, the degree and significance of the impact of an event mainly determine whether the event should be named “mega”. Starting with the 1984 Summer Olympic Games in Los Angeles, new ways of financing, marketing and communications shaped the form and function of mega-events today (Roche, 2002).

For the present research, the characteristics of a mega-event is defined as a large-scale competition with great appeal, wide international interest and significance, short period of time but potential long term impacts and an opportunity for branding and tourism attraction. The focus is placed on the World Football Cup as a representative example for the characteristics of and consequences on a mega-event.

2.3.2 Legacies of Mega-Events

While hosting a mega-event is generally believed to assist the host country or city in generating a positive impact on their economy, socio-cultural status, and physical development including its image, much skepticism yet occurs related to these outcomes. Short term effects such as enlarged business activity, creation of temporary jobs or a quick boost in tourism are characteristic but unlikely to secure the destinations’ profile immediately. Moreover, long term effects such as an increased visibility, visitations and investments in the aftermaths are acknowledged to remain complex and difficult to achieve (Page & Connell, 2014). Impacts of a mega-event inevitably encompass a combination of positive, negative and contentious results, and their effects differ depending on the host country’s planning strategies, ability to build on the opportunities given by the event and overall political and economic stage of the country.

The economic impact as main driving force for a mega-event relates to income generation, additional production of goods and services and increased economic
activity, though legacies that follow the hosting are difficult to quantify (Ernst & Young Terco & FGV, 2011). The initial period of planning and defined deadlines trigger local investment and brings forward long-term projects, especially in less developed areas, though they require experience in handling an international event, strong corporation of planning and execution as well as well-functioning public-private partnerships. In fact, direct income from sport events (ticket sales, sponsorship or television rights) does not contribute much to the economic stage of the host community, since most of that income is spent to cover the organizational and operational costs for the event itself or is earned by the international sport institutions. Economic development possibilities are however seen in an increasing awareness of the host city which ultimately leads to a potential higher investment, commercial activity or growing tourism streams in the region, thus in new jobs and economic growth in the end. These results have been achieved in Los Angeles 1984 and in Sydney 2000. Furthermore, human capital, as trained professionals in areas related to implementation and management of major events, as well as bilingual staff is an economic benefit in the future. It is worth mentioning that speeding up certain infrastructure projects might cause delays in other public works or even an underdevelopment in suburban areas if the focus of construction lies in the metropolitan district (Malfas et. al, 2004; Ernst & Young Terco & FGV, 2011). In addition, researchers contend that isolating the economic impact of mega-events is delicate due to opportunity costs. Especially investments in stadiums and infrastructure could hinder investments in other areas such as education or health care. An increase in tourism spending during the event also might offset the arrivals of non-event related tourists, or local public spending might be reduced due to higher costs for goods and services during the event. (The Economist, 2012) The majority of literature describes no significant direct positive effect on sustainable income or employment due to a mega-event (Maenning & Zimbalist, 2012).

One should also take into consideration that studies and cost-benefit-analysis on the economic impact of mega-events are usually developed before the event and there is little evidence that the expectations were met afterwards. As a result, pre-event studies have a tendency to outnumber post-event studies (Matheson & Baade, 2004). The report “Sustainable Brazil” by Ernst & Young Terco & FGV (2011) displayed a remarkable expected economic effect in Brazil due to the World Cup from 2010 to 2014. They
estimated a supplement of R$142.4 billion in the period 2010-2014, while generating 3.6 million jobs per year. Due to missing latest post-event data, the numbers tend to be inconsistent due to incorrect budgets or changes in the macroeconomic environment.

The impact related to social and cultural aspects is noticeable in an increased local interest and participation in sports, improved self-esteem of people, benefits of education and cultural exchange plus a stronger sense of national identity. Depending on the culture and habits of celebrating sporting events in the past, countries can encompass a different cultural experience. A sport- and football-loving country like Brazil is likely to achieve intangible sustainable outcomes for instance cultural inclusion, big festivities and well-being throughout the event. In contrast, Qatar, the country of the 2020 World Cup, is not (yet) much associated with football (Maenning & Zimbalist, 2012). Conversely, recent mega-event had been flawed by protests, for example human rights protests and relocation of people in Beijing 2008, labor strikes demonstrations in Athens 2004 and protests against public expenditure as well as conflicts between worker unions and the government in Brazil in 2014 (Tzanelli, Korstanje, Clayton, 2014). Law (2002) also criticizes the top-down approach, lack of transparency and public participation in the bidding and planning process as well as the negative effect of marginalizing the needs of local people.

The physical legacy being another key topic for planning a mega-event is composed of infrastructure (transport system, telecommunication and public safety) in addition to sports and leisure facilities (Ernst & Young Terco & FGV, 2011). With regards to urban development, countries needing to build fewer stadiums experience the benefit of being able to spend more money on general urban regeneration which results in better legacies from their event in the future. Frequently mentioned in that case are the 1992 Barcelona Olympic Games where only 9% of building investment was spent for sport facilities, whereas the rest was used for general urban development and other infrastructure investments. Those were made in a new transport system and a reconstruction of a run-down coastal area in Barcelona (The Economist, 2012; Malfas et.al, 2004). In case of the 2014 World Cup, in Brazil, which did not have any stadium meeting FIFA requirements in 2010, about 24% of the budget was used for stadiums which revealed a weak sport infrastructure at that time, as well as a strong necessity in building those. Still, 66% was accredited for urban mobility and airport projects (Portal Brasil, 2012;
Gaffney, 2010). The economic benefits are difficult to measure since these complex investments were necessary in Brazil, a country with poor infrastructure, to actually hold the event. The development was seen as unjust since it tended to benefit private developers with the creation of leisure spaces for wealthy residents and international tourists, not focusing on building facilities for local low-income people (ibid.). More criticism arises from many sources; see Chalkley and Essex (1999). They argue that new sport facilities are often claimed to have a social benefit for the community, yet these venues are very specialized and unlikely to be used by the public. The venue’s low demand and high maintenance are clear signs for a non-successful sustainability of facilities. Unused venues, so called “white elephants”, occurred for instance in Montreal leaving the city with US$1 billion in debt three decades after the event. Sport facilities can still in some cases provide lasting benefits for the local community and for future events (for example in Barcelona or Brazil), yet the broader benefit of a mega-event is seen in local non-sporting infrastructure improvements (The Economist, 2012).

Most of the times, psychological and irrational affects are regarded much more important and lasting than economical ones. Positive implications concerning the image and marketing of mega-events are associated with publicity in the international sphere, a development as tourist destination and exposure of its cultural heritage. Mega-events have the ability to reach a worldwide audience and build therefore the rationale for a large potential impact. The host nation is able to publicize and develop images of its culture or political and economic power and so fulfilling its destination marketing, building up reputation and strengthening its soft power and brand – also for future mega-events in the same location (Maenning & Zimbalist, 2012). In contrast, failure in organizing the event or even terrorist attacks on athletic personalities has a detrimental effect on the reputation of the organization committee and political leadership, eventually undermining the state authority (Tzanelli et al., 2014). Pflüger, Reinck, Quitzau & Vöpel (2014) depict that the pattern is always the same: Prior to an international mega-event, politicians and sport officials draw positive images of new tourist flows, satisfied restaurateurs and hoteliers, new infrastructure and vibrant stadiums where the people constantly commit new sports events afterwards. Yet various authors argue that these expectations are usually not redeemed.
Generally, high income countries are considered being able to better host a mega-event since modern infrastructure such as sport and transport, telecommunication, energy and sanitation had already been developed. Social dimensions like education, health care and security are further given, as for the 2006 World Cup in Germany or the London 2012 Olympic Games. So the expected economic impact and usage of sport facilities after appears to be easier to realize in industrialized countries. Nevertheless, these countries might be less inclined in the future to bid for mega-events that are too costly to hold. Middle income countries such as South Africa, China or Brazil, which do not have the same prerequisites in infrastructure and welfare, had seen a mega-event as a boost for their economy, tourism and infrastructure, yet with much higher expenditures and opportunity costs but lower operating costs involved than in high income countries (Gaffney, 2010; The Economist, 2012; Matheson & Baade, 2004).

A mega-event is surely not capable of solving all problems of a society, but there is an incentive to address some important issues because of the event. As such, the overall event’s impact on the host city is very dependent on institutions, managers for urban development, branding experts and politicians using the impulse of a mega-event.

2.3.3 Tourism Development in Recent Host Countries

The tourism industry counts as a major factor of socio-economic development in a country, contributing up to 10% of global GDP. Due to an increased income, improvements in infrastructure, interest in other cultures and opening up of places, a general positive trend in worldwide tourism is experienced. Worldwide international tourist arrivals (overnight visitors) have increased from 25 million in 1950 to 1133 million in 2014. Between 2010 and 2030, arrivals in emerging destinations (+4.4% a year) are expected to increase at twice the rate of those in advanced economies (+2.2% a year) (UNWTO, 2015; WTTC, 2016).

In the long run, events are seen beneficial for cities or countries to turn themselves into an attractive tourism destination. Nation branding and other tourism related marketing activities are named as main consideration for countries to bid to host mega-events. Therefore, the tourism industry is supposed to be the main beneficiary of mega-events and hence is examined in this chapter. The role of the event inhibits a stimulating emotional response to the activity, environment or society and by this creates a growing
interest in the country and higher tourism and promotion opportunities (Page & Connell, 2014).

Considering a positive example of improving growth, attracting tourists and developing the city, the best case example is Barcelona that hosted the Olympic Games in 1992. The city spent six times as much on infrastructure as it did on organizing the actual event. Barcelona acted on the basis of a long term development plan where four urban areas were chosen for Olympic facilities. That resulted in a citywide redevelopment and new allocation of resources. Finally, due to the infrastructure investments, long planning process, brand equity with the city brand and high-quality organization of the event, Barcelona turned into a top tier tourist and business destination. As a result tourism revenues more than doubled in Barcelona because of the Olympic Games. According to the Mayor of Barcelona, the city experienced a metamorphosis within five years that would have taken three decades otherwise (PWC, 2011).

In the study “The impact of mega-events on tourist arrivals” Fourie and Santana-Gallego found out that on average a tourism increase of 8% in the same year of hosting a mega-event can be predicted. Hosting Summer Olympic Games would enhance tourism arrivals even by 15%. However, the authors argue that the expected increase depends on the timing of the event, country-specific characteristics, and also the current tourism development status in the country. For instance, the 1998 World Cup in France - a well developed country for tourism - experienced a smaller increase in tourist arrivals (12%) than South Korea/Japan in the 2002 World Cup with 18% increase. A large boost is predicted to be gained particularly from tourists of participating countries in the event – 24% of added tourist arrivals, whereas no significance difference was encountered for tourists from non-participating countries. In general, events held in non-OECD countries perform better (15%) in terms of tourist arrivals than OECD countries (9%) (Fourie & Santana-Gallego, 2010). That explains the increasing interest of developing countries to host a mega-event- those including the 2008 Olympic Games in Beijing, 2010 Commonwealth Games in Delhi, 2010 World Cup in South Africa, 2014 Olympic Games in Sochi, 2016 Olympic Games in Rio de Janeiro and with up-coming events 2018 World Cup in Russia and 2022 World Cup in Qatar.
In order to further gain insights on that issue, the tourism development in terms of international tourist arrivals for all seven events of Summer Olympic Games and World Cups is looked at. Figure 2 shows the arrivals in thousands between 2000 and 2013. Emphasize is given to the two developing host countries from that time: China and South Africa, which are displayed in bold.

Despite the universal decrease in 2009 due to the financial crisis worldwide, positive examples for tourism growth are South Korea and Japan that co-hosted the 2002 World Cup. Particularly in 2002 a boost of tourism occurred. They have actually experienced an increase in tourist arrivals in the host year and from 2004 onwards. The event can be seen as a trigger for that growth.

**Figure 2: International Tourist Arrivals in Host Countries 2000-2013**

*Figure 2: International Tourist Arrivals in Host Countries between 2000 and 2013. Retrieved from “International tourism, number of arrivals”, by The World Bank, 2016.*
In fact, the number of tourists coming to South Africa in the hosting year 2010 has increased by 15.5% in comparison to the previous year. Tourist arrivals have further augmented by 3.3% from 2010 to 2011. Yet, the 2011 figure correlates with the number of arrivals in 2006, 2012 with 2007 and 2013 with 2008 respectively, meaning that the number of international arriving tourists has indeed increased, but not as booming as authorities had expected it. After the drop in 2009, the number of arrivals has developed in the direction of increased tourism activity as it had been before the financial crisis, but that cannot necessarily be accounted to the World Cup. The economic climate for tourism in South Africa remains difficult. Even in some regions in South Africa, tourism has declined after 2010. Hence, there is marginal evidence that the 2010 World Cup has impacted the local tourism industry (Travel World News, 2012; Jansen, 2014).

In China, having a volatile tourism progress and being the fourth largest tourist recipient, thereby having a different initial position of tourism development compared to South Africa, a similar trend can be noticed. In the year of the event, 2008, international arrivals were less than the year before. Beijing attracted fewer international visitors during their Olympic Games than in the same period a year earlier. In contrast to that, the outgoing tourism from China increased by 12% in 2008 in comparison to 2007. Many local people actually escaped from increasing prices, construction works and crowded tourist places in Beijing (Stalinski, 2015). Yet again, the decrease in international tourism is not only related to the event but also to economic conditions, such as the financial crisis that hindered people from travelling in 2008 and 2009. Thus, the tourism has not increased in year 2009, only in 2010, two years after the event which could be related to that. In 2009, the Financial Times stated that Beijing failed to provide an expected boost in tourism. Moreover, the tourism industry has been harmed by natural disasters (earthquake in Sichuan) or incidents such as protest again human rights in China. Even so, China has been experiencing an overall general growing trend in its tourism industry over the past 15 years (Dyer 2009, Li et al., 2011).

Nevertheless, there is something to gain, especially for emerging countries such as Brazil, i.e. a better image as a prerequisite for future tourism development. The fact that many feared chaos or security issues in South Africa (and in Brazil) that have not materialized still conveys a positive effect on the country. The major sport events drew the attention of investors on host countries and connect the host country to the world.
with the help of global passion for sports. Thus, World Championships or Olympic Games remain to be an opportunity to manage destination marketing. In addition, the event can add cohesion and pride of the population as it had been the case during the 2006 World Cup in Germany. This in turn has effects on the motivation and civic commitment of the people and ultimately on business activities (Polke-Majewski, 2014). Even so, nine years after the World Cup in Germany a report of the magazine “Der Spiegel” revealed that the German Football Association shall have received some bribe money (10.3 million Swiss francs) as bid for the event with many private parties involved, including former Adidas boss Robert Louis-Dreyfus. It is suspected that the existence of secret accounts at the German bid committee allegedly was used to buy four votes at the FIFA Executive Committee. Despite the scandal the World Cup continues to be associated with enthusiasm and success, thus the bribe controversially did not change any of that (Der Spiegel, 2015). Similar corruption scandals have been revealed for the World Cups 1998 in France, 2010 in South Africa and 2022 in Qatar (BBC News, 2015).

2.3.4 Overview of the 2014 World Cup in Brazil

The Fédération Internationale de Football Association (FIFA) created the Football World Cup as an international football competition in the 20th century. The first World Cup was held in 1930 followed by competitions every four years, apart from 1942 and 1946 because of the Second World War. Primarily it was held mostly in Europe and Latin America, the more traditional football-affine nations. Later it was given to North America, Asia and Africa, even if the designation had been controversial in many cases, for example 2022 in Qatar. The World Cup has become the biggest single-event sport competition in the world and attracts a worldwide audience, huge budget and capable sponsors (Gaffney, 2010). The World Cup took place in Brazil from the 12th of June to the 13th of July, 2014 in twelve host cities that were selected for the competition though differed significantly in terms of infrastructure, capacity of stadiums and geographical features (see figure 3).
According to Maenning’s & Zimbalist’s (2012) features of popularity, revenue and international significance the World Cup is a classic mega-event. First, the number of viewers of TV reached a total of 3.2 billion, the total broadcast hours were 98,087 – a plus of 36% compared to the 2010 World Cup – and in-home audience increased by 12% in 2010 to 695 million viewers who watched at least 20 minutes of the final (FIFA, 2014).

Second, the 2014 World Cup generated total revenue of US$4.83 billion for the FIFA, mainly through TV rights, marketing rights and ticketing (FIFA, 2014b). Nevertheless, FIFA’s profitability is in harsh contrast to the total expenditures of about US$15 billion that Brazil spent on organizing and hosting. That number makes the 2014 World Cup the most expensive one in the last 80 years. In contrast, FIFA’s donation to Brazil of US$100 million from the World Cup Legacy Fund aiming at sports facilities, youth and women's football, and medical and health projects, seems to be a relatively insignificant number compared to US$4.83 billion profit (Wade, 2015). The FIFA requires the host nation to have between eight and ten World Cup stadiums with each 40,000-60,000 seats capacity. In total, approximately US$11 billion were spent for infrastructure projects of urbanization, information technology, media centers, facilities of the Fan
Parks in the respective host cities – out of that US$3.6 billion were invested in new and refurbished stadiums (Tzanelli et al., 2014; Wade, 2015; Statista, 2016). According to the Brazilian Association of Infrastructure and Basic Industries (ABDIB), the expanded budget, including foreign direct investment and household consumption, was approximately US$62.4 billion. The majority of funding originated from the federal government (62.1%) whereas local governments participated with 23.4% in the areas of urban mobility, stadiums and touristic projects. Ernst & Young Terco & FGV (2011) estimated approximately US$16.5 billion in 2010 as direct impacts of the event composed of investments, operating expenses and spending by visitors. The Ministry of Economy in Brazil calculated R$16 billion (approximately US$5-7 billion) in revenue in 2014 due to the World Cup (FIFA, 2014; Ernst & Young Terco & FGV, 2011).

Third, international significance is given by its publicity. Out of 3.4 million tickets, over 2.1 million tickets (69%) were sold directly to the general public, of which two-thirds were Brazilian residents (FIFA, 2014b). Over 15,000 accredited international journalists reported on the event while producing more than 16,000 media accreditations. 3.5 billion World Cup related interactions on Facebook from 350 million people and over 670 million tweets on Twitter show the striking global attention of the event (Frier, 2014; FIFA, 2015).

Nevertheless, particular difficulties in Brazil arose through lack of physical infrastructure, environmental protection, social inequalities, poverty, violence, as well as organizational factors due to the complexity of the projects, institutional weaknesses and inexperience of urban planners (Tzanelli et al., 2014; Ernst & Young Terco & FGV, 2011). Further criticism arises in terms of investment in massive stadiums and infrastructure instead of education or health system. Many people demonstrated already during the Confederations Cup in 2012 against public spending and the way money is allocated to these mega-events. The World Cup became not only a sign of civic pride and a sport loving country, but also a symbol of corruption and misgovernment (Pflüger et al., 2014). Positive and negative implications of the World Cup are further discussed in chapter 4.3.
3 METHODOLOGY

The following chapter introduces the methodology chosen to approach the question investigated in this thesis. It first singles out an exploratory, qualitative research method as the appropriate means of study, as compared to rather quantitative, measurement or calculation approaches. The chapter then motivates and introduces a case study design as the method of choice. This is followed by a description of the data collection, including an introduction of the participants, the procedure principles of interviewing them and of analyzing the results. The chapter this way lays the required foundations for subsequently approaching the genuine research question.

3.1 Choice of Exploratory Qualitative Research

For a general strategy to perform a research, two principle methods may be distinguished: quantitative and qualitative research. The quantitative research - mainly applied in natural sciences such as chemistry, physics and biology - is based on numeric data analyses directed to order and generalize the results from a certain sample to the population of interest. It usually covers a large number of data samples and cases suitable for statistical analysis, and provides standardizations or numerical recommendations as final result. In contrast, the qualitative research is used to provide knowledge of a more descriptive nature such as reasons, perceptions, motivations or behavior underlying certain problem. It deals with a small number of thus non-representative cases and is directed to the in-depth understanding of a specific incident. Using a qualitative method is especially appropriate when the research question demands the understanding and explanation of social phenomena and their often complex contexts (Malhotra, 1999; Robson, 2002). In this study, the main objective is to understand the perception of Brazil internationally (measured as nation brand) and to determine whether the 2014 World Cup have had an impact on the brand as well as the tourism activities in the country. While that entails also an analysis of quantitative data, the overall approach must be one of a qualitative design in terms of examining images and contexts consistent with the research question and was therefore chosen for this study.
The qualitative research has two distinct forms; exploratory and conclusive. Exploratory research aims at providing general insights into the research environment and problem. Because of the loosely defined information, the research design needs to be flexible and versatile. The data collection is not fixed and the sample constitutes of a relatively small size, usually subjectively selected. Exploratory studies might not be as rigorous in their design as conclusive ones, since the data analysis tends to be qualitative with the objective of tentative inferences in result. That exploratory research can build the basis for a conclusive research, especially in cases where the area of investigation is new. The objective of conclusive research is to test hypotheses, verify insights and inspect specific relationships among variables. Hence, the conclusive research design usually becomes clear, well-defined and structured. The data collection is rigid and may be more formal. With a relatively large sample the result may be projected to a larger population of interest and thus enables a generalization of findings. The data analysis is typically quantitative in its essence and the outcome may be reliable enough to support informed marketing decisions (Malhotra, 1999; Nargundkar, 2008).

For this research, the exploratory approach was selected because it supports the study intent to determine how a mega-event can influence a nation brand, particularly in terms of tourism development in a country that hosts the two most important mega-events in difficult local circumstances. The application of an exploratory study, in contrast to an only descriptive one, is “a valuable means of finding out what is happening; to see new insights; to ask questions and to assess phenomena in a new light” (Robson 2002, p. 59). Thereby it explores and illustrates the understanding and interpretation of the mega-event and adapts well to the qualitative design in nature.

### 3.2 Research Design

The present thesis presents a case study to approach its main subject. Yin (2003) determines a case study as more than a data collection tactic or a design feature, but a comprehensive research strategy. Robson (2002) defines it as “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence” (p. 178). The method of using a single case - here the 2014 World Cup in Brazil - as unit of
analysis in contrast to a multiple-case approach requires a profound investigation of this specific event. Moreover, Yin (2003) defines five rationales of single-case studies. It is appropriate to use a single case when it is a 1) critical, 2) extreme/unique, 3) representative/typical, 4) revelatory or 5) a longitudinal case. The author’s example can be categorized as representative as the 2014 World Cup in Brazil represents one the two most important international mega-events happening every four years. It can further be described as revelatory since it combines two phenomena (nation brand and tourism development due to a mega-event in Brazil) that have not been studied or analyzed much in that sense together before particularly during the 2014 World Cup; and it is critical because the case-based theory will confirm, challenge or extend the latter.

Another distinction in case studies is a feature termed holistic versus embedded. Yin (2003) depicts the holistic approach as appropriate for the overall examination of an organization, program or event as a single unit of analysis. In contrast to that, an embedded case study inhibits several subunits of analysis by evaluating each one intensively in order to create an appropriate work flow and to develop deeper knowledge of each subunit to understand the whole topic (see chapter 3.4).

In that way, the researcher aims at gaining in-depth understanding of the case by integrating different perspectives on the context, because a case study can provide a broad explanation of the research issue, where its understanding needs to be holistic and comprehensive (Ritchie & Lewis, 2003). That means the case study method guided the way through the research; starting with applying the first principle of qualitative research, i.e. search of literature and analyzing secondary data, in this case related to the three main aspects of the research question: nation branding, mega-events and tourism in Brazil. The second step of collecting primary data, that is the actual direct qualitative research procedure, is classified by Malhotra (1999) as the usage of focus groups or depth interviews. The author decided for interviews since they ensure an overall picture of the case with the knowledge from experts in the field, whereas a focus group would rather be used to project the opinion of the group to a percentage of the population which is not the objective in this research. In the final step, the integral approach of a case study sustains the data analysis with content analysis (see chapter 3.4) where the results of this one case can be useful for other cases, theory development or practice approaches (Ritchie & Lewis, 2003; Saunders, Lewis & Thornhill, 2009). All in all, the
objective of the case study is to build an understanding of the phenomenon’s distinctiveness and complexity as complete as possible which was accomplished through a single-case, embedded design with the help of expert interviews.

### 3.3 Data Collection

Considering data collection, a multiple source approach was demanded by this complex topic. Yin (2003) highlights the usefulness of multiple methods because it increases the understanding of the topic and its interrelatedness. Data collection methods such as observations, in-depth interviews and analysis of documentary evidence are seen by Ritchie & Lewis (2003) as most suitable for qualitative research. The methodological triangulation of this research enhances validity and consistency as it takes information from three different sources into account in order to ensure that “the data are telling you what you think they are telling you” (Saunders, Lewis & Thornhill, 2009, p.177). For this case study, secondary qualitative data were collected from media interviews, marketing initiatives, internet websites from the World Cup, tourism and event related journals, official marketing material from Embratur and global tourism news websites. Secondly, quantitative data were retrieved from nation branding reports (Simon Anholt Nation Brand Index, FutureBrand Country Brand Index and Bloom Consulting Country Brand Ranking), international arrival data from the World Bank and tourism statistics of Brazil from the WTTC, UNTWO and Embratur. The third and most relevant method of data collection for this research was semi-structured interviews. Here, the focus was on an interactive interview process that enabled relevant, specific, spontaneous and authentic answers. Interview questions had been developed throughout the process of data collection and literature review with the intent of creating specific but open or probing questions (starting with what/ how/ why). A catalog of seven subject sections was developed, from which specific questions were chosen for each of the interviews. They varied from one to another depending on the conversation flow and the field of expertise of the interviewee. It was highly requested to gain insight knowledge and experience of the specialists and stakeholders together with leading ideas about the topic (Saunders, Lewis & Thornhill, 2009; Ritchie & Lewis, 2003).
There are two distinct ways of establishing a sampling procedure: Probability and non-probability sampling. Yin (2003) states that probability sampling is generally used for statistical research but it is inappropriate for qualitative research. The procedure was thus non-probability sampling due to the fact that the samples for the interviews were based on subjective judgment of the researcher and reachability or availability of participants. Out of the non-probability choice of samplings, i.e. quota, purposive, snowball, self-selection and convenience, the self-selection procedure was followed. According to Saunders, Lewis & Thornhill (2009), self-selection as a sampling methodology is the suitable procedure for this research because data cannot be collected from the entire population, no statistical inferences must be made from the sample, the sample is not representative and it is an exploratory work. To meet the objective of examining the specific case of the 2014 World Cup, conducting a study with the focus on information-rich interviews with a small sample of participants appeared to be an appropriate choice. Some of the participants were contacted through the author’s supervisor Prof. Dr. Luís Henrique Pereira as he has the expertise and network in marketing field. Others were reached out through the websites of suitable nation branding, event and tourism companies. The researcher got in contact with most of the interviewees through the social network LinkedIn, where authors of articles used in this paper, as well as employees of Embratur and experts in nation branding were found and contacted. The non-standardized interviews were conducted in a One-to-One form, either via telephone (2 cases), internet/Skype medium (4 cases) or face-to-face (1 case) between 2nd May and 1st June 2016. They have been recorded, together with handwritten notes, and transcribed.

3.3.1 Participants

The advantage of a case study is the input of various perspectives on the topic (Yin, 2003). The selection of participants and settings was thus criterion based and on purpose (Ritchie & Lewis, 2003). Aiming at a multiple sided representation of the research unit, experts representing three the different subjects of the research were targeted: Nation branding, government/tourism industry and mega-events. This was considered to expose the most adequate results because the participants from the three different perspectives are having particular relations to the topic and enabled a rather
detailed exploration of the research question. The first stage was the nation branding point of view, knowing that academics and branding consultancies provide knowledge about the nation brand concept, Brazil’s reputation and impact of mega-events in the country on Brazil’s nation brand. Secondly, an interview with Embratur was conducted. The desired outcome was to gain insights from the state angle, first-hand results of the tourism progress in Brazil, direct tourism effects of the World Cup, achievements and obstacles of international tourism in Brazil as well as expectations for future development. The third group was interviews with industry related participants dealing with the topic of mega-events in Brazil. The outcomes are related to effects, benefits and problems with the 2014 World Cup in addition to a broader understanding of the origination and development of Brazil’s nation brand through mega-events.

Table 4 lists the interviewees’ field of study, names, current positions and codes for analysis.

**Table 4: Interview Participants**

<table>
<thead>
<tr>
<th>#</th>
<th>Field of study</th>
<th>Name</th>
<th>Position</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nation Branding</td>
<td>Daniel Alencar</td>
<td>Brand Strategy Director at FutureBrand</td>
<td>NB1</td>
</tr>
<tr>
<td>2</td>
<td>Nation Branding</td>
<td>José Filipe Torres</td>
<td>CEO of Bloom Consulting</td>
<td>NB2</td>
</tr>
<tr>
<td>3</td>
<td>Nation Branding</td>
<td>Felipe Mendes</td>
<td>Country Manager at GfK Brazil</td>
<td>NB3</td>
</tr>
<tr>
<td>4</td>
<td>Nation Branding</td>
<td>Fabiana Gondim Mariutti</td>
<td>PhD Candidate in Business at Leeds Beckett University</td>
<td>NB4</td>
</tr>
<tr>
<td>5</td>
<td>Tourism Industry</td>
<td>Marco Antonio Lomanto</td>
<td>Presidency’s Head of Projects and Partnerships Advisory at Embratur</td>
<td>TI1</td>
</tr>
<tr>
<td>6</td>
<td>Mega-Event</td>
<td>Christopher Gaffney</td>
<td>Senior Researcher on Mega-Events Impacts at the University of Zurich</td>
<td>ME1</td>
</tr>
<tr>
<td>7</td>
<td>Mega-Event</td>
<td>Andre Coelho</td>
<td>Professor and Project Manager at Fundação Getulio Vargas</td>
<td>ME2</td>
</tr>
</tbody>
</table>

*Note: Elaborated by the author*

In view of the busy status of these interviewees, especially of government and industry participants, it was likely that the sample would be excellent but could not be large. A total number of seven interviews was achieved. Insightful and consistent results among the interviews led to a saturation after seven interviews. Ritchie & Lewis (2003) argue that small samples are justifiable for qualitative research design for three main reasons:
First, if the data is analyzed properly, there may little evidence be obtained from each potential additional fieldwork unit. Second, qualitative research is not meant to represent an absolute truth regarding incidence or prevalence because its purpose is not statistical inference or generalization. Third, since the outcome of qualitative studies is rich in detail, it may suffice to justify the researcher’s conclusions and justifies a small sample.

3.4 Data Analysis

For the methodology of this research, a content analysis is seen as the most suitable approach with the qualitative data being composed in form of interviews. Content analysis is a method for collecting data in a specific context; analyzing verbal, printed or electronic data; identifying themes and recurrent topics. The researcher thereby focuses on the way in which the theme is treated or presented and interprets those according to the occurrence in connection to previous findings from the literature review. Hence it is a common approach for analyzing narrative data and for deducing main findings of all interviews (Taylor-Powell & Renner, 2003; Robson, 2002). Avraham & Ketter (2015) argue that qualitative content analysis is an effective method especially in the research of marketing or promotional content, as well as in explaining social interactions. Based on thorough understanding of the analyzed units, it inspects the “common signifying process” and general patterns.

In this research, the five steps of analyzing qualitative data by Taylor-Powell & Renner (2003) were followed:

- **Step 1: Get to know your data;**

  Great importance is given to the time and effort invested in preparation for the analysis. By this, the value of the data is dependent on the quality, on the meaning and the way it has been collected. Before starting the analysis, meaningful knowledge about the collection of data as well as about the topic itself is essential.
Step 2: Focus the analysis;

The focus of the analysis depends on the purpose of evaluation and usage of the results. One approach is to concentrate on a certain topic, time period or event which means to organize the data by question or topic to determine certain homogeneity or differences across all respondents’ answers. All participants’ data from each question or from a certain topic are put together for evaluation. A second way is the focus by case, individual or group. Here, the combination of answers from each of the three participating groups (nation branding, tourism industry and mega-events) could be clustered and analyzed in a separate step. In practice, the author applied the first approach by grouping the answers on themes and evaluating them together. The three groups of analysis were defined with the help of the research questions; consequently originated from the overall nation branding concepts, over one specific aspect of a nation brand (namely tourism) to the impacts a mega-events brings to the latter.

Step 3: Categorize information;

The categorization process was achieved through data coding. Scholars consider this step as crucial for successful qualitative analysis. The responses were categorized according to common patterns, words used, their frequency and their relevance to the topic and research question. At first categories were developed during the literature review and afterwards adjusted according to the interview results. The defined five categories were the following: (1) the Brazilian nation brand’s context, (2) characteristics of mega-events in Brazil; (3) impressions and implications of the 2014 World Cup, (4) the evolution of international tourism in Brazil, particularly due to the mega-events, and (5) opportunities of mega-event influence on future branding and tourism purposes in Brazil. To keep track on the data in the data coding process, the use of abbreviated codes of letters, words or symbols is encouraged. The same applies for a descriptive label for each category or subcategory. The coding was conducted by hand with the help of different color highlighting. The colors reflect the category and the letter on the side the sub-category. Table 5 shows the developed labels and colors.
Table 5: Categories and Subcategories for the Content Analysis

<table>
<thead>
<tr>
<th>Category</th>
<th>Code / Color</th>
<th>Subcategory</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazilian Nation Brand</td>
<td>B / pink</td>
<td>Successful Nation Branding</td>
<td>B1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Challenges in Nation Branding</td>
<td>B2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Status of Nation Branding</td>
<td>B3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Comparison to Commercial Branding</td>
<td>B4</td>
</tr>
<tr>
<td>Characteristics of Mega-Events</td>
<td>E / green</td>
<td>History and Importance of Mega-Events in Brazil</td>
<td>E1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Obstacles related to Mega-Events</td>
<td>E2</td>
</tr>
<tr>
<td>2014 World Cup</td>
<td>W / yellow</td>
<td>Characteristics of the World Cup</td>
<td>W1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Positive Impacts for Brazil</td>
<td>W2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Negative Aspects</td>
<td>W3</td>
</tr>
<tr>
<td>International Tourism in Brazil</td>
<td>T / blue</td>
<td>Attracting Factors</td>
<td>T2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hindering Factors</td>
<td>T3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expectations for Future Development</td>
<td>T4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Influence of the 2014 World Cup</td>
<td>T5</td>
</tr>
<tr>
<td>Opportunities for Mega-Events and Tourism in</td>
<td>O / orange</td>
<td>Political and Economic Crisis in Brazil</td>
<td>O1</td>
</tr>
<tr>
<td>Brazil</td>
<td></td>
<td>Opportunities through the Olympic Games</td>
<td>O2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Negative Implications due to Mega-Events</td>
<td>O3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Change in Perception and Branding</td>
<td>O5</td>
</tr>
</tbody>
</table>

Note: Elaborated by the author

➢ Step 4: Identify patterns and connections within and between categories;

In this step, the researcher needs to determine how things relate, what data support the interpretation and what other factors may contribute to the solution. Patterns can be identified through sub-categories, relative importance and occurrence within the responses or relationships of topics. The rearranged data leads to identifying the answer to the research question. For each transcribed interview, the process of identifying categories and subcategories helped to derive connections, common patterns and contradictions among the interviews. Figure 4 displays one example of coding.
Knowledge was acquired mainly through induction by looking for patterns and associations derived from interviews and data analysis. The inductive process includes examining topics and key messages without prior identified categories, thus employing evidence as the origination of a conclusion. On the contrary, the deductive process is used in support of a conclusion where the researcher matches the data with preconceived topics found in the literature review. In practice it is likely and useful that both processes intertwine, also in this study both concepts have been applied simultaneously (Ritchie & Lewis, 2003; Saunders, Lewis & Thornhill, 2009).

➤ **Step 5 Interpretation – Bringing it all together;**

At last, the interpretation of the coded data is the essential step to examine results, interrelations or non-correlation on the topics. Here, the author attaches meanings and significance to the analysis and by this, is providing answers to the topic of nation branding, mega-events and tourism development in Brazil. The outcomes of this step are presented in detail in chapter 4.
3.5 Case Study Limitations

Limitations of data collection and analysis existed in terms of finding and convincing scholars, agencies and experts to participate. Hence, limitations are related to the sample size, the geographical localization since almost all participants were from Brazil. Although this research design addressed many aspects of the topic to answer the research question, it has a limited perspective on the topic as this research only covers one single event in one country. Hence, this research is not fully conclusive but it demands further research of mega-events and their impact in tourism development and nation branding. As stated before, a case study, by its nature of scope, does not intend to generalize conclusions. Instead, this study rather wants to gain in-depth knowledge of the concept of nation branding in Brazil and its implication of mega-events shown by one single case. Moreover, a qualitative method like this research is not intended to be objective also because opinions and meaning expressed through words, the collection process as well as categorizing and interpreting data all requires subjective judgment by the author. The unavoidable interviewer bias, which underlies every aforementioned aspect, is linked to the fact that all interviews and analysis were conducted by the author herself. However, this methodological strategy is still possible to apply for this case study because the interviewer bias could essentially be eliminated through the predominant use of non-biased, objective phrasing of questions in the interviewing process. That diminishes the error of influencing the respondent in a way that would deform the outcome of the interview. On the other hand, an interviewee bias still can be caused by the perception of the participant or interviewer, sensitivity of information or a certain image that has to be maintained of the company they work for (Saunders, Lewis & Thornhill, 2009). The triangulation of data sources with quantitative secondary, qualitative secondary and qualitative primary data further helped to increase information value and balanced any drawbacks from biased information.

Additional criticism on qualitative research exists because of non-replicable results. To reduce that, strong validity and reliability were aimed for this research. Validity which relates to the correctness and accuracy of research was enhanced through the triangulation in data sources and diligence in the interview and analysis steps. Not only have three different data sources been evaluated but also three distinct steps of
interviewing have been used: First, conducting the interview and audio taping; second, transcription of recording to portray the original data; third, identifying themes from the transcript with the help of manual coding (Wargo, 2013). Furthermore, the researcher tried to diminish validity risks by developing a well-grounded interview guideline and creating a sufficient interview environment to have participants fully express their views. Reliability was ensured through the research process by being as precise as possible to deliver trustworthy and consistent results. Qualitative research characteristically is rather not replicable given the complexity of the phenomena and subjective choice and opinions of interviewees. Nevertheless, with the strength of triangulation, a systematic working approach and strong focus on the categorization and interpretation of data, a necessary rigor could be enhanced (Ritchie & Lewis, 2003; Saunders, Lewis & Thornhill, 2009).
4 RESEARCH FINDINGS

This chapter discusses findings from the conducted interviews and further literature in order to approach the research question. Main considerations are the brand Brazil and the current stage of nation branding in Brazil, followed by a numerical and informative evaluation of the latter. Tourism related aspects such as a qualitative and quantitative assessment of the tourism industry in Brazil and the direct impacts of the World Cup are furthermore presented. Emphasis is given to the impact of mega-events in Brazil that have a significant history in the country, though are being hampered by current political and economic problems. The chapter finishes with a perspective on the Olympic Games.

4.1 Nation Branding in Brazil

4.1.1 Description of the Brand Brazil

Brazil’s branding up to now is very much focused on tourism, which is a commonly preferred choice for countries with attractive national resources and an exciting culture. As explained earlier, that is also rooted in the simplicity of focusing on one aspect of nation brand and the handiness of reaching tourists through a specific brand. A destination brand is composed of “a name, symbol, logo, work mark or other graphic that both identifies and differentiates the destination” (Ritchie & Ritchie, 1998, p. 103). The goal of these components is to distinguish the nation brand from others and create a unique image as one overriding consideration in the tourist’s decision (Mariutti, Giraldi & Costa, 2013). For that purpose, mass media such as E-Marketing and E-Commerce are seen as major means for a destination to promote tourism, including official tourism websites, Facebook pages, Twitter, YouTube etc. (Avraham & Ketter, 2016).

The current brand “Brasil Sensational!” (see figure 5) was originally developed for tourism purposes under Embratur in 2005 together with the new guidelines for promoting destinations in Brazil, the “Plano Aquarela” (see chapter 4.1.2). The brand is nowadays also used by APEX for international business and investment related aspects. The Brazil brand, as explained by Presidency’s Head of Projects and Partnerships
Advisory at Embratur, interviewee TI1, reflects “joy, sinuosity, luminosity and modernity”. Brazil described as a country of colors, curves and modernity replicates that in the logo; green reflecting the forests, yellow the sun and light, red and orange stand for festivals, blue for sky and water, white for religious practices (ibid.).

Figure 5: Logo Brasil Sensational!

![Logo Brasil Sensational!](image)

The recognition rate of the brand Brazil among foreign tourists is 32.7%, shown in a survey from the Tourism Ministry in 2014 during the World Cup. While having 18.3% in 2008, the recognition rate has steadily increased in the previous years and is regarded as a positive result, given the little brand exposure time, says tourism expert TI1. The image of Brazil is commonly attributed with beach, carnival, natural beauty, football, music, and famous people such as Pelé, Gisele Bündchen, Ronaldo, but also with negative aspects such as crime, violence, insecurity and misery (Gertner & Kotler, 2004). The CEO of Bloom Consulting, interviewee NB2, states that Brazil’s brand has suffered tremendously in the last years, particularly due to the corruption scandal and the “carnival in politics”. According to him, “Brazil went back to a country that is not serious (…). That’s how the world sees it” (NB2). Being a bit more specific about the Rio de Janeiro brand, a senior researcher on mega-events impacts at the University of Zurich, expert ME1, confirms the former point of view by saying “all the negative publicity coming out from Rio now and from Brazil in general, the economic crisis, the
violence of the police, the pollution, is really hurting Rio’s brand globally”. There is yet an enormous, conscious effort to brand the city in many ways (ME1).

Given the positive aspects of the brand that are unrelated to politics and economy, Anholt (2010) states “ecological diversity, pleasant tropical climate, and friendly, cheerful people” continue to be important attributes of Brazil (as cited in Mariutti et al., 2013). These are confirmed by a study from Embratur in which the following aspects are mentioned as best aspects of Brazil: natural beauties/nature (23%), beaches/sea (18%), sun/tropical climate (with 14%) and diversity (9%) (Embratur, 2009). Promoting a fun, vibrant, exotic, diverse and friendly image is the key in Brazil’s branding strategy which is also illustrated in the current motto and logo (TI1). A PhD candidate in Business at Leeds Beckett University, interviewee NB4, describes the Brazil brand appositely as “unique, exotic, and eye-catching”, which sums up in “enticing”.

4.1.2 Destination Branding in Brazil

“A destination brand represents the core-essence and enduring characteristics of a destination” (ETC & UNWTO, 2009). On one hand, the tourist board of a destination with enough marketing expertise and resources can trigger increasing tourist arrivals. On the other hand, tourism is seen as one of the few ways by which a brand image of a destination can in fact be enhanced. That is mainly due to the importance of the brand after traveling as it can be reinforced as memorable experience and visitors having a good experience can influence others by sharing their views (ibid.). The UNWTO typifies the core brand characteristics as essentially the same in all target markets, yet the way a destination is presented can change in different market segments. It should be distinctive and part of every marketing communication. Only with a consistent message, a brand can be regarded as strong (GfK, 2016).

In terms of destination branding in developing countries, three layers of marketing are crucial to follow, according to Avraham & Ketter (2016). In the physical layer countries must first manage their reality by securing a safe environment for tourists, preventing crises and generating a proper tourism infrastructure. Second, in the symbolic layer, marketers should manage their overall media and counter any possible negative public image. Lastly, the image repair layer entails the actual campaign to attract tourists and to overcome negative brand images. Brazil’s particular challenge lies profoundly in the
physical layer to improve given infrastructure, security etc., as well as currently in the image repair layer. Moreover, destinations in developing countries commonly suffer from two negative aspects regarding their branding; First, short-term unexpected events, such as terrorist attacks or natural disasters; and second, long-term stereotypical images such as poverty, insecurity, political instability (ibid.). Brazil experiences problems in the second area. A positive destination image is therefore challenging and critical to the sustainability of the tourism industry in Brazil.

Although being “promoted every day, everywhere, by media, by word of mouth, through research and several stakeholders” (NB4), the incorporation of a destination branding strategy is commonly the responsibility of the Ministry of Tourism which is Embratur in Brazil. The international tourism marketing plan “Plano Aquarela” by the Brazilian government and Embratur is a key factor in the future tourism development in the country. It was specifically developed in 2005 for the international promotion of Brazil with a focus is the segmentation of target markets (press, trade and consumers) and repositioning of Brazil’s image abroad until 2020. By then, the target is to double the number of foreign visitors and to increase foreign currency inflows by 300%. The idea is not only to attract more tourists but also to encourage them to stay longer and spend more. The plan directed to an investment of US$2.3 billion is based on two pillars; firstly, strategic positioning in Latin America for instance with the creation of the Ministry of Tourism in 2003, giving Embratur the mission to brand the country and strong positioning through international events. Secondly, research with foreigners and representatives of the tourism sector in Brazil is conducted to monitor the progress and investigate the image regularly7 (Embratur, 2009). However, given the current unstable political and economic situation in Brazil, the target to double international tourist arrivals seems to be very ambitious. This figure was set at a time when Brazil was in a prospering stage.

Countries for promoting Brazil are identified by their current tourism volume, proximity, importance for worldwide tourism and existing interest for Brazil. The 18 priority markets, according to Embratur (TI1), are:

7 The full plan of action can be accessed on www.embratur.gov.br/lai_embratur_secom/export/sites/lai/galerias/download/Plano_Aquarela_2020.pdf
- South America: Argentina, Chile, Uruguay, Paraguay, Peru, Colombia;
- North America: United States and Canada;
- Europe: Portugal, Spain, France, Italy, United Kingdom, Germany, The Netherlands;
- Prospecting markets: Russia, China and Japan.

Moreover, Brazil wants to brand itself in association with natural heritage, exoticism and life-style, similarly to Argentina or Costa Rica (Portal Brasil, 2015). Interviewee TI1 describes the destination branding strategy as the following: „Organizing digital communication actions, especially the social networks; and advertising campaigns in order to show the modernity of the country, the way of life and hospitality of the Brazilian people, the diversity and quality of supply and tourism infrastructure, nature and culture of the country, supporting the commercialization of the product Brazilian tourism and contributing to increasing Brazilian tourism in the international market”.

With the aim of promoting the 2014 World Cup, the international campaign "Brazil is calling you! Celebrate life here!" was introduced in 2010 right after the World Cup in South Africa. Figure 6 shows an according advertising campaign, installed in the metro of London. The total budget of US$30 million included a TV spot, advertisement in printed local and foreign media, the Book "Brasil de todas as cores" (Brazil of all colors), the website "Seleção Brasileira das Cidades" (Brazilian Selection of the Cities), the YouTube channel www.youtube.com/visitbrasil, a mobile application, online presence on Facebook, Twitter, FourSquare and Flickr, the DVD "Panorama Brasil: Seleção Brasileira das Cidades" (Brazil Scenery: Brazilian Selection of the Cities), foreign media circulation in South Africa and promotional material for the 12 host cities (Embratur, 2010). Additionally, the project “Goal to Brazil”, whose aim was to promote Brazilian tourist destinations in states of the World Cup, was held between 2012 and 2014 in 14 main target countries of the Aquarela Plan. Embratur was aiming at strengthening the country’s image abroad in connection with media and tour operators (TI1).
In contrast to the branding strategy for the World Cup, the Olympic Games benefit from another factor which is the co-branding strategy. The Olympic Games are commonly called in unity with the host city, such as “Rio 2016 Olympic Games”. By this, Rio de Janeiro benefits from leveraging the established reputation of a well-publicized international event to the well-known city image and vice versa (Lee et al., 2014). Taking the trust transfer theory into account, Lee et al. describe a positive correlation between the association of a destination with an event, particularly if it was a famous destination or event. The authors state that the image of both the event and the destination need to be congruent in order to achieve successful branding, re-visitation of tourists, word-of-mouth promotion and increased spending of tourist exports (ibid.).

Country Manager at GfK Brazil, interviewee NB3, sees a difference in the World Cup and the Olympic Games in the host city, describing “Rio de Janeiro is a beautiful city. It’s the dream of many people”. For this reason alone the Olympic Games will have a more positive effect on the image (NB3). Figure 7 presents one of the co-branding promotions of the city and the event 500 days prior the start of the Olympic Games.
Despite the campaigns of the mega-events in 2014 and 2016, Brazil launched another one called “Viva o verão de perto - Venha para o Brasil” (Live the close summer - come to Brazil) targeting only their key markets in South American. Embratur is investing R$10 million in order to attract mainly Argentineans, Chileans, Peruvians and Colombians to spend their vacation in Brazil, because these markets make 48.7% of international tourist arrivals in Brazil (Portal Brasil, 2015; Ministerio do Turismo (2015b)).

All in all, Brazil’s destination branding has been very active in the recent years and thus provided much emphasis to the necessity of positioning the country as a tourism destination. However, several main challenges remain in terms of the image of crime, insecurity, inequality and poor infrastructure that hinder tourists from coming to Brazil and negatively affect the brand. As mentioned earlier, this can only be solved through dealing with those issues directly on a local, physical level before promoting positive aspects of the country’s tourism globally. Interviewee NB2 confirms the necessity to deal with a high rate of crime and corruption first. Moreover, he sees the biggest problem in the perception of Brazil as a very insecure country (NB2). These negative factors certainly affect the nation branding strategy as a whole, because if your brand
continues to be associated with negative features, the country is unlikely to attract more tourists, foreign direct investment or trading partners. Some of these negative influences, though partly outweighed by positives ones, can already be observed in the measurements of nation branding indices.

4.1.3 Brazil’s Position in Nation Branding Indices

4.1.3.1 Anholt-GfK Nation Brands Index

In the Anholt-GfK Nation Brands Index 2015 (NBI), measured by the overall perception of 50 nations around the world, Brazil moved one position up from 21st in 2014 to 20th in 2015. Hence, the country is among the most prestigious national brands in the world, besides being the most admired national brand in Latin America according to the results of the NBI. However, the change by one position is not exhilarated since for many years Brazil found itself steadily placed between the 20th and 22nd position in the global ranking (GfK, 2016). Brazil still positions best among the BRIC countries. Moreover, the assessment comes right after the year Brazil hosted the World Cup, which increased the country’s visibility and could be the reason for its improvement by one rank, as evaluated by Buarque (2015). At the same time, the country is facing a serious economic and political crisis including a loss of investment grade and the currently ongoing impeachment of the president. Yet, the survey confirms a positive trend for the brand Brazil. The gain of one position shows that the internal crises of Brazil did not (yet) seriously affect the country’s reputation in the world or was outweighed by the World Cup. According to the study, the World Cup had a two-sided effect on the image of Brazil. On the one hand, the successful completion of the event helped improving the country’s reputation with regard to society and tourism, but on the other hand, it weakened the image in topics related to politics and economics (Buarque, 2015). The numerical results of the ranking support that evaluation.

Figure 8 displays the NBI results of Brazil in 2015. Brazil is well regarded by the public for its culture that is rated on the 10th position and with its tourism ranked on the 16th place among 50 assessed countries. Here an improvement has been seen after the World Cup (NB3). While these areas are quite successful at the moment, the areas that have prevented Brazil from achieving a better rating on the NBI were global perceptions about its governance (26th) and exports (25th). Notably, these were the areas in which
Brazil gained points in 2010 after the country had experienced a boost to the economy (Mariutti & Giraldi, 2010). That depicts also the change in the perception of Brazil – from a more economically successful to a culturally and exploratory image, though the overall position in the ranking has not changed much over time. Investment and Immigration (22nd) and People (20th) reached medium results, although the latter has recognized reasonable improvements in the latest study (NB3).

**Figure 8: Nation Brand Hexagon® for Brazil in 2015**

![Nation Brand Hexagon® for Brazil in 2015](http://www.branding-institute.com/rated-rankings/anholt-gfk-roper-nation-brands-index)

GfK manager NB3 admits that “people already think we do well in tourism and culture. Many people know that but the other parts did not improve at all. That is a pity”. Positive aspects of the reputation are improving; however, much total change in the ranking is not expected by NB3, unless economical factors are recovering in the near future.

**4.1.3.2 FutureBrand Country Brand Index**

According to the FutureBrand CBI 2014-2015 Brazil ranked 43rd out of 75 evaluated countries which is an average score similar to the NBI, yet a lower position in total (FutureBrand, 2015). Compared to the same measurement two years ago, where Brazil achieved an overall score of 28th, the country has experienced a major decrease in international perception. In the same report Brazil was regarded as one of the most
promising 15 future country brands (rank 9 out of 15) mainly in the areas of growth, governance and sustainability. It should be acknowledged that the two-year old report describes Brazil in 2012 as a country with economic development, innovation, regional power and prospects due to the mega-events to happen in Brazil, which was a completely different prospect than that of today, even though the World Cup and the Olympic Games are a boost factor. The aspects of equality and human development reduced the overall grade of Brazil at the same time. The report thus argues that while being “rich in resources, natural beauty and even possibility, Brazil must focus on its people first” (FutureBrand, 2013). Considering the latest ranking, Brazil reached the 5th best place in the Latin America region which again is a somewhat lower score compared to the NBI. The best ones are Puerto Rico, Costa Rica, Panama and Argentina. However, the three first-mentioned are not part of the NBI which explains the divergent result in the Latin American comparison.

The most successful aspect of the CBI for Brazil is the general awareness which increased from 66% to 83% since the last report. That can be accredited to the increase in international media coverage both positive and negative around the mega-events. However, FutureBrand argues that awareness alone in terms of improved understanding or a more realistic image of the country does not make a strong brand. They even go further by saying that some countries (including Brazil) cannot be defined as “country brands”. Brazil is on the edge of turning from the “country” to “experienced country” category. Countries in this category have a bias in favor of culture, history, “Made In” products and places that are strongly associated with tourism. In general they inhibit brand development opportunities in areas of Quality of Life, Safety, Value System and Good for Business which can all count for the case of Brazil. Moreover, CBI rates the top 20 influential cities in which São Paulo (14th) and Rio de Janeiro (15th) stand out. Influential cities are yet not enough to make a strong country brand, as stated by FutureBrand and proven by the case of Brazil (FutureBrand, 2015).

When looking at another study by FutureBrand, the Country Brand Report América Latina 2015/16, it is noticeable that Brazil continues to lead for the second time the ranking of the strongest brand in Latin America. That is in contrast to the 5th position of the global CBI, but as Brand Strategy Director at FutureBrand, interviewee NB1, explained, the composition of the sample is the main difference between the reports.
One represents a global investigation with evaluation of international countries, whereas the Latin American report only measures the perception of people from outside Latin America. According to NB1 it seems that from outside the region negative news from Latin America do not have as harmful effects as from inside the region. It is also possible that citizens from within Latin America do have a more realistic image about Brazil than people from outside. That is why Brazil ranks better in the regional report with non-regional opinions compared to the global one, in which opinions from within Latin American countries are included. Besides, the number of people interviewed and the timeframe differs between the two reports (NB1).

The more recent publication yet states that despite the current economic and political crisis, the image of Brazil remains the most valuable in the region. Within the different evaluated aspects (Value System, Quality of Life, Business Potential, Heritage and Culture, Tourism and “Made In”) the strongest one is natural beauty (84%) within a high average score in the category of Heritage and Culture (total 80%). The second highly esteemed position is the desire to visit for holidays (80%) in the Tourism category (total 76%). Brazil is strongly associated with stereotypes such as soccer, samba, beach, coffee, carnival and fun. The most negative factor is by far security (46%), followed by environmental levels (54%), education and health (55%) (FutureBrand, 2016).

4.1.4 Evaluation of Nation Branding in Brazil

Brazil remains the second largest industrial nation in the Americas region, being successful in automobile, aircraft manufacturing and agro-business, though stunted by economic recession. The mega-events in 2014 and 2016 bring the opportunity to showcase global interaction and to establish a reputation in different fields, especially tourism and culture. In the case of Brazil, successful nation branding meant to create favorable national images through hosting the World Cup. Scholars see that as a point of fostering the overall nation branding strategy. However, certain challenges exist when considering the stage of nation branding in Brazil. Four main difficulties have been identified throughout the interview process:
1) A new field of research at an early stage

Nation branding should clearly be differentiated from only marketing, design or communication, declares NB2. It is a more holistic approach, and not yet much developed in Brazil. Anholt argues that branding a nation is more than a marketing effort. He advises countries to “do the right things for the right reasons and be useful for the world and then - just as a collateral effect - your reputation gets better” (as cited in Valeskivi, 2013, p. 499).

On the contrary, Bloom Consulting advises countries actively “in order to define or establish their strategy and their brand (...) to work on what we call the central idea, (...) the big idea behind the country, (...) the vision of the country” (NB2). It is important to define what a country wants to be and how it wants to be perceived. That is supported by the opinion of FutureBrand manager NB1. Further, it should be understood why a country wants to engage in nation branding and who are the target groups. The consistency of actions, activities and policies aligned with the central idea is the most crucial part, according to NB2. A good example with a consistent and aligned central idea is Sweden, or prospectively Colombia as the future big brand in South America (NB2). Brand strategy consultant Goulart further mentions Peru and Costa Rica as successful nation branding cases in the Americas region (The Place Brand Observer, 2015). Costa Rica for instance has launched its new brand “essential Costa Rica” in 2014 after five years of undertaking research on its image, its competitive advantage, and development of various branding options with the help of focus group studies, thus proactively seeking for nation branding (Visit Costa Rica, 2014).

However, Brazil is considered as “not branded on purpose, until recently” (NB2). Branding expert NB2 says that the country and the brand benefitted tremendously from entering the BRICs because of economic development and the increased “perception of a serious and prosperous and civilized country. What happened is that the perception improved much more than the reality”. Moreover, NB2 argues that Brazil definitely does not have a so-called central idea and that the country is far from having it. That position has been confirmed by the two major nation branding companies, GfK and FutureBrand, which also fail to see a universal nation branding strategy of Brazil (NB1, NB3). NB2 admits that even when it is fairly difficult for such a big and diverse country
to find a central idea, it is still not impossible. More research and deeper understanding is thus necessary (ibid.), including the question as to whether there could not be various key themes be found to promote the country under one umbrella. NB4 underlines the importance of the joint work from academics, governmental authorities, and consultancy firms to develop an understanding of a nation branding concept for Brazil. There are twofold reasons for that underdeveloped nation branding, according to NB4; a lack of continuous research and of long-term investments. As described in chapter 2.2, successful nation branding needs to be a long term oriented strategy, rather than built on ad-hoc event planning (Dinnie 2010).

- 2) An image opposed to reality

Being well-known cultural symbols the World Cup and the Olympic Games bring opportunities but also threats, as ME1 says there is a “risk of exposing your brand to the world”. This holds particularly true in times of recession and corruption scandals. Mega-events do not necessarily guarantee good exposure is argued by NB1, who sees the situation in Brazil as a rather detrimental exposure during the events. Currently, there is a tremendous difference in what is promoted and what can be seen in Brazil, says NB3. The country is suffering from turmoil and economic decline whereas the international sphere wants to promote fun and sport related features of Rio de Janeiro (The Place Brand Oberserver, 2015). Moreover, when considering lacking basic aspects such as mobility, safety or sanitation, “being strategic seems almost pointless, almost luxury”, states Goulart (ibid.). Korstanje and Clayton (2014) further argue that the social unrest before and during the World Cup together with public expenditures are in conflict with the deficiencies in managing internal problems such as health, education and public security. By this, Brazil’s peaceful and strong national, united image abroad is in considerable contrast to its internal politics.

Talking about the general image of a country aside from current politics, for instance security, NB2 affirms that “the biggest problem that Brazil had was that it was perceived as a very insecure country”, but “normally the perception does not match the reality. Normally it is worse than the reality”. In case of developing countries, Anholt (2005) states that the gap between image and reality is attributable to time, because the situation in the country changes so quickly but its reputation usually lags behind by
years. While Brazil still might have a negative image associated to security, the reality has meanwhile improved. Furthermore, Brazil may have lost the opportunity to present a lasting positive image at the World Cup, but also international media in the US, England or France should reflect on the more positive aspects of the country since the international audience is much more receptive on news from Brazil during mega-events. It does not only matter what the initiators of the brand intend to stimulate but also what the media promotes (NB3). NB3 demands that “we should be able to talk more about ourselves than having the international press talking about us. I don’t think that this is going to happen because we’re in transition”.

Despite the current problems in Brazil, it is important to establish some sort of initial point of nation branding. That could be developed on the base of destination branding. Although it is a demanding purpose, the chance to build up a unique nation brand and the opportunity of using the mega-events as media outlets once the publicity is provided, could be missed otherwise.

3) Diversity inside but closeness to the outside

Interviewee NB4 sees the brand as “dichotomy, it’s dual and that’s something from Brazil – the contrast situation is everywhere”. Due to its extremes in its image and own diversity through cultural, economic, ecological characteristics within Brazil, perceiving a solid nation branding approach can be difficult (Mariutti et al., 2013). Goulart confirms: “The whole country is marked by contrasts, such as stunning beauty versus growing poverty, or abundant natural resources versus extreme social inequality, just to mention two of the most visible aspects” (The Place Brand Observer, 2015). Also, when “comparing to Europe where a region can easily be promoted, it is hard for Brazil because it is just too big!” (NB1). All these characteristics make defining a common branding strategy a complex task.

As stated by nation branding expert NB3, “Although we’re a big country, and as a result of that we don’t care that much about abroad, we don’t have many companies that are multinational.” He describes Brazil as an immense internal market not much concerned about the outside world. That eventually jeopardizes the nation branding potential (ibid.). Its closeness is as well recognized by the Travel and Tourism Competitiveness Index in which Brazil ranks poorly on place 91 out of 141 countries (World Economic
Forum, 2015). Brazil as the biggest country in South America has nevertheless a high level of exposure and recognition given by its size alone (NB3).

What could help is more research and investigation of how Brazil is perceived inside and outside the country (NB4). Having a clear idea on the uniqueness of the country, who can be targeted and how the knowledge can be applied by looking at other best practice examples and by integrating private and public partners, would yield a national branding strategy. The real issue to overcome is the current crisis for triggering a positive image of the country. International tourism is regarded as one possibility to do so. Presenting and emphasizing appealing aspects of Brazil’s tourism industry, while improving the local crime and security issue, could help Brazil to strengthen its brand and open up its appeal and diversity to a more global audience.

 ➢ 4) Stereotypes and the need of diversification within one brand

A serious question is whether Brazil has used the mega-event to generate an image that goes beyond sports, football, beaches and fun-loving citizens. While these positive soft attributes, that have been associations of Brazil for a long time already, were confirmed by tourists in studies from Embratur, critics see them as superficial or stereotypical. Brazil’s nation has more to offer than just beaches, carnival and Samba (TI1, NB2). Those clichés have been very much reinforced by the international media during the World Cup and the Olympic Games (Buarque, 2015). The two most covered topics, according to a content analysis in media by Buarque (2015), were social unrest/protests with 32.5% and passion for football with 32%, followed by corruption/cup expenses 21.5% and carnival/party/samba with 13%. These numbers depict a more negative than positive coverage of the World Cup internationally, showing that the media has focused very much - too much as scholars say (ibid.) - on politics and its negative aspects.

Goulart supports the opinion of Anholt who says that “Brazil is a country with a very powerful and distinctive image, associated to joy. But the nature of the reputation of the country is very light (…)” (as cited in The Place Brand Observer, 2015). Brazil is among the countries whose image is built on soft rather than hard characteristics which results in application in tourism, but not for investment (Anholt, 2010 as cited in Buarque, 2015a).
However, there is neither consensus in literature nor in the conducted interviews about the theme of branding suitable for Brazil. As explained by professor and project manager in strategy and tourism development at Fundação Getulio Vargas, Brazil has recently pursued three main areas of branding. Firstly, the preservation of nature and sustainability was successful in promoting a green energy mix and the reduction in deforestation of the Amazon rainforest. The second one, cultural integration, was interesting and widespread since “(cultural differences) are pretty well accepted around the country” (ME2). However, the third one, related to minorities, women and poverty inclusion etc., was seen as controversial by the Ministry of Tourism and did not work as much as expected (ibid.).

Nation branding expert NB1 further explains that Brazil’s branding was or still is based on samba or football, although the potential of football was lost not only because the Brazilian national team did not play too well in the World Cup, but also due to the lack of organization and lower quality football compared to Europe. NB1 sees the natural strength and landscape as one possible branding topic, yet it has to be diversified with a focus on different regions, motives and age groups. Another option, which has not been mentioned in literature or other interviews, would be branding on agriculture, commodities or agricultural technology, “although it does not add much aggregated value” (NB1).

In sum, Brazil struggles to find a more concrete, sustainable branding idea. Some argue that a nature and culture related nation branding would be too soft, yet other countries such as Peru or Mexico exactly follow that idea successfully. The criticism in Brazil is the lack of a research, innovation and understanding of Brazil’s characteristics, the brand’s contribution to the reputation of a country and implementation of a holistic nation branding strategy. Costa Rica has successfully shown how nation branding can be approached in five years. Using sports to improve a nation brand can be regarded as one possibility, yet if Brazil wants to distinguish itself as a particular cultural or touristic state, more effort and coordination of different stakeholders is necessary.
4.2 Tourism Development in Brazil

4.2.1 Assessment of the State of Tourism

The assessment looks into the two subsequent tourism reports: The Travel & Tourism Competitiveness Index 2015 from the World Economic Forum (WEF) and the Bloom Consulting Country Brand Ranking© Tourism Edition 2014-2015. Key results from the Travel & Tourism Economic Impact 2016 Brazil report from the World Travel and Tourism Council (WTTC) are covered in chapter 4.2.2.

In the Travel and Tourism Competitiveness ranking, Brazil has improved its position within ten years from 51st to 28th in 2014 among the 141 most competitive economies in the tourism sector. Brazil ranks first in the comparison among Latin American countries, being two places ahead of Mexico. Within the four assessed pillars of the report Brazil reaches mixed results in “Enabling Environment” (average 4.51/7) having relatively high points in health and hygiene but problems in business environment due to restrictive conditions for opening a business (rank 137th), bureaucracy and high taxation. “Tourism & Travel Policy and Enabling Conditions” (3.76/7) remains a challenge particularly in international openness (as further confirmed by the interviewees). Fairly well evaluated is the price competitiveness for traveling in Brazil. Despite significant investments in infrastructure and connectivity, where the mega-events helped improving the rank in airport infrastructure (41st), there is still much needed in ground and port infrastructure. Overall the infrastructure pillar is the worst evaluated one (3.56/7). Brazil reaches its best evaluation in “Natural and Cultural Resources” (5.66/7). With its biodiversity and total known species, the country makes the 1st place worldwide in the category of natural and 8th position in cultural resources and business travel thanks to sports stadiums (3rd) and international association meetings (8th). Figure 9 lists the results of the four pillars and gives a comparison of Brazil’s position compared to the Americas region. Clearly natural and cultural assets, which are key parts in Brazil’s branding strategy, stand out.
The second one, the Bloom Consulting Country Brand Ranking, uses certain hard facts to measure the country’s tourism brand; economic performance of the travel and tourism sectors, online behavior and decision-making processes of international tourists in relation to the brand, accuracy of the national destination branding strategy, and online performance in social media platforms. Bloom Consulting ranks Brazil’s tourism on place 40 of 180 countries worldwide and 5th in the regional Americas list. The leading country in this region is Mexico (20th worldwide). Brazil’s branding effectiveness is assessed with BBB (ranging from AAA “very strong” to D “poor”) – meaning a “very good” strategy fulfilled by the national tourism organization incorporating country specific brand tags that are similarly searched for by tourists. Thus, Brazil successfully promotes often associated images of its destinations to the international audience. Brazil has further recognized the increased digital demand and economic impact from tourism which explains the continuous improvement of the country brand performance (Bloom Consulting, 2015).
However, that measurement is greatly based on online performance, while NB2 also explains that nation branding is much more than communication and promotion. That is why Brazil’s national tourism organization should focus on using and improving its online presentation which is already regarded as “very good”. To advance the overall ranking and its economic performance, which is the ultimate objective of country branding, Brazil should develop a strategy further than the digital world with activities and policies aligned with tourism branding but expanding to a central idea of the country (NB2).

Analyzing both rankings together, despite being positively assessed in natural and cultural resources as well as digital branding strategy, there are still obstacles in the Brazilian tourism industry. Embratur manager TI1 comments that Brazil is “far from the main tourism source markets (Europe, North America and Asia). In addition a reciprocal requirement of visas for the USA, Canada, Japan and China make trips more expensive and last minute travel impossible”. To buck the latter, Brazil created a regulation to exempt visas for Americans, Canadians, Japanese and Australians from June 1st to September 18th 2014. That means during the period of the World Cup these usually disfavored countries had easier conditions to visit Brazil (TI1). It could therefore be advisable to generally liberalize visa regulations for these countries as they make valuable tourist markets for Brazil.

ME1 supplementary portrays a negative image in regards to “really expensive (destination), very poorly trained workforce, no one speaks anything but Portuguese, service is terrible (…), visa situation is bad for Americans in particular (…), infrastructure sucks”. Interviewee NB4 supports these views of a far location, visa requirements, risky travel destination, crime, even though people are fascinated by Brazil (NB4). The security issue is regarded by NB1 and NB2 as of prime importance to solve in order to improve international perception. Mega-events are thus expected to bring enhancement in that sense. According to a study by the Ministry of Tourism, among the worst evaluated factors of traveling in Brazil are price perception (56.4%), telephone and internet (62.6%), roads (69.9%), airports (74.3%) and signal (76.9%) (Ministerio do Turismo, 2015b). However, security is not mentioned. In contrast, security is reviewed with 92.2% among international tourists which is not as bad as expected or commonly conveyed by the media. Brazil should therefore work on
improving the security perception as supported by ME1 and NB2 especially during the mega-events as source of a future, more secure image. Interviewee NB1 mentions another factor of tourism business. While young Europeans like the rustic and basic way of traveling, he sees Brazil loosing the opportunity to attract senior travelers who demand more comfort, better infrastructure and service (NB1).

Taking all these considerations into account, it can be concluded that Brazil’s international tourism base is still relatively underdeveloped compared to its potential. Brazil is successful in promoting a diverse and vibrant culture in a beautiful surrounding, but its poor infrastructure, negative perception on security and crime and international openness hold back the potential development. ME1 reassures that these things have to be solved before achieving a more positive tourism sector in Brazil.

4.2.2 Key Performance Indicators

According to the Travel & Tourism Economic Impact 2016 report from the WTTC, the tourism industry is on the fifth position in Brazil in the balance of exports, larger than chemical manufacturing, mining, automotive manufacturing and the educational sector. It accounted directly for 3.3% of GDP (R$190.5 billion) in 2015 (3.5% and R$182.1 billion in 2014). Taking direct, indirect and induced effects into account, 9% of GDP (R$514.3 billion) are originated from this industry in 2015 (9.5% and R$492.4 billion in 2014). Travel & Tourism creates, either directly or indirectly, 8% (8.6% in 2014) of Brazil’s employment and contributes 18% of the local service sector.

Money spent by foreign visitors to a country (so-called visitor exports) is a key component of the direct contribution originated from this industry. In 2015, Brazil generated a peak of R$20.4 billion in visitor exports (R$17.1 billion in 2014). Brazil is positioned 10th in the world tourism economy among 184 countries surveyed by the WTTC (2016). However, the real growth in terms of travel and tourism direct contribution to GDP is expected to decrease by -1.4% in 2016, afterwards possibly improving until 2026 by 3% per year. The aspects of growth and long-term growth are rated 179 and 149 from 184 countries respectively. The Brazilian tourism market is strongly dominated by domestic travel expenditures that compose 94% compared to a small number of 6% international spending. Given the high absolute number of
international tourists, the percentage compared to the size and the population of the
country is nonetheless relatively small (TI1, UNWTO, 2015; WTTC 2016).

The annual research on international tourism receipts in Brazil in 2014 from the
Ministry of Tourism (“Estudo da Demanda Turística Internacional Brasil – 2014”) reveals further insights about the international tourism development of the country. Motives of travelling to Brazil are split among leisure for the majority of visits (54.7%), followed by business and event (21.9%) and visits to friends/relatives (20.1%). Key influencing factors for the motivation of travel in the leisure sector in 2014 were sun and beach (49.2%), the World Cup (25%) and nature/ ecotourism (12.8%). Rio de Janeiro remains the preferred tourist destination by foreign leisure travelers, followed by São Paulo, Florianopolis, Foz do Iguaçu and Armação dos Búzios. São Paulo, on the contrary, is the city most visited by business travelers, followed by Rio de Janeiro, Belo Horizonte, Porto Alegre and Curitiba. The average length of stay in Brazil is 17.7 days with a clear domination of twice as long stays from visitors outside of Latin America compared to visitors from within the continent. Tourists from European countries and the United States spend more than double per capita on average than tourists from South America (Average US$1294.22 costs per capita). 85.1% of tourists who visited Brazil in 2014 assessed that their trip exceeded or fully met their expectations. Moreover, 95.1% have the intention to return to Brazil sometime in the future (Ministerio do Turismo, 2015b).

Out of 28.6 million international tourist arrivals in 2014 in South America, which makes a 2.5% market share of worldwide tourism, 6.4 millions (22.4%) count for Brazil, the country with most tourists in South America, followed by Argentina with 5.9 millions. In a worldwide comparison Brazil ranks 43rd with 6,430 international tourist arrivals in 2014, similar to Australia and Tunisia (UNWTO, 2015; WTTC 2016). Scholar ME1 argues that there is not much fluctuation in Brazil’s tourism whether Brazil is doing well or poorly, international tourist arrivals are between 5.5 and 7 millions per year, which is little for a country of that size and population.

Table 6 depicts international tourist arrivals in Brazil from 2000-2016.
### Table 6: International Tourist Arrivals in Brazil from 2000-2016 in Thousands

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*estimated


Brazil’s tourism industry has been quite volatile; it yet undergoes a growing trend on average when comparing international arrival data in that time frame. With a strong recession in 2002 (due to politically unstable times in Brazil through change of presidency to Luiz Inácio Lula da Silva and devaluation of the Real) and 2009 similar to the global decreasing tendency, the country have had increasing tourist arrivals from 2010 onwards after the political situation stabilized. The first time a year saw more than 6 million international visitors was in 2014 – the year of the World Cup. That clearly shows the strong influence of the event which resulted in an increase of +10.5% in international tourist arrivals compared to the previous year. Fourie and Santana-Gallego (2010) count on an average in tourism increase of 8% in the same year of hosting a mega-event. The actual figures show that Brazil overtakes that number by 2.5%. The increased interest for trips mainly to the South of Brazil, especially the cities of Rio de Janeiro and São Paulo, is likely to have a positive effect on tourism in the relatively underdeveloped North and Northeast as well. Further studies show that the number of international tourists has increased mainly due to travel from the neighboring countries (TI1). With a downturn year in 2015, Brazil is expected to attract again more than 6.2 million international tourist arrivals in 2016 bolstered by the Olympic Games that are projected to bring a 7 to 9% increase in tourist arrivals especially from Europe in the same year\(^8\) (BMI, 2015 and BMI, 2016). That again would correspond well with Fourie and Santana-Gallego’s (2010) evaluation of about 8% tourism increase in the year of

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\(^8\) Up to date numbers of 2015 have not yet been published by the World Bank or Ministry of Tourism.
hosting an event. Embratur expects 500,000 visitors (TI1) for the Olympic Games. Future tourist arrivals are forecasted to grow between 3-4% per year until 2020 (BMI, 2016). That accords with the projected growth of 4-5% in the Americas region in 2016 by the UNWTO.

According to the Euromonitor report “Travel in Brazil” (2015), the years 2015 and 2016 are nevertheless particularly challenging for the Brazilian travel industry. The economic slowdown and striking political instability are likely to negatively affect disposable incomes, consumer confidence and exchange rate volatility, hence domestic and international demand will supposedly be weakened in these years. Therefore, predictions are likely to be overestimated given the current political and economical conditions in Brazil. In total, the number of international tourists is still relatively small given the size and tourism appeal of Brazil.

4.2.3 Effects of the World Cup on Tourism Development

The 2014 World Cup in Brazil boosted the local tourism industry by receiving about 1,000,000 visitors from 203 countries. That is approximately 1/6 of all international visitors that came in total to Brazil in 2014. The “Study of International Tourist Demand during the 2014 FIFA World Cup 2014” (Estudo da Demanda Turística Internacional durante a Copa do Mundo da FIFA 2014) shows that 58.5% of international visitors entered Brazil for the first time. That number is almost 20% higher than the usual number of first-visiters. The study also displays that the World Cup was the main reason for the trip for the majority of people (90.2%). Yet, the average length of stay of 15.7 days was slightly less than the usual length of 17.7 days of trips in Brazil. A high majority of 95.3% of interviewed people stated an intention to return to Brazil. 65% of those regard the Olympic Games as main reason, whereas 26.7% consider returning for the Carnival. That means that event-related tourism plays a major role in the local tourism industry, especially in Rio de Janeiro (Ministerio do Turismo, 2015a; ibid, 2015b).

Estimates show that tourist spending increased by 273% in restaurants and bars and by 137% on hospitality during the World Cup compared to the same period in the previous year (Statista, 2016b). In total US$1.6 billion was contributed by international tourists in June and July 2014. 60% more was spent in June 2014 as compared to June 2013.
Also the Brazilian Real that weakened both the US Dollar and the Euro in 2014 lead to favorable circumstances for travelers from the US and Europe and arrival numbers show a huge increase in international tourist arrivals that could not have been achieved without the event (Pflüger et al., 2014; Statista, 2016a; Ministerio do Turismo, 2015a). From inspecting figure 10, the number of international arrivals in Brazil comparing each month of 2013 and 2014, it is obvious that June and July 2014 far outweigh the number of tourists in 2013. As January to April saw more arrivals in 2013 than 2014, it may be assumed that this is a negative effect of the upcoming mega-event by visitors expecting insecurity or higher prices due to the event. In contrast to that, the arrivals after the event - especially September and December - have proven to be greater than the year before and may be attributed positively to the event and the country’s reputation.

**Figure 10: Number of Monthly International Arrivals in Brazil in 2013 and 2014**

![Bar chart showing international arrivals in Brazil by month from January to December 2013 and 2014.](image)


Furthermore, the hotel capacity in Brazil has increased a lot in the last years, in particular in 2013 when the number of hotel rooms peaked owing to an increase of 21.7% compared to the previous year. Caused by the major pre-event investments before 2014, the hotel supply growth in 2014 with 3.1% was lower than the previous year and has reduced sharply in 2015. They are expected to increase again from 2017 onwards. The Forum of Hotel Operators in Brazil (Fórum de Operadores Hoteleiros do
Brasil) states that the World Cup positively impacted the country’s hotel market, but improvements were tempered by slow economic growth and high inflation. The occupancy rate of hotels was on average 64.9% in 2014 which displays a decrease of 1.5% compared to 2013. That can be attributed to the oversupply of rooms. Yet, the average occupancy rate in resorts increased by 20% when comparing June-July 2013 to the time of the World Cup. The average daily room rate was by 2.9% higher in 2014 compared to 2013 levels (JLL, 2015; BMI Research, 2015; Horwarth HTL, 2014). As a result, visitors were spending more on accommodation and hoteliers were receiving higher income, but the occupancy rate decreased due to overcapacity or higher prices.

The amount of hotel rooms booked especially on match days varied throughout the country. Natal, for instance, reached an occupancy rate of 87% on the day of the game Ghana vs. USA, whereas the average occupancy rate of the city was only 48% during the entire World Cup. On the contrary, especially Rio de Janeiro had quite the opposite effect as it was the most visited destination during the event anyhow. The average occupancy rate (87%) varied less compared to match days (92%). The city of São Paulo did not experience much seasonality on match days since the local hotel market is sophisticated and primarily based on business and MICE (meetings, incentives, conferences and events) segments. The average occupancy rate was actually less during the World Cup than in the same months a year before (Horwarth HTL, 2014).

Scholars argue that domestic tourism usually is negatively affected during a mega-event. Local inbound tourism in London and Beijing fell in the event period, whereas outbound tourism increased. That has a negative impact on the local tourism industry, despite the increase brought by international tourists. Hence, domestic tourism in Rio de Janeiro is expected to be less during Olympic Games, it yet might be outweighed by international incoming tourists who actually spend more in Brazil than local tourists would (ME2, Ahmed & Leahy, 2016).

Furthermore, the question is how much money would have been brought to Brazil by travelers who had wanted to fly to Brazil anyway? How much is lost by those travelers who did not come because they were afraid of full cities, crime or expensive hotels? Mega-events crowd out other visitors, especially non-sports tourists who will not visit during that period. That phenomenon is called displacement effect (ME1).
Hotel prices are usually two to three times higher during the event period than normal. As a consequence, non-tourism related accommodations have become popular, for instance AirBnB or local apartment renting that both experienced a boost during the World Cup compared to usual circumstances. More than 10% of World Cup visitors used AirBnB as accommodation (Pflüger et al., 2014; Polke-Majewski, 2014, Flueckinger, 2015).

Embratur manager concludes the following: “The two main effects for tourism with the FIFA World Cup 2014 and now the Olympic Games Rio 2016 are the advances in infrastructure and the large image display in the world for a long period of time. Regarding infrastructure, several works carried out for the events are a key legacy to improve incoming tourism in the country – mainly in the area of airports, urban mobility, tourist signs, personnel qualification. From the image point of view, the gain is incalculable” (TI1).

4.3 Impacts of Mega-Events in Brazil

4.3.1 History and Importance of the World Cup in Brazil

The first international sporting event in Rio de Janeiro was the 1919 South American Football Championship. Sport became increasingly part of national identity in the 1930s and 1940s and in particular when Brazil was selected to host the first World Cup after the Second World War in 1950. For that purpose the National Stadium “Estádio Municipal do Rio de Janeiro”, later “Estádio Mario Filho” aka “Maracanã” was built and became a principal icon of Rio de Janeiro and Brazil (Gaffney, 2010). Brazil’s playing technique and passion for football gained further importance in the following years, often associated as “the country of football”. In the last decade Brazil hosted a series of events: 2007 Pan American Games, 2011 Military World Games, 2013 World Youth Day, 2013 FIFA Confederations Cup, 2014 World Cup and the 2016 Olympic and Paralympic Games (Comunello, 2015; Buarque, 2015b). Besides hosting the World Cup already twice, Brazil participated in all World Cups and won the competition five times which makes the country the leading nation of World Cup titles. For the first time in history the Olympic and Paralympic Games are hosted in South America, which has historical significance for the continent and the Olympic movement. “Brazil is working
these Games as the continent, not just the country”, says TI1. Events have been part of a national strategy in international politics in the beginning of the 21st century and they could work as long term strategy (Buarque, 2015b). However, ME2 opposes that: “The country itself did not plan to have all these events. They were a little bit a combination of independent candidacies with the cities or the states or the federal government (…). The reasons for getting one and the other are different” (ME2). The World Cup is a national, statewide event with high political pressure and more money involved, whereas the very symbolic Olympic Games are driven by local city power of the mayor and the state of Rio de Janeiro (ME2, NB2).

These events usually bring contradictory evaluations. Positive impacts are first of all seen in the success of the FIFA business model as the World Cup was an operational success. Also, big cooperation, construction firms as well as tourism companies, airlines and hotels profited from the World Cup (ME1). Mega-event expert ME1 states that the intentions of a country to host a mega-event are to validate the geo-political position and acquire or develop financial, symbolic and human capital. Interviewee ME2 confirms the notion of political influence that the FIFA and the World Cup have. When Brazil applied for hosting the event it was in an economically ascending position and the government decided to bring the idea of development of an emerging economy forward with the help of the World Cup. ME2 explains that 70% of the investment was already in place, somehow planned but without a final date for accomplishment. The World Cup then created concrete deadlines that helped to finish the projects.

Another positive implication is the gender issue in stadiums as noticed by ME2. With the “new organization of the stadiums, privatizations, the new division of the stadiums and a little bit higher prices the atmosphere (…) changed completely. It is much more a family type of stadium, we have more women, more children and more families in the stadiums nowadays. That fact also implicates the increasing interest of women in sport which applies to more participation in events, inscription in sport clubs and sport products consumers” (ME2).

Furthermore, the reputation may surpass the financial gain, because self-esteem of the society will be positively affected by the events. That is why Brazil will likely step up in its international reputation (Ernst & Young Terco & FGV, 2011). The impacts with
regards to improvement in culture and people, as evaluated by the NBI, are positive
signs of a greater appreciation of the Brazilian culture, civic pride and a sport loving
country. Interviewee NB1 supports exactly that: “People saved the World Cup despite
all problems. That is what stays in people’s mind. People were incredible and will be at
the Olympics, too”.

Brazil successful managed the event and created global festivities, but although the
visibility enlarged, Brazil did not seize the opportunity to rebrand itself in 2014 in a
serious and sustainable way (Buarque, 2015b). Moreover, Brazil hosted many events in
the last ten years but interviewees confirm that opportunities were wasted to actually do
something meaningful (ME1, NB1, NB3).

“Brazil is one of the countries that should host the World Cup because football is so
culturally relevant. It’s the way in which the World Cup was held, that is the problem.
FIFA imposes a business model and architectural model that are extremely destructive
especially in places that are already unequal” (ME1). ME 1 also argues that “symbolic
capital gained by having the most modern stadium is of course eclipsed by the next city
that build the newer, bigger, fancier stadiums which happens all the time. So the most
you can possibly get out is a two-year marker status as a country that has the best
stadiums”. He further appeals to the voting of the population as often political priorities
get captured with these events but cases in Hamburg, Oslo, Munich or Boston display
the voting of educated and informed citizens against a mega-event in their city (ME1).

Countries like South Africa and Brazil had only been enabled to host such events thanks
to the previous boom in the economy. As often criticized, money that was spent on
stadiums and infrastructure could have been invested in education or health care. On the
other hand, the amount of approximately US$ 15 billion that Brazil spent on the World
Cup accounts for only 0.6% of Brazil’s GDP in 2014. In that respect it could have
brought only little help to social problems (Polke-Majewski, 2014). Nonetheless, the
question of how to allocate public money and how much money needs to be spent on
stadiums remains. 8 stadiums instead of 12 to conduct the World Cup would have been
sufficient and would have saved a lot of money, according to ME2. Much investment is
considered necessary in public services, the opportunity costs for investing so much
money are tremendous and the investment for stadiums was a questionable choice
(ME1, ME2). Because Brazil still experiences a lack of infrastructure, traffic and pollution, little transparency, corruption, social inequalities, violence and institutional weaknesses especially emerging markets should therefore carefully consider whether the prestige of the World Cup is worth the effort (NB2, NB3, Polke-Majewski, 2014).

4.3.2 Impacts of the Current Political and Economic Crisis

A few years ago Brazil was in the minds of investors, tourists and global media thanks to its rising middle class, economic growth, until 2012, growing consumer demand and richness of natural resources and beauty (FutureBrand, 2013). Two factors that helped Brazil to achieve growth until 2014 were the rising purchasing power and rich raw material resources, yet the dependency on commodities and credit-fueled consumption among others are current drawbacks in the economy (Pflüger et al., 2014). The situation in the country has changed tremendously over the last years. The economic recession in Brazil is the deepest since the Collor Plan in 1990 which included economic reforms and inflation stabilization. The GDP growth rate has been declining from 7.5% in 2010 to 1% in 2012 down to -3.8% in 2014. Main problems occur because of the absence of political reforms, immense tax burden, a drop in commodity prices, poor infrastructure, exchange rate depreciation, high interest rates and inflation (peak of 10.7% in 2015) (World Bank, 2016a). Unemployment is three times higher in 2016 compared to 2014. The crisis has further weakened the confidence of consumers and investors which is shown in the downgrading of Brazil in credit ratings (Pflüger et al., 2014). Despite achievements in poverty and crime reduction, mainly between 2003 and 2014, a high level of inequality remains for a middle-income country, according to the World Bank (2016a). Macroeconomic reforms to reduce inflation, boost productivity and investment have been decided in 2015, but the political inconsensus in Brazil has made implementations difficult. The World Bank sees productivity, competitiveness and public sector governance as major challenges for medium-term development of the country (ibid.). Thus, economic stability and positive GDP growth rate again are expected to return in 2018, with 0% change in 2017 (IMF, 2016).

The World Economic Forum describes Brazil’s situation in the Competitiveness Index this way: “Brazil continues its downward trend, dropping 18 places to 75th amid low prospects of growth and deteriorating terms of trade. The country’s performance is
uneven across the Index. Brazil’s most important competitiveness strength is its extremely large market size. It benefits from a relatively high level of technological readiness (…), and it registered a significant improvement in the quality of its air transport and infrastructure. However, it deteriorated in nine out of the 12 pillars. With a large fiscal deficit and rising inflationary pressure, Brazil’s weak macroeconomic performance is negatively impacting the country’s competitiveness. Corruption scandals have undermined trust in institutions, both public and private.” (World Economic Forum, 2015, p. 49).

The G100 International Studies Group (Nucleo de Estudos Internacionals) identified various crises that Brazil is currently in: economic, leadership, coalition, party politics and moral (legitimacy) (G100, 2016). The root of the economic turbulence is primarily regarded as political. All of these crises affect the image of a country negatively on a national and international level. On the one hand the situation harms not only local development but also opportunities connected to the mega-event. On the other hand international implications arising from the crisis are rather negative (corruption, negative GDP growth rate, inflation etc) which could have a widespread impact on the nation as a whole (Brand Finance, 2015).

It is important to realize that the World Cup and Olympic Games bid happened at a time when the country was prospering and in good economic and political situation. When Brazil was chosen to host the events, former presidents Lula da Silva and Dilma Rousseff had seen the mega-events as an opportunity to show the world a “new Brazil” by creating jobs, investing in infrastructure and attract tourists to create a lasting benefit for the country on an international sphere (Santos-Muñiz, 2014). Critics argue that Brazil missed the chance to modernize and reform the country during its phase of economic growth. The events cannot be the sole driver for accomplishing those needs now. Moreover, the opportunity given by the World Cup in 2014 to showcase the best of Brazil and foster the nation brand value has not been exploited enough. Similarly mixed results are expected with regards to the 2016 Olympic Games (Brand Finance, 2015).

All mentioned factors have made the implementation of a plan to repair Brazil’s economy and nation brand more difficult. Interviewee TI1 states “international and
domestic tourism are part of a formula to recover the country’s economy”. That holds true according to NB2 opinion that “the tourism dimension is the one that will suffer the less from this political crisis. It will suffer but it will suffer the least. I think the security is the one that will possible injure or hurt them the most. (...) I think Zika will have an impact more than anything else. But then they can control that” (NB2). NB4 confirms the impact of the crisis on the brand in tourist, business dimension and culturally. Yet, “it is not the first country in the world that has been through these severe political problems”. Brazil needs to overcome the current problems, as for instance Germany has done, to become a more successful nation brand than it is today (NB4).

Most of what is happening in Brazil is related to politics and economic stability because without a stable environment in the host country, the prospective benefits of the events and the potential of nation branding are reduced. As the situation has changed substantially, benefits and growth in regards to the event have likely been overestimated, yet growth rate, reputation and tourism streams are expected to improve again in the following years.

4.3.3 Opportunities and Challenges through the Olympic Games

The origin of the Olympic Games goes back to the Ancient Greek Games in the 8th century BC. Today the Summer and Winter Olympic Games take place every four years with two years apart. It is the leading sporting event worldwide, hosted for the first time in South America in Rio de Janeiro. More than 10,500 athletes from 205 countries compete in 42 Olympic sport disciplines. The so-called Rio 2016 Olympics Games took place between 5th and 21st August 2016 in four areas of Rio de Janeiro: Barra da Tijuca, Deodoro, Copacabana and Maracanã, and additional venues outside of Rio de Janeiro for the football tournament (Rio 2016 Olympics Wiki, 2016).

As stated by the International Olympic Committee, legacies of the event are transportation, mainly the extension of the metro, the bus rapid transit lines (BRT), a tram system, road connections and bicycle lanes as well as the installation of a wastewater treatment in the Western region of Rio de Janeiro, i.e. extending the sewage system to 1.7 million people. Through the country’s largest Public-Private Partnership, the “Porto Maravilha” (wonderful harbor) project, a 5 million square-meter area in the undeveloped port area will be turned into a centre for business, culture and recreation.
The city aims at revaluing this area by revitalizing wharfs, opening two museums, connecting it to basic infrastructure services, and establishing an economic benefit beyond the Olympic Games (IOC, 2016). Rio de Janeiro accelerated a needed and already partly planned city development, especially in basic and transport infrastructure. Construction firms, architects, transportation companies, hotels and banks profit the most from the urban event planning (ME1, ME2). Embratur adds new sport facilities and sport programs, modernization of the city and increased public safety to the list of benefits (TI1). Some of the venues are planned to be used by sport elites and socially disadvantaged population afterwards. Moreover, the improvement in favelas such as reduction of crime rates and social programs are fostered by the Olympic Games (ME2). While the Olympic Games are often associated with a symbolic character outside of sports, such as modernization of the city in Barcelona or a more open community in Beijing, Interviewee ME2 describes the symbol of Rio 2016 as the pacification of favelas that is recognized by the ICO as a lasting positive change for the city.

The number of international tourists with 500,000 is less than for the World Cup, yet the number of athletes, participating countries and journalists is higher. Because of the enhanced scope, the country’s exposure is greater than during the World Cup. Whereas the World Cup is described as a nationwide, specific passionate event, the Olympic Games are seen as a local, family type event with a broader scope and a more diversified audience (Portal Brasil, 2015). Vice president of public affairs at GfK, Vadim Volos, says that the 2016 Olympic Games in Rio de Janeiro represent an excellent opportunity for Brazil to promote tourism, attract visitors and investments while endorsing the strongest elements of its international image (GfK, 2016). Expert TI1 states the increased exposure of Brazil as an actor and destination of tourist events as one main legacy that is hoped to last long. Interviewee NB2 confirms the assessment of a very positive impact on tourism if the Olympic Games go well. It is an opportunity that goes beyond the World Cup as the Olympic Games are more symbolic and could be an asset for bringing Brazil and Rio de Janeiro back to positive news (NB2). Similarly to the World Cup an enhancement in perception of culture, tourism and people categories is expected afterwards (NB3). An additional advantage is the publicity and beauty of Rio de Janeiro itself and a good travel time of the year which help to promote a positive image in prestige, technology and sport (NB3). Following the Olympic
Games, Embratur plans to develop a post-2016 strategy by using the image of mega-events to create a positive effect for the MICE segment. The aim is to further strengthen the country in hosting international congresses and conventions (TI1).

On the contrary, the criticism on the Olympic Games is similar to the World Cup. Literature, media and interviewees argue that the development is uneven in the host cities and rather fosters private interests of wealthy residents and international tourists. It also continues the negative judgment on corruption scandals, underdevelopment of social welfare, underinvestment in schools and hospitals, the creation of “white elephants” that leave the city with high costs and the burden of tax payers used to pay for infrastructure projects (Gaffney, 2010; ME1; Stalinski, 2015). ME1 argues that mega-events fill the urban planning agenda for 10 years that hinders projects other than sport infrastructure. He further criticizes that only because of more police and cameras on the streets, and holidays for citizen the Olympic Games could take place in that format. The success of the event is based on the fact that the normal life in the city is replaced by big festivities (ME1). Although ME2 admits many problems in education, sanitation and favelas, and the disputable allocation of investment, he interestingly comments that he is “not one of those who compares social development with mega-events and put the same thing on the same level”. The costs for Rio 2016 are estimated about US$4.6 billion, not including transport and other infrastructure costs, which is a rather modest investment compared to previous Olympic Games (London 2012 – US$15 billion, Beijing 2008 – US$6.8 billion, Athens 2004 – US$2.9 billion, Sydney 2000 – US$5 billion). However, the problems of a deep recession and declining enthusiasm for the mega-event remain. In 2009 “we won the right to hold the Games in what was the best time for Brazil in 50 years and are delivering it in the most complicated during the past 50 years,” says Rodrigo Tostes, director of operations of the Rio 2016 organizing committee (Ahmed & Leahy, 2016).

Two more negative aspects related to harmful international reputation were the atmosphere in the stadiums and the organization of the Games. The general image on harmony and hospitality was hampered by the often too patriotic and negative behavior of the audience in certain sport events when foreign athletes were loudly disturbed, especially when Brazil was participating. Besides, criticism was raised in terms of
construction defects in the Olympic village, partly empty venues with deficient organization and inefficient though well-connected transport system (Lenner, 2016).

Furthermore, it is often argued that the system of the Olympic Games with one city constructing all modern sport facilities and hosting all events is not up to date anymore. The often criticized change in location every four years, especially in less developed countries or cities, is argued about immensely. Some critics do not see the benefit of the regular change, though it is in line with the original Olympic idea. The problem here is the great expansion of official Olympic sports that require specific expensive venues not all of which can be used after the event. Despite the significant cultural, sportive and tourism value, the mega-events are taking place without much consideration of the economic state of the country in the first place. Mayor investment is necessary for the candidacy and hosting while the host city is in charge of almost all payments. Candidate cities try mutually to outbid each other with immense planning for a long time ahead until the price exceeds the benefits. Two options could be considered for a change by the ICO: either in the candidacy process or in the procurement where the IOC could take over more control, cover certain risks of running the Games or render some television revenue. The requirements given by the IOC can be challenging for some host cities and could hence be adjusted or mitigated, for example attaching more importance to existing sport facilities in the prospective host city. General accountability and transparency of the international sport institutions should be further improved. All aspects apply correspondingly to the FIFA and the World Cup (Maenning as cited in Stalinski, 2015; ME1).

All in all, there are “no lessons learned from the World Cup to the Olympics. Mistakes were done in the same manner. In the end everything will work. That’s how Brazil functions” says interviewee NB1. Again, interviewees see the situation differently. Negative impacts on the brand are still expected in the short term, though with a change in economics and positive implications due to the events, improvements in the long term are probable. Compensating the decreasing reputation of the government, positive developments with regard to tourism and citizen aspects are expected (NB3, ME2).
5 CONCLUSIONS

The last chapter presents at first final remarks related to the research question and the specific objectives including some managerial implications. Research limitations that became apparent during the work, mainly due to the exploratory nature of a case study, possible bias and peculiarities of Brazil, are stated in the second part. Finally, recommendations for valuable applications and a possible extension of further research are proposed.

5.1 Final Remarks and Managerial Implications

In order to conclude on the guiding research question, “How can a mega-event influence a nation brand in terms of tourism development?”, several means of sources were utilized. First, secondary information was collected and used from the World Cup and the Olympic Games websites, tourism and event related journals and official marketing material from Embratur. Secondly, quantitative data were retrieved from three nation branding indices and several tourism statistics originated from WTTC, UNTWO and Embratur. Thirdly, the most insightful data source was provided by seven interviews with practitioners and academics in the field of nation branding, events and tourism business. Taking all sources into account, the four specific objectives, identified in the beginning of the research, have led the way to approach the research question. The results according to the objectives can be summarized as follows:

➢ Describe the concept of nation branding and its application in Brazil determined through several indices

First of all, the concept of nation branding and its application in Brazil is still in its infancy. Brazil is measured through various international indices and positions and comes out on an average position as 20th of 50 countries in the NBI and 43rd of 75 countries in the CBI. Brazil does not yet have a profound understanding what nation branding is and how it can be beneficial for the country. Despite a consistent well assessed tourism image (rank 16 of NBI) and an increase in the perception of people
(rank 16) and culture (rank 10) that are all really strong in Brazil, the country still suffers from images of inequality, instable government and insufficient security. Successes in perceptions in citizen image and natural beauty, the regional power and a well-grounded tourism industry can pave the way to a better international reputation. However, these can only be achieved once the country returns to political and economic stability. Brazil is already doing well in destination branding, yet the question remains, in contrast to many critics, what else is there to brand Brazil other than culture, landscape, beaches and festivities? The perceptions of a country are complex, with many factors influencing the image, though, clearly, Brazil’s media and marketers first need to go back to opening up to the world and communicate their benefits to the international audience. The here discussed two mega-events were an important attempt in doing so. While they on the one hand again fostered positive and negative stereotypes of Brazil, on the other hand they increased the overall awareness for the country (up to 83% in CBI) which can, if continued to be managed properly, result in positive impacts on the nation brand evaluations in the future.

➤ Identify legacies of an international sporting mega-event and the importance of those in Brazil

The importance of having two mega-events in such a short period of time is indisputable. As argued by academics and practitioners, Brazil to a large extent missed its opportunity to create lasting legacies for the country. Nevertheless, improvements are recognized in tourism infrastructure with for example the extension of metro and tram lines in Rio de Janeiro, renovations in airports in host cities, revitalization of the former harbor in Rio de Janeiro and an expansion of hotel capacity. Construction firms, sport affinity and overall reputation of the Brazilian citizen and their spirit, like the aforementioned increase in people’s perception in the NBI, are further positive legacies. However, the most important and existing, reliable legacy is the place obtained in the list of few countries which managed to host within a short time interval the two most important sport mega-events worldwide. The emotional value is not directly measurable but is likely to have positive impacts long after the events. Critics blame the FIFA and IOC for being outdated and overzealous. Hence certain problems not only lie in the current economic and persistent social situation of Brazil but also in the consequences of applying and hosting the events which lead to overstated promises. Major
expenditures required by the host country, in total about US$15 billion for the World Cup and thereof US$3.6 billion for stadiums, are the main reasons for criticism. Certainly, investments are highly needed in basic infrastructure, education and health care in Brazil, while it is questionable that outweighing economic, sports and reputation benefits with respect to social needs is an adequate procedure. The argument is rather about how economic impulses and tourism streams caused by a mega-event may generate social-economic legacies to the local population. A better evaluation and understanding of peculiarities of the host nation and a joint effort from the sport institutions and the state could create more lasting benefits, by demanding for the future a broader effort of this high complex construct of stakeholders of mega-events.

➢ **Characterize the tourism market in Brazil and analyze how a mega-event creates opportunities for international tourism development in the host country**

Overall the tourism market being the fifth most important source of Brazil’s GDP can be described as fairly strong. Arrivals of international tourists are consistently growing with a drop in 2009. With an increase of 10.5% arrivals data reaches its peak with over 6.4 million in the year of the World Cup. According to predictions, Brazil’s tourism continues to grow by 3-4% yearly after two difficult years 2015 and 2016. The World Cup brought about 1,000,000 international tourists and an impressive 95.3% of those intend to return to Brazil. The Olympic Games have hosted 500,000 people from abroad. Major inputs on money spent into the country are provided by an increase in tourist spending by 137% on hospitality, so the events fostered the tourism industry. Brazil’s strong tourism image stands out in travel and tourism competitiveness index on natural and cultural resources (rank 3 out of 141 countries); that is why it should advance the image of the best associated attractive images of Brazil in the international media. While the mega-events brought certain negative coverage as well, it is advisable to create an after-2016 tourism promotion strategy to use the increased global awareness of Brazil which had been achieved with the World Cup and the Olympic Games. In order to receive a still larger number of international tourists, especially neighboring and strong high-income markets existing in North America, Europe and Asia should be targeted. Further improvements are seen in the MICE sector that applies to the biggest Brazilian cities. Given its size and population, Brazil is regarded to have a high
potential in its tourism business although the country does not utilize all of this opportunity yet.

- Understand how the 2014 World Cup influenced Brazil’s nation brand and its tourism activities to conclude whether it was worth for Brazil to host the event

Although being in recession, Brazil continues to be an important economic player and well-known country. The cultural symbols of the World Cup and the Olympic Games brought considerable improvements in the worldwide perception of Brazil, for instance Brazil accomplished an improvement in the NBI by one position at the 2014 ranking. Yet, an ultimately positive conclusion whether it was worth for Brazil to host the events cannot be given at this stage. Positive impacts in tourism, hospitality, image and infrastructure are clear but somehow offset by political and economic unrest, drawbacks in audience behavior and organization weaknesses. Criticisms in terms of socio-economic benefits for the population remain, though as mentioned before they are to a large extent a problem of the structural conditions of the FIFA and IOC that unfortunately become apparent in every host city but need to be dealt with on an international level. Locally, Brazil tried to use sport and the unifying image of the events to enhance its nation brand; however, it was hindered by regional circumstances that had much changed as compared to the time of application. As confirmed by literature and the interviews made in this work, Brazil could still have done better in promoting and branding itself. A reputation of a country is built over time and is based on a myriad of variables, thus definite deductions about the brand effect are better left for the future. Expert NB2 quoted accordingly: “Brasil é o país de futuro e sempre será” (Brazil is the country of the future and will always be!). Nation branding efforts should be undertaken in terms of more research, a holistic strategy in the country and implications in different sublevels, such as focus on destination branding first, in order to establish as a particular nation brand.

To conclude, the World Cup and the Olympic Games have certainly shown the two faces of Brazil; the beautiful one with natural attractiveness, inspiring sport festivities, enthusiasm of its people, pride and hope, and the negative one with corruption, insecurity and social problems. The view on both events has always been a question of
controversy. Clearly, Brazil has experienced positive impacts in soft aspects such as international awareness, hospitality, open-mindedness and enthusiasm of Brazilians, and an environment safer as expected, that are in support of local tourism development. These, combined with natural beauty, should be emphasized in order to build up a proper nation branding strategy in the future. On the other hand, the lack of a wider spread appropriate infrastructure and the drawbacks in organizational behavior are factors that need to be tackled by the government and the society to attract more tourists and to brand itself better than it has been done during the events. The mega-events were thus beneficial in many aspects, though happening at a difficult and perhaps wrong time for Brazil. Had the events been taken place in times of economic prosperity and stable environment, they would certainly have led to more positive results. Brazil’s local and international reputation is currently suffering from hard times which make a concluding evaluation on its nation brand difficult. A sudden improvement is relatively unlikely, yet the mega-events and the related efforts, especially in destination branding and international attention, towards the development of nation branding are likely to help improving Brazil's perception in the long term. This research suggests that overall it still has been valuable for Brazil to host the events and that the focus on the tourism aspect of nation branding is an appropriate start, which one can build on to ultimately reach the stage of nation branding.

5.2 Research Limitations

Limitations in various parts of this study became apparent indeed. First of all, due to the particularity of a single case study it is customary to have a rather limited perspective since the analysis, discussion and evaluation are based on one specific event the 2014 World Cup (with some implications of the Olympic Games). That means generalizations are hardly possible because the development, investment and multifaceted local circumstances are very peculiar in Brazil. Hence the research findings cannot completely be transferred to future hosts other than Brazil, although it is intended to carefully transfer some insights about mega-events to host countries in developing countries. As mentioned before, a case study as a qualitative research design choice cannot intend to generalize conclusions but it nevertheless leads to an
understanding of basic concepts and relevant characteristics. Rather than applying to the entire sector of mega-events, the results from this study seem to be relevant to countries similar to Brazil that host a World Cup, whereas the Olympic Games are differently applicable to city branding. Moreover, it is a unique situation that the two biggest sport mega-events worldwide happen in the same country within two years. With an up to date topic and a short amount of time after the event it is likely that certain effects could not yet be evaluated to whole extent.

Given a complex situation and many subjective opinions of various stakeholders, it is probable that not all phenomena of the case study could be fully explored and are likely to change depending on the sources and interviewees used. As discussed in the methodology part, opinions expressed are much dependent on the subjective interviewee’s views, though the results of the seven conducted interviews were consistent and revealed profound knowledge on the complex situation. Besides, decisions on the data collection process, categorizing and interpreting data required subjective judgment by the author. Although applying rigid methods the assessment was still subject of unavoidable researcher bias.

The integration of the consumer or spectator’s point of view could have provided an even more holistic perspective on the topic. Despite integrating results from nation branding indices and studies from Embratur, that measure consumer perceptions, no primary data of spectators of the World Cup was gathered.

5.3 Recommendations for Future Research

The results obtained in this research are helpful for a better understanding of the nation branding concept related to mega-events in Brazil. The research can be considered as an initial step towards future studies which can explored further in the following areas:

- The specific impact of the 2016 Olympic Games in Rio de Janeiro on Brazil’s nation brand and tourism behavior after the event;
- Long term assessment of the two events in relation to combined legacies, tourism and branding in Brazil;
Focus on aspects of nation branding other than tourism, for instance foreign direct investment or culture/heritage in relation to mega-events;

Evaluation of displacement effect in tourism during mega-events;

Exploration of the consumer perspective on the attraction factors, the perception of the events and the motivation to travel to Brazil;

Research on establishing a nation brand strategy based on findings about mega-events and in attribution to natural beauty, culture and people;

Understanding of the nation brand Brazil and determination of its central idea(s);

Long-term impact study on the phenomenon of developing countries bidding for international sport mega-events and comparison to other countries;

Assess criteria on application, bidding and hosting processes of FIFA and IOC to reduce risks, costs and exploitation of developing;

The counterbalance of major investment in sport infrastructure versus lack of basic infrastructure and services for the population;

Explore the drawbacks of negative international media coverage on a nation brand.

This research is a first approach to consider the recent mega-events in Brazil. Importance should be attached to the mentioned aspects in order to advance the understanding of Brazil’s brand and its international reputation, to approach a holistic nation branding strategy and to broaden the knowledge on the effects of mega-events especially in developing countries.
6 REFERENCES


