

## A Strategic Approach for Export: Improving Country Image Through the Olympics

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**ABSTRACT** By improving the national branding countries believe to have some economic advantages in this competitive world. But the determining the effects of a national branding have always been very challenging. Export is considered one of the most effective ways of measuring the effects of the national branding due to its' direct foreign exposure and accepted relationship between the country image and buyers' preferences. For countries one of the important ways to achieve that seems to be the Olympics, a mega public relations organization. The paper tries to measure the effects of the Olympics on the national branding by analyzing the export figures of the host and runner-ups of the Olympics after 2000. The findings suggest that hosting the games is sufficient to boost trade but it is not necessary. And the Olympics' effects on the national branding is not very clear in terms of exports.

### INTRODUCTION

Many countries face a very challenging issue of unemployment. High unemployment creates many difficulties for many governments economically as well as socially. Educated youth unemployment is even higher than national averages and even a bigger problem. Countries try to cope with this problem by implementing similar approaches. To create more jobs the economy must grow and one of the most efficient and trouble-free way to do it is to sell more of the products and services abroad. Hopefully, the economy will grow, there will be more job creations and the unemployment will decline instead. Therefore, the countries all around the world have been looking ways to improve and advance their competitive advantages for exporting. R&D, innovation and mega public relations events, like Olympics, considered to be the some of the alternative ways of achieving these competitive advantages. The Olympics have always been considered very important for countries' national branding processes. Export, on the other hand, is noted as one of the most effective ways of measuring the competitive advantage level of the countries. Thus, it is important to analyze the connection between the Olympics

and host countries' image changes and between the image changes and the export and to determine the interactions among them, if there are any, so that we can have a clearer understanding what to expect from organizing such big events. Several studies have identified the economic development through image promotion as the main benefit for hosting countries (Kim et al. 2010; Kim et al. 2005; Matos 2006). And mega events like the Olympics are also believed to help brand national images of the host country and there is growing recognition that national images can be branded (Chen 2012). It is also believed that mega sporting organizations present very important opportunities for the country to promote its culture and traditions through a variety of social and cultural activities (Allen et al. 2002). And this promotion will accelerate the countries' economic growth through exporting.

Do mega-events such as the Olympics enhance the country image in a way that foreign buyers prefer that country's product or services over others? And also is there a link between the country image (in the export terminology "Country of Origin" or "Made in Country") and the export? A study is needed to understand if country image really positively affects export. If we

can understand the connection between the two, then we can look at the Olympics hosting countries to see whether the Olympic Games have helped them to create a country image.

The effect of country of origin (CoO) on consumers' perceptions and purchasing intentions is a common theme in marketing research (Bloemer et al. 2009; Usunier 2006). Since Dichter's (1962) reference to the significance of the "made-in" dimension, research on CoO effects has become one of the major domains within the scientific literature on consumer behavior and international trade (Bloemer et al. 2009; Usunier, 2006).

Ahmed et al. 2008 and Laroche et al. (2002) suggested that CoO has a significant influence on the choice of a product or service, while others (Ettenson et al. 1988; Liefeld 2004; Lim et al. 1997; Lim et al. 1994) concluded that the influence of CoO is very weak. Kotler et al. (2002) found strong associations between the country image and product quality in relation to product/brand evaluations. Customers consider both the brand's attributes and the place of manufacture or place of assembly in their purchasing decisions (Ahmed et al. 1996). Because brands typically convey an implicit reference to their home country and tend to be associated with that country in consumers' minds (Samiee 1994; Thakor et al. 1996). Bilkey and Nes (1982) showed that consumers leaning to regard products that are made in a given country with consistently positive or negative attitudes. In a meta-analysis, Liefeld (1993) stated that country image appears to influence consumer evaluation of product quality, risk, likelihood of purchase.

The export data from 1990 to 2012 of the host countries after 2000 (Australia, Greece and China) analyzed to see whether there are any breakpoints and trend changes. The runner-ups' export data, China (2000), Italy (2004) and Canada (2008), were evaluated to compare the hosts and runner-ups performances in terms of export trends.

### METHODOLOGY

All of the relevant economic data used for this paper was taken from World Bank economic data set. The Multiple Linear Regression Model (a statistical technique that uses several explanatory variables to predict the outcome of a response variable) and the Chow Breakpoint Test (a statistical and econometric test of whether the

coefficients in two linear regressions on different data sets are equal) were used to analyze the data with the help of "Eviews 8" program. Percentage Trend Analysis (the presentation of amounts as a percentage of a base year) was also used to see the changes over the years.

### RESULTS

According to the structural breakpoint analysis Australia has a structural breakpoint for the export and it is very significant ( $p < 0.001$ ). Greece has significant structural breakpoints for the export at  $p < 0.005$ . China, different from Greece and Australia, has no significant breakpoint for Export at  $p < 0.005$  but breakpoint at  $p < 0.01$ . The results of Chow breakpoint analysis, on the whole, suggest that the year of the Olympics has made an impact on the countries' exports.

In terms of percentage trend analysis, Australia saw an increase for the export for the year of Olympic, 2000. The following year after the Olympic the export numbers were slightly increasing. In the pre-Olympic period (1991-1999), the export were increasing on the average by 5.04 percent per year but in the post-Olympic period (2000-2012) the export increased by 12.77 percent, pointing out a very healthy growth.

China was the main competitor for Australia for the 2000 Olympic bidding. It is important to see, even though it was unsuccessful at the end of the bidding process, how China performed in terms of the export. China's export numbers in the pre-Australian Olympic period (1991-1999) were increasing on the average by 13.47 percent per year, in the post- Australian Olympic period (2000-2012) the export increased by 17.06 percent, indicating a strong growth rate.

Comparing the Australian and Chinese export data have revealed that both countries performed better in the post- Australian Olympic period, but Australia's ratios were even better. The Olympic caused structural breakpoints for Australia and for the better, but China, the runner-up, did also perform strongly. Therefore, it may be concluded that hosting the games is sufficient to boost trade but it is not necessary.

For Greece, export numbers increased for the year of Olympics, 2004. The trend analysis showed that until 2008 the export numbers continued to increase, but after 2008-2009 and may be with the effects of the global financial crisis

and heavy debt ratio of the Greece government the economy has started to tumble. In the pre-Olympic period (1991-2003) export on the average increased by 7.21 percent per year while in the post-Olympic period (2004-2012) export was increasing by only 7.14 percent, indicating no changes.

Italy was the runner-up for the 2004 Olympic bidding. Italy's export numbers in the pre-Greek Olympic period (1991-2003) were increasing on the average by 4.50 percent per year, in the post-Greek Olympic period (2000-2012) the export increased by 6.53 percent, pointing out a better growth.

Analyzing the Greek and Italian export data have shown that in the post-Greek Olympic period we can conclude that Greek export performed poorly while Italian export showed significant increases.

China's export numbers also increased for the year of Olympics, 2008. But, the following year the export decreased. According to the percentage trend analysis, in the pre-Olympic period (1991-2007) export on the average increased by 20.83 percent per year while in the post-Olympic period (2007-2012) export had shown a sharp fall to 12.07 percent. This may be due largely the effects of the global crisis but on the other hand it may also be the result of unsuccessful public relations campaign of China to improve its perception.

Canada was the runner-up for the 2008 Olympic bidding. Canadian export numbers in the pre-Chinese Olympic period (1991-2007) were increasing on the average by 7.47 percent per year, in the post-Chinese Olympic period (2008-2012) the Export increased by 3.23 percent, pointing out to a sharp decline.

The results have shown that for the post-Chinese Olympic period both Chinese and Canadian exports had shown drastic decreases.

## DISCUSSION

Enhancing the awareness understanding and commitment to a brand through public relations is usually an essential part of any overall strategy, moreover, there is increasing social consciousness among consumers who now place more emphasis on what an organization is about rather than simply what that organization produce in the form of services or products (Mika-

cova et al. 2014). For many countries hosting the Olympics is one of the most important ways to achieve national branding so that they can realize some economic gains. With or without the hosting the Olympics the host countries, like almost all countries in the world, may be different in sizes and speeds, were in growth paths. The important thing was here to determine whether the Olympics change those growth paths in a way that these countries move to different levels. "Ex-post studies have consistently found no evidence of positive economic impacts from mega-sporting events even remotely approaching the estimates in economic impact studies" (Owen 2005). In terms of the export, the researchers' found that hosting the Olympics had structural breakpoint effects on the export.

But after analyzing the export data of the host countries for the period after 2000 (Australia, Greece and China Olympics), the researchers also found out that the Olympics did not produce significant results. Owen (2005) stated that "if increasing net exports is the way sporting events benefit a local economy, then the Olympic Games should be an event that makes a noticeable contribution to an economy". To see the extent of the contribution to the economy the researchers made some comparisons between successful (hosts) and unsuccessful Olympic bidders (runner-ups). According to the results, only Australia (2000) seemed to be capable of increasing its average export. Greece (2004) and China (2008) had lost their export capability in the post-Olympic periods in comparison to the pre-Olympic periods. The runner-ups, on the whole, performed similar to or better than the hosts. This is an interesting result since it suggests that hosting the Olympics not worth it.

The findings make also sense since achieving success in export markets is not an easy task, due largely to the multiple, diverse, and idiosyncratic nature of foreign environments (Samiee et al. 1990; Czinkota et al. 1998). There are also barriers to exporting and most important of them are "regulations", "language/culture issues", and "time and effort it takes" (Blackburn et al. 2010).

Just improving the national branding is not enough to perform better than other countries in terms of the export. Several scholars have suggested that export performance is multidimensional and cannot be measured simply by a single performance indicator (Cavusgil et al. 1994; Diamantopoulos et al. 2007; Sousa 2004). The

process is so complicated it is not very easy to conclude that only the country image will solve every complexity of the demand and supply. We cannot say that only one mega event is powerful enough to change the country image and, therefore, export volume for long-term.

The debates about the impact of the Olympics on international trade have been far from being settled. Rose and Spiegel (2010) investigated the impact of hosting the Olympic Games on international trade flows and showed that hosting mega events benefit the hosting country in stimulating exports and imports. "Using a variety of trade models, we show that hosting a mega-event like the Olympics has a positive impact on national exports. This effect is statistically robust, permanent, and large; trade is around 30 percent higher for countries that have hosted the Olympics. Interestingly, however, we also find that unsuccessful bids to host the Olympics have a similar positive impact on exports" (Rose et al. 2010). So, this is also in line with the researchers' findings that sometimes the runner-ups even performed better (for example, Italy over Greece).

Some suggest even if there were some benefits of the Olympics they are not everlasting. Baade and Matheson (2002) mentioned that "the evidence suggests that the economic impact of the Olympics is transitory, one-time changes rather than a 'steady-state' change". The findings are also in line with Baade and Matheson (2002) since the findings shows, even though, there were some increases in the export figures for some host countries most of them were transitory.

### CONCLUSION

National branding is one of the key advantages that the bidding countries pursue. With the help of the national brand awareness, countries expect short and long-term economic benefits. To build a national branding, the Olympics may provide excellent public relations opportunities. The export figures may be helpful to understand whether hosting mega organizations produce positive outcomes. The paper tries to understand the relationship among the Olympics, national branding and the export to see the effects of the Olympics on country image and the export. In terms of the export the researchers indicate that the country image or national branding affects the export capacity of a country and

also hosting the Olympics made some differences for export for the host countries. But this does not mean that without the hosting Olympics the countries would be worse off.

### RECOMMENDATIONS

Hosting the games is sufficient to boost trade and the economy but it is not necessary. The increases in the export numbers can be evaluated as positive things for the development of a country and according to the findings mega events like the Olympics are helping host countries to achieve that. But, even though, such public relations organizations may bring gains, it must be remembered that hosting these organizations not without any downsides. Brazil's 2014 World Cup is a vivid example that upheavals and disturbances can vanish the effect of country image rise and this can turn into a public relation disaster. To see the effects of these troubles on Brazil's economic performances the country's relevant economic figures must be watched closely for a better analysis. Consequently, the Olympics have up and downsides and if hosting countries successfully manage the processes the Games may benefit their export capabilities, otherwise the outcomes will be disappointing.

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