

## *NATIONAL IDENTITY IN LATVIA FOREFFECTIVE PLACE MARKETING*

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### **Abstract**

Nation's successful participation in global politics and economics in highly globalized world is goal for majority of national governments. Achieving this goal is not easy, usually long term process, involving multiple unknown variables. At the same time, effective place marketing can support initiatives to raise country's involvement in global decision making processes. Strong national brand, positive image and effective place marketing strategy are among key success factors. While for developed countries strong brand is their reality, for developing countries in Central and Eastern Europe this is among most challenging long term tasks. Aim of this article is based on critical literature review to identify core principles of successful place marketing theory and to define main challenges in developing it. Latvia has been taken as case, where present discussion on national long term development allows exploring implementation of theoretical cognitions into core strategic planning documents and exploring key weakness in this process. Latvia's recent experience with economical struggle makes this case attractive to analyze positive effect of crisis in understanding of identity and brand importance.

### **Introduction**

Past few years, Latvia, rather often, has managed to get into headlines of global media, primary in context to effects of global financial crisis resulting in remarkable decline in GDP, increasing number of unemployment rate and overall economic downturn, followed by overall positive assessment of effected structural reforms, budget consolidation and ability to maintain stable growth of national economy. Mix of positive and negative news on global mass media with no doubt have influenced image and brand of Latvia in all aspects of place marketing – for local residents of Latvia it has meant negative information, reporting social problems resulting in emigration and general declining living standards, for investors these news have been as a signal to slowdown possible future investments and general security of existing businesses, while for tourists it has been another reason to choose Latvia as a destination for next travel as, due to decreasing number of international visitors, destination has been able to offer competitive prices for its services. Results of global economic crises can be associated with organic level of image, illustrating actual situation. Presently, active discussion has been initiated on future development of country, aiming to formulate its development priorities among which is also positioning of country on global level. Elaboration of national development plan, presently, is topical activity; however there is obvious lack of comprehensive understanding of the importance of place marketing and development of strong global brand of Latvia as a destination both for tourism and investments as well as local residents. Difficulties in formulation of national brand and elaboration of proper place marketing strategy is a complex problem, involving lack of proper attention to competitiveness rising as a key of national development and eventual consequences on individual level of local inhabitants and politicians, grounding in struggling with formulation of national identity and thus image. Place marketing and competitiveness cannot be effectively achieved, lacking local understanding and national self-identification.

### **Subject of place marketing**

Skinner, one of leading theorists in place marketing field, has clearly noted that “not only have we not reached agreement about whether the place is a brand, has a brand or whether the place is the product to be consumed or the context within which consumption takes place, neither have we successfully identified what constituted the essence of the place brand itself” (Skinner, 2011: 281). This statement includes various issues which

place marketing academics try to explore and study in contemporary place market studies. On the other hand, place marketing itself remains among core duties appearing in development plans and planning documents of diverse geographical entities. For nations, place branding remains challenging task, as often, as stated by Skinner, there are nations which continue to be perceived as negative despite change having occurred (Skinner, 2011: 281).

From purely theoretical point of view, concept of place marketing is rather clear. Nations, regions and cities and their promotion for international political, social and business environment, has become a wide discussed subject within frame of place branding, place marketing and place promotion (Lucarelli, Berg, 2011). As stated by Kotler, place marketing means designing a place to satisfy the needs of its target markets. It succeeds when citizens and businesses are pleased with their community, and the expectations of visitors and investors are met (Kotler et al. 2002: 183). Understanding of place marketing is based in verities on country, region or place image. Even image itself can be described as a part of intangible value for a society, nation or organization; it has been often associated with places and used in developing concepts of place marketing. Gunn's developed theory of two level images, grouping them in organic and induced, where organic image of a place is formatted from general information as articles in newspapers and magazines, news on television and is associated as a result of lifelong socialization and induced images, which are considered as images into consumer's evoked set and aiming to increase the profitability of a purchase decision in favor of a product (Gunn, 1972). Same approach and conceptualization is used in branding studies, aiming to analyze directions in brand formulation. The technology of branding broadly conceptualizes places as a real in a dual sense: a place is manifested as a series of organizational, geographical and infrastructural givens and on the other hand, a place is a concept that branding consultants are trying to create by changing the perception and ideas people already hold about it (Pedersen, 2004: 77). Understanding of place marketing and structure of it, there are core elements to be considered and observed: **image, national image, brand** and eventually competitiveness as practical outcome of efficient development of place marketing strategy.

Even country image is only one of several elements of place marketing, it is often associated to be complex, as involved multiple unknown variables. Country image, according to Kotler, is „a set of beliefs and perceptions that people have about a given country. Further, country image is constituted of history, geography, art, music, citizens, and attributes” (Kotler, 2000: 160). Additionally to these beliefs and perceptions which are embedded in people should be well noted media and entertainment industry and their power in constructing image of a country. Place marketing for tourism purposes has been most widely recognized form of place marketing, where it is often acknowledged that the place itself forms at least part of what is consumed, it is being recognized that not all places attract tourists who consume the place in the same way or for the same reasons (Skinner, 2011:285).

Most countries have an international image that is fairly stable and consistent over time and space, which usually have stable sets of symbols, associated with them and even these international images have been developed passively, they have been solidified and are now reinforced by national businesses and governments and individual citizens. (Marat, 2009: 1124). Formation of international image is closely linked to individual level and individual identification where constructing identity can be also through a defined subject (Zimmerbauer, 2011: 245) – a place which can be either region or state. Thus, self-identification needs to be considered in image creation and it might have further effect in establishing comprehensive place marketing strategy.

For countries, usually, more specific issue of image is of primary concern – national image. National image can be considered as sum of elements. Even there are existing various complex definitions on what is national image, most comprehensive definition and explanation is provided by Sang-Yeon Sung, explaining Boulding's definition on national image and naming it as key is how a nation appears to others, and not how it truly is, in any universal sense (Sung, 2010:27). It is emphasized, that national image is not only a contemporary catchword, but it is an important factor stimulating contemporary commerce and presenting nation together with its products to others as more reliable. Analyzing factors influencing studies of national image, public opinion, shaped by mass media and other social networks, needs to be respected.

Alternatively, any unit (be it a city, region or entire nation) image is defined also as the total of all descriptive, inferential and informational beliefs one has about a particular country (Martin, Eroglu 1993: 193), thus emphasizing both organic and induced levels of image. It is also considered and defined as the sum of all those emotional and aesthetic qualities such as experience, beliefs, ideas, recollections and impressions that a person has of a place (Kotler, Haider, Rein, 1993). Therefore, image itself and interpretation of it is considered to be based in personal understanding and interpretation of perceived information, news and messages. From this perspective, perspective of image is based in various individual discourses, which include both socio-psychological, as well as cultural. Image building process is complex long term activity; however, a common social image of a place can be developed through individual images. These individual images are socialized through language, symbols and

common shared experiences. Groups and communities can develop identities of places which reflect group interests and biases. This common ground of agreement about the identity of a place is called the consensus identity (Relph, 1976: 53). This supports assumption that creating image for a country or nation needs individual involvement and active participation. Through formation of identity country image is developed. Country image is composition of cognitive and affective evaluation of a given country, the total package of variables constitute the general impression that a person hold on a country.

Often image, and especially national image, is misleadingly associated with stereotypes and for nations or countries stereotyping can create misleading impression. Image itself is not the same as stereotype. Difference is rather remarkable, as stereotype is broad image that is held by group of people that is considerably distorted with simplicity and that interpreted with either positive or negative attitude toward the place (Kotler, Haider, Rein 1993:141). Besides, image and perception of image is more related to individual level, reflecting individual points of view, while stereotypes are more associated with groups.

While image itself is associated more as a static element, describing certain group, society or nation as a whole, its practical utilization is looked closely as a branding. Identification and distinction process where one image is distinguished from another is embedded in branding. Branding means to build an offering from a known source; the intangible valueproposition is made physical by an offering, which can be a combination of products, services, information and experiences (Kotler 2003:11). It does not matter, if this offering is built for a good or service or place. Placeencompasses possible combination of its products, services, information and experiences can be easily branded with a purpose to market place. Place branding means bringingadded attraction to a place, the central issue being to build the brand identity. Placeproduct is total offering-mix of the place to-place customers (Rainisto 2001).Place branding to market it on a global market place has become among main priorities of national governments and municipalities. It is often believed that effective place marketing can be appraised as a success key to local, regional or even national development.

Meanwhile, contemporary, globalized world, determines high sense of competitiveness and this concerns also places – same like enterprises, also geographical territories, such as city districts, cities, regions or even countries on global perspective, compete to each other to maintain their existing competitiveness positions or to improve their standing, being attractive destinations with positive image for leisure or business related purposes. Place branding is an important and integrated part of place competition (Hall, 2008: 59). Competitiveness is the actual inducement to develop effective place marketing strategies and brand a place. Although, importance of being competitive is not disputed and it is often among central priorities for national development, process itself is extremely sophisticated. Place branding is a slow process with no guarantee of long-term success (Hall, 2008: 63). Place branding typically regards place as an object to be manipulated through a wide range of management tools (Pedersen, 2004: 77).Therefore, this allows concluding that place marketing can be conducted and achieving expected results relates to certain activities which need to be completed. However, there are other determinants which predict that there are further conditionals which cannot be managed that easy at all.

If place marketing itself is more intentional and organized activity, initiated by national governments in case promoted object is entire state or local municipalities in case of regional or city promotion, alternatively public diplomacy can be considered as an alternative form of place marketing. It refers to government-sponsored programs intended to inform or influence public opinion in other countries; its chief instruments are publications, motion pictures, cultural exchanges, radio and television (Dictionary of International Relations Terms, 1987, p. 85). These are official government efforts to shape the communications environment overseas in order to reduce the degree to which misperceptions and misunderstandings complicate relations between countries (Hans, 1990: 29). Alternatively, also public diplomacy, concept, developed by Anholt in his studies,deserves attention in studies of place marketing.

Idea of public diplomacy in branding is embedded in opinion that even single branding activity, summed up with other activities result in more comprehensive branding activity. Even all smallest branding activities are not visible at their first look and might look unimportant, they still needs to be respected.

Anholt is given remarkable contribution in developing term “public diplomacy”, concentrating on concept seeing at as *Competitive Identity*if the word ‘public’ is applied to the messenger as well as the audience – in other words, when a substantial part of the population is motivated and energized through a benign national ambition, and instinctively seizes every opportunity to tell the world about its country. As explained by Anholt, main difference between traditional diplomacy where relations are formed between governments, then public diplomacy concentrates on interaction and forms of cooperation between government and public (Anholt, 2007).Public diplomacy may have big impact on organizations (either city or country) image creation as is considered as form

where information (as values and qualities) are spoken and advertised. Public becomes as tool of promotion. This can occur, under condition that public itself has strong believe in ideas they are ready and willing to share and promote. Thus, branding of nation is observed not only as regulated process, where initiative originates in either national or local government. Often, public branding through public diplomacy may be considered as additional tool to official initiatives, while it has all potential to be treated as main form of promotion and branding.

Formation of international image and international branding has become a trend which is respected by developed and developing countries, seeing opportunities positive brand can give to a country (Pedersen, 2004: 77). States and international organizations are among key participants of the contemporary global relations system, while international trade is among most important contemporary challenges. Service, capital and production trade is backbone of contemporary global relations. In these relations, image, promoted through branding plays important role. Importance of image can be easily linked to globalization and effects of it to contemporary societies.

Thorough knowledge of the term "brand" is primary requirement to understand branding as such. It includes developing a promise, making that promise and maintaining it. It means defining the brand, positioning the brand, and delivering the brand. Brand management is nothing but an art of creating and sustaining the brand. Branding makes customers committed to your business. It is often stated, that brand is the tool to differentiate different products from each other and emphasized uniqueness of each particular product or service. Through brand, singularity is expressed which is supposed to create difference from competitors.

Brand management includes managing the tangible and intangible characteristics of brand. In case of product brands, the tangibles include the product itself, price, packaging, etc. While in case of service brands, the tangibles include the customers' experience. The intangibles include emotional connections with the product / service. Branding is assembling of various marketing mix medium into a whole so as to give you an identity. It is nothing but capturing your customers mind with your brand name. It gives an image of an experienced, huge and reliable business. It is all about capturing the niche market for your product / service and about creating a confidence in the current and prospective customers' minds that you are the unique solution to their problem. The aim of branding is to convey brand message vividly, create customer loyalty, persuade the buyer for the product, and establish an emotional connectivity with the customers. Branding forms customer perceptions about the product. It should raise customer expectations about the product. The primary aim of branding is to create differentiation.

There are multiple issues which have stimulated emergence of studies of image, image creation, brand, however, they all related to global development and need for individual countries or enterprises to be recognized and able to compete on global markets. Need to differ from competitors, probably, has been main stimuli for enterprises to become more innovative and define their uniqueness. Similarities can be defined for individual countries, which aim to be recognized, thus granting respect and global accountability. Globalization being contemporary universal concept that comprises all phenomenon related to innovation, technological development and cultural progress (Amoroso, Andreea, 2002), at the same time it promotes discussion either it is a process connected to increasing internationalization of the world or it should be considered a process, where local level is regaining its importance (Keller, 2000). Indeed, looking closely on globalization from different aspects, discussion will always involve subjects related either to complex operation leaving national boundaries or processes influencing local processes. Global integration has established comprehensive world order consisting of trade, migration and free capital flow in the first place where among key players are institutions in a form of state or business, aiming to export their produced goods or provided services, thus promoting further growth of wealth (Collier, Dollar (2001).

Regions and cities globally, but mainly in Europe and especially during the last 20 years, have been characterized by a plurality of efforts to define their vision, construct their identity and shape their images, in order to become more attractive and, consequently, competitive, increase their market share in a globalized economy and fortify their economic development (Metaxas, 2009: 1357). Competitiveness and need to increase market shares has been emphasized, although identity has been set as priority.

It requires the co-operation between local authorities and public sector, the citizens' direct contribution and, of course, market research, target market segmentation and evaluation, so that it would not turn into waste strategy (Metaxas, 2009: 1372). Creation of image, which is profoundly subordinated to individuals and their mindset towards elements forming image and identity, requires strong and comprehensive support of society, when it comes to formulating identity and building image. Place marketing does not operate by itself. It can be effective if the city's actors realize that the city's image is a very particular and distinctive good, which has to be produced, distributed and promoted through a strategic planning process. The last phase of it is the place/city competitiveness. Competitiveness is a target shared by all places and place marketing is able to contribute positively to its implementation, if and only if it is designed and developed in the frame of strategic planning (Metaxas, 2009: 1372).

### **International competitiveness**

In the frame of globalization and development of international trade each country admits importance of its competitiveness in global markets. In appreciation to innovations in transport, telecommunication and other spheres of contemporary society, different consumers raise their awareness on access to products and services in other countries. They obtain possibility to choose cheaper, more qualitative and differentiated products from different countries. Therefore, among core priorities of contemporary states is promotion of entrepreneurship and national economy, aiming to increase its export potential, thus supporting creation of working places and rising revenues to national budgets. Through globalization, countries and national images receive both opportunities and threats. Even there could be several approaches to analyze effectiveness of attempts rising global recognition and image reputation; it can be proposed that global competitiveness could be considered as a tool to evaluate it. At the same, time as places become more competitive seeking to export their goods and services, to attract tourism, Foreign Direct Investment, economic immigration and students for tertiary education, it is less easy to quantify the overall value of the place brand than it is to quantify the value of a product brand in terms of its brand equity (Skinner, 2011: 285).

Global competitiveness report is annual rank of countries, ranking them according to competitiveness index, defined according to PEF methodology. It is best known global research including numerous countries and World Economic Forum has taken responsibility verifying including date. Methodology has been elaborated by Michael Porter and HavierSala-i-Martin(Snowdon, Stonehouse, 2006: 165) It is annual report, published starting from 1979, where Latvia has been included since 2001. PEF regularly improves assessment methodology to illustrate specifics of time period. Methodology and number of included states has been changing over years. Last report has featured 131 countries and it has been divided into three parts, where next to overall evaluation, further assessment has been given by 110 indicators.Since 2005-2006, new approach has been invented and named as Global Competitiveness Index, aiming to give assessment to national competitiveness in global context, respecting factors influencing micro and macro environment (Karnite, 2011).

In PEF report, country competitiveness has been defined as a network of institutions and policies which affect level of productiveness in country, whereas level of productiveness influences general level of national wealth which national economy can offer to its inhabitants and investment revenue which is received by capital owners. It is important to look on competitiveness on static and dynamic approach, where static approach emphasized that productiveness has impact of ability to maintain high level of incomes in station and investment revenue, while dynamic concentrates on statement that high productiveness and effective return on investments stimulates growth of state and long term development in the future. Thus, having clear criteria, global competitiveness can be affected comparing competitiveness of independent states. Measuring global competitiveness plays an increasingly important role in allocation of global capital. Each country, carrying of its development, should respect importance of global capital flow and should try to create attractive conditions for this capital.

Assessment of national economics in perspective of global competitiveness has become among top priorities of national governments (Sabadie, Johansen, 2010:236). By increasing importance for national economy to be competitive in the global market, human capital plays and increasing role as it can be counted that up to 24% of the national economic competitiveness is within human capital (Sabadie, Johansen, 2010: 243).

Evaluation of competitiveness, according to Global Competitiveness Report is based upon assessment of 12 groups of evaluation criteria or pillars: institutions, infrastructure, macroeconomics, health care and basic education, higher education and training, good market efficiency, market complicity, technological readiness, market size, entrepreneurship sophistication level, innovations.Besides, based on Porter's (2007) systematization of all countries, they are organized into three groups: factor driver, efficiency driver and innovation driver economics; transition economies between first and second and second are third group are also outlined.

### **National identity in place marketing: case of Latvia**

Latvia being a country associated with Central and Eastern Europe, same as other countries of the region are still at a very early stage of developing a coherent, strategic country brand, which is more abstract and less controllable than destination brand (Szondi, 2007: 12). Even since research, performed by Szondi on Central and Eastern European countries and their brands, 5 years later Latvia still struggle in defining its national identity, brand and elaborate effective place marketing strategy.

Recently, Latvia's image has been associated with news; concerning, economic downturn and figures illustrating it have forced to associate Latvia as one of most less developed European countries.

These changes have initiated comprehensive discussion on national and international level about future national development scenarios. Several of discussions examine possible development scenarios rising national competitiveness, while some others concentrate on need to develop strong national identity before implementing effective place marketing strategy. Anholt, responding to *Latvia Institute* inquiry, has been analyzing possible scenarios and obstacles in developing competitive national identity, although, main concern has not been dispersed due to uncertainty with national identity itself.

To understand present situation in Latvia and importance of place marketing activities and branding in Latvia, core strategic planning documents, relating to tourism development and national development have been considered. Conclusions drawn from these documents clearly indicated on lack of initiatives on political level about issues in question. Main tourism planning document is "The Latvia Tourism Marketing Strategy 2010-2015". This strategy aims to formulate also Latvia tourism brand, considered to be one of forms for further development of place marketing. By 2010, when strategy was approved, Latvia brand has not been defined yet, defining that Latvia tourism brand is one of tasks for Latvia Tourism Development Agency. This forces to conclude that place marketing in tourism sector has not been well regulated, considering that since Latvia joined EU in 2004, remarkable tourism development has been noted and obviously it has been managed on *ad hoc* basis, without clear and strong strategy.

Similar statements can be found also in "Sustainable Development Strategy 2030", where it has been identified that strong brand development can be achieved through strong political instruments and stated that strong country brand development can be achieved by supporting development of knowledge economy in Latvia. In context of this planning document, in 2012, following government's inquiry recommendations for "Latvia competitiveness report: Diagnosing country competitiveness", was prepared. Also here, in spite of previously emphasized link between presence of strong brand and image and competitiveness, branding and need of place marketing has not been considered as national development priorities.

Finally, most updated strategic planning document in Latvia is "National Development Plan 2020", which is expected to fix national development priorities and propose action plans to achieve them. There are fixed three development priorities, named accordingly: 1) national economy development, 2) individual resilience, 3) development supporting territories. These priorities determine need to clearly understand importance of involvement of different sectors, from individual up to national.

Complicity of the subject can be confirmed with a conclusion from the analysis that Latvia is a country which is not desired to be visited, where are living people who nobody wants to know and that in country are produced goods which nobody wants to buy. Such situation includes previously observed issue of identity and competitiveness. Defining identity national identity is considered as core priorities for a successful brand development and marketing. It corresponds to another initiative – "State Research Program – National Identity", started in 2010 with a clear purpose to identify what is Latvia and who are Latvians. This initiative has been started almost 20 years later, after country retrieved its independence and in response to totality of various challenges, considered importance of identity as such and national brand.

Smith argues that the nation is a named human population which shares myths and memories, a mass public culture, a designated homeland, economic unity and equal rights and duties for all members (Smith, 1995: 56). In case these common shares are not certain question arises on reasons they are not. National identity and expression of it, is considered to be among core characteristics of a nation and its population. Such images as a soldier dying to protect his homeland, children commemorating a national holiday, a poet composing and performing an elegy to celebrate a specific national tragedy, or a politician unveiling a new statue of national importance are often invoked as poignant expressions of shared national identity (Malasevic, 2011: 272). Economic crisis in Latvia, in this respect, has been as unifying element, initiating discussion about understanding of identity and importance of having clear development strategy. Over past 20 years issues of identity and brand have not been set as priorities, as re-establishing of political system, transition to market economy, joining European Union and NATO, formation of stable political elite, which, however, is still an ongoing process, have dominated. Through economical crisis, impulse, to understand country's presence in global system, has given remarkable support in updating present political agenda and include more comprehensive and long term issues. National identity deserves to be among these issues and formulation of it might be a challenging, however very necessary task which can give positive feedback through rising country's global competitiveness and thus, wealth of nation.

We live in a world where nationhood is taken for granted and where not having a formal and emotional attachment to a particular nation is generally perceived as unusual if not abnormal. (Malasevic, 2011: 273).

Therefore, identification with a particular country, region or city is a tool, supporting image making of the particular place. Individual involvement in image creation, branding and place marketing, however, cannot occur without active participation and self-identification on individual level on one hand and political level in form of universal inducement in national identity formulation on the other hand.

The argument that national identity is a valid representation of the territorially restricted we-feelings needs to be elaborated. Usually national identity is understood as a form of collective national identity which is binding people together. Frame of this binding is usually a geographical territory which can be both regional and national. In this regard, national identity is less a property of individuals but of groups – a society as a whole, which is bounded to particular geographical place. Although originated from individual affiliations, national identity by aggregation becomes an independent force. As such, it develops the power to influence individual perceptions and attitudes and structural conditions in different ways compared to individual identifications. (Berg, Hjerm, 2010: 392).

At the same time, individuality and formulation of national identity on the individual level is not sufficient. Individual everyday perceptions of national identity are placed outside their own reach and individuals cannot change collective identity simply according to their will. However, national identity can develop its own power over the individual, influencing action, and it provides a conceptualization towards which individuals develop attitudes and bonds. It can be considered that collective national identity serves as a context for individual attitudes towards the state, and perhaps particularly in relation to political trust. (Berg, Hjerm, 2010: 393). Therefore, there can be drawn a connection with individual level and national identity which further can be developed to issue of political trust, national branding and thus competitiveness of nation as a whole.

Besides, national identity and defining it involves various phases of it. The scope of the reciprocity created by the sharing of a common identity is arguably not limited to the acknowledgement of each other's rights (Sindic, 2011:204). It is argued that national identities did not have their greatest impact through being intrinsically more compatible with modern conceptions of human rights. Rather, they were most influential in discrediting more repressive human rights practices and authoritarian political rule, as having set back national development during the communist period. In other words, it was sometimes widely felt that communist-type methods did not work, relative to what the pre-communist period had led people to expect. (Horowitz, 2004: 326).

Individuals, sharing common vision and plans not only respect different views, but are able to formulate one, unique and common vision. This common vision is the one which serves as a ground for further steps in national identification and national branding. Self-identification usually starts with a certain geographical place and only later this is spread to a national level. At the same time it is believed, that nations tend to have a richer store of cultural resources than do regions. The difference between them relates to the continuum of cultural raw materials exploitable for purposes of economic and political development. (Bond, McCrone, Brown, 2003:374).

Psychological citizenship may require identification with the community, but none of the reasons given above require per se that that identification should be with the national community. To answer the question raised at the beginning, one should therefore now ask whether or not psychological citizenship necessarily relies on a sense of identity that is specifically national. (Sindic, 2011: 206). It should be noted, that not only psychological connection to a place and nation forms common national identity. Nationalism as a process entails the reconciliation of the past with the perceived contemporary national interest. (Bond, McCrone, Brown, 2003:374). As a result of this reconciliation can be formulated national identity, which serves as a ground to define identity and competitive brand.

Formulating common vision for relatively new countries, which have been going through complicated political and economic transition period after collapse of Soviet Union, is obviously not simple task. This concerns also Latvia. While in Western Europe issue of sharing common vision on national development has been ongoing process for decades, which usually is based on complete respect of human rights and comprehensive understanding on importance to share different visions to formulate one national vision and national identity, this can be associated completely to the post-communist world. The post-communist world offers a fascinating setting in which to examine the development of human rights practices. With the liberalization and then collapse of the Soviet, Yugoslav and Albanian communist regimes, 28 political entities regained or acquired their independence across Eastern Europe and Soviet Eurasia. (Horowitz, 2004: 325). Identification of these post-communist countries, adjusting shared visions to contemporary global political and economic realities, is crucial as implementing approach of national identity formation from regional level to national level; same can be referred also to Europe as a region. In this perspective, strong and competitive units are important to formulate and develop strong identity and competitiveness for Europe.



Focusing on the role of economic development agencies reminds that the economic dimension has been a key feature of national identity and state practice since the Second World War, as states have struggled to compete with each other for scarce resources. The extension of the global economy in the last two decades merely reinforces this aspect of territorial competition, which is increasingly perceived by sub-state entities, nations as well as regions, as permitting them to participate as actors in their own right. The competitive nature of territorial politics has the potential to lead to regional competition, a process of 'begging my neighbor'; such as northern Italy where economically successful regions make claims that others less prosperous limit their development. Such 'over-developed' regions, however, are still limited by the relative lack of national symbolism and historic vocabulary. (Bond, McCrone, Brown, 2003:388).

The lack of studies of the relationship between national identity and political trust may also be unexpected given the high interest each of the two main components has rendered separately. (Berg, Hjerm, 2010: 391). Trust in government or municipality, in charge of image creation and branding, might be crucial and weak public participation and insufficient dialog can have particularly negative impact.

It should be clear, then, that nationalism has an important economic dimension, and the mobilization of national identity, rather than being limited to formal political movements, is in fact often practiced by the nation's institutions more generally. (Bond, McCrone, Brown, 2003:388). The establishment of a Soviet-style totalitarian communist state, with all the features of economic will have long term negative effects on trust, even after these regimes are dismantled. For countries that may transition out of such a regime (for example, Cuba and North Korea), these challenges will be severe and must be acknowledged, confronted directly, and patiently dealt with. Problematic of understanding nation in context of post-Soviet republics links to issue of understanding nation as such, as two approaches and explanations to what is nation are proposed. Summarized by Skinner and Kubacki these are approaches looking on nation as political entity or nation as cultural entity (Skinner, Kubacki, 2007: 306). This argument puts additional question and task for countries which are in their early stages of defining their identity and create their brand. Latvia, in this sense as post-Soviet country is definitely in the list of those, where background is another obstacle in effective place marketing.

Furthermore, it should be avoided pushing democratic values and capitalist institutions in countries that have experienced such post-communist transitions. Successful democracy and capitalism require a large level of established trust to be successful, and it is no wonder that such reforms thus often fail and only end up giving market-based democracy a bad name (and most tragically, making the populace feel that a return to a Soviet-style communist state is necessary and desirable). This study thus indicates that countries that have transitioned away from a communist state should focus on increasing trust first rather than setting up complex institutions that require trust to work in the first place. Of course, the question of how to raise trust is not simple. Support for a burgeoning, transparent, and free civil society is important, especially for the networking aspect of trust. Apart from transparency and freedom, other measures should be developed towards raising levels of trust. (Traps, 2009:63).

## **Conclusions**

Place, its image, brand and marketing have become respected issues in contemporary studies of social sciences. Having strong brand, which is based in image, is considered to be a component for successful place marketing. Place marketing, itself, is not any longer caprice of cities or countries or trend to follow. Clear links between competitiveness and successful place marketing can be easily drawn and on governmental level, issues, relating to place marketing, obviously, become top issues in political agendas. Countries in Central and Eastern Europe, however, often struggle in defining their brands, as their images are not well known and national identity is still forming. Latvia, one of these countries has started extensively to look on issues relating to country's image, national identity with a purpose to define its brand and realize effective place marketing. Although, country has been attracting investments and foreign visitors for around 20 years, only recently comprehensive discussion has been brought to attention of society. Existing planning documents, even partly identify importance of place marketing and strong brand existence in achieving goal of rising country's competitiveness, are not reflected in action and they obviously lack action plan to reach set goal. Similar as for other countries in Central and Eastern Europe, lack of strong national identity is among factors having negative impact and comprehensive understanding of national identity is considered to have special importance.

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