Open Innovation—An Explorative Study on Value Co-Creation Tools for Nation Branding and Building a Competitive Identity

Daniel Marco Stefan Kleber 1,* and Katarina Juusola 2

1 Department of Business Services and Tourism Management, MODUL University Dubai, Dubai 336532, United Arab Emirates
2 Department of Marketing, College of Business Administration, Ajman University, Ajman 346, United Arab Emirates; o.juusola@ajman.ac.ae
* Correspondence: daniel.kleber@modul.ac.ae

Abstract: Nation branding has gained increasing popularity among marketeers, academics, and practitioners during recent decades. However, awareness among multidisciplinary researchers has been raised in the recent past. The purposes of this conceptual study were to address the lack of research on the process of building a competitive identity for nation brands and to suggest the use of open innovation-based approaches, such as value co-creation, as new potential tools for such purposes. This study identifies, discusses, and evaluates two scientific models, the PERFA Framework and the Four Actions Framework, which were originally developed to increase value propositions in organizations, and applies them as suitable tools for nation branding in building a competitive identity. The authors argue that applying open innovation-based value co-creation frameworks will create a solid basis for competitive nation branding, as the method engages multiple stakeholders.

Keywords: competitive advantage; competitive identity; nation branding; open innovation; value co-creation; value proposition; PERFA framework; Four Actions Framework

1. Introduction

Similar to corporate-product brands, every country has a unique image in people’s minds. Thus, a nation brand is the mental image of a country formed by a national and international audience [1]. Nation branding, on the other hand, refers to activities geared towards image-management strategies through which a nation’s image is monitored, evaluated, altered, created, and proactively managed to build the reputation of a nation among an international target audience [2,3]. The origin of nation branding can be traced back to four different thematic strands: place branding, country-of-origin (COO) studies, national identity, and public diplomacy [1,4]. Fan [1] further argues that nation brands exist regardless of any initiatives and measures in nation branding, as every country has a specific image, whether it is proactively created or not. Anholt and Dinnie [4] share a similar viewpoint, stating that the most dangerous aspect of nation branding is not engaging in the activity in the first place, but, rather, leaving it to others to define the brand and what it stands for.

While nation branding started to gain popularity among marketeers, academics, and practitioners in the mid-2000s, a growing number of multidisciplinary researchers from various fields such as marketing, economics, human geography, international communications, international relations, political science, cultural studies, and public diplomacy have raised awareness about the concept in the recent past [5]. The recent interest in nation branding has been linked to various benefits for nations with strong brands, such as the ability to increase a nation’s exports [6], attract domestic and foreign direct investments (FDI) [7–13], boost tourism [14], increase immigration [15], improve a nation’s public image domestically and internationally, and strengthen its diplomatic relations and soft power [8,16]. Overall,
A strong nation brand plays a significant role in increasing economic growth and various non-financial aspects deemed important in the global competition amongst and hierarchy of nations.

While nation branding has emerged as a contemporary trend in most countries, the concept and its practice have also received considerable debate [1,4,17–19]. First, different authors have somewhat unique conceptualizations on what elements form the nation brand. For example, Anholt [20] focuses on six key aspects of a nation brand: the tourist appeal, the commercial, political, cultural, and human assets, and the investment potential. Elsewhere, Fan [1] views nation brands as consisting of the following elements: history, fashion, food, place, people, culture/language, celebrities, and globally recognized brands. Second, the practice of nation branding, or even the word “branding,” in this regard has been debated. For example, Simon Anholt, one of the seminal authors of the topic, has claimed that nation branding may be misleading as a concept. According to his opinion [4,20], although nations undeniably have brands, nation branding is a myth, as nations are more complex than corporate products—thus, simple branding strategies that would work for product marketing are not suitable for branding nations.

Anholt [4,20] claims that nation branding requires a much more strategic focus than traditional marketing communications, and consequently, he introduced the concept of competitive identity, which he argues is the ultimate goal of successful nations and their brand-building. According to Anholt [4], a competitive identity is a joint approach, combining brand management and public diplomacy, that is expected to bring several of the following benefits: a clearer national identity and societal goals; a climate that values and supports innovation; the ability to attract international events, investments, tourism, and travel; gaining a good reputation for a nation’s export products; gaining a strong profile in international media; gaining easier accession into regional and global associations and organizations; and improving cultural relations with other countries [4].

However, very few studies have focused on the process of nation branding and how it could be done effectively to achieve a competitive identity, which calls for exploratory studies for identifying new applicable frameworks for such purposes. Consequently, this study, owing to the exploratory nature of the topic of study, utilizes a literature review as the primary method to discuss the applicability of open innovation-based frameworks as potential management tools for nation branding in the pursuit of building a brand with a distinct competitive identity. Unlike most studies on nation branding, which draw from marketing-communication strategies and brand-management theories, we have specifically focused on value co-creation approaches. The authors argue that value co-creation, which has foundations in innovation management, and which can be interpreted as a corresponding concept of open innovation, can offer new insights for nation branding, particularly when countries aim to build their competitive identity, which requires going beyond traditional simplistic marketing and branding attempts.

The increasing dynamics of markets result in a shift towards innovation-based co-creation approaches, such as open innovation [21]. Since the concept of open innovation was introduced by Chesbrough [22] in 2003, a considerable amount of research that remarks the importance of the scientific field have been published on the concept of open innovation [23–31]. While certain scholars [32–36] specifically aim at researching the benefits of an integration of external inputs on innovation performance and rather focus on the innovation process, others discuss the concept with a specific focus on business strategies and managerial implications [37–43]. From their perspective, open innovation is beneficial or can even be interpreted as prerequisite for a company’s dynamic capabilities.

From an original holistic perspective, the concept of open innovation can be regarded as an innovational process which incorporates internal and external information flows across a corporation’s boundaries [44]. The two directions of information flow can be described as “outside-in” as well as “inside-out” information. Thus, the concept of open innovation with its two pillars (outside-in and inside-out) can be regarded as one of the key principles of value co-creation and thus it is in line with the value-innovation-management
perspective. Moreover, value co-creation can be interpreted as a mutually beneficial managerial response to a dynamically changing environment that simultaneously achieves strategic advantages. We argue that value co-creation has a complex management nature, as it can be regarded as a tool and a collaboration process. It can be applied as a management tool to ensure the adjustment or the development of a nation’s value propositions to the dynamic markets of the 21st century. As a collaboration process, value co-creation aims at reaching a mutual understanding of the needs and demands of multiple stakeholders who are involved in the process.

As competitive and strategic advantages for a nation might arise in a global and increasingly competitive landscape, the importance of open innovation-based co-creation approaches is undeniable, as there is strong potential to shape and redefine existing markets, which results in numerous opportunities for a nation in a globalized and ever-changing world.

As mentioned, in general, value co-creation involves multiple stakeholder audiences working together [45–47]. Thus, this approach could help to overcome two primary sources of critiques in nation branding attempts: (1) a lack of integrative approaches involving multiple stakeholders and (2) a lack of authentic ways of identifying what makes the nation truly unique, competitive, and relevant in order to build a strong, competitive identity [4,48]. Anholt [4] further states that neither traditional marketing-communication approaches, public diplomacy, nor sectoral promotion organizations alone can undertake the process of building a competitive identity—such attempts call for a coordinated joint effort involving multiple stakeholders, and coordinating the process systematically to build a high-quality, harmonious national strategy. Through such an approach, nation branding can also avoid the pitfall of relying on branding that is too simplistic and superficial—for example, limiting branding to slogans, logos, publicity stunts, and other marketing gimmicks, which have little substance and are not connected to a nation’s long-term strategic development plans.

2. Characteristics of Value Propositions and Value Co-Creation as a Management Tool

Value propositions can be interpreted according to how services or products vary from others while increasing customer value [49]. In addition, it is necessary to identify and re-evaluate and re-adjust value propositions in terms of feasibility, usefulness, and novelty [50]. This can be interpreted as of increasing importance in today’s dynamic and rapidly changing markets. In particular, there is a need for the customer-centric adjusting of value propositions, according to which value propositions can be seen as an outcome of the involvement of customers in processes of value co-creation [49–51]. This typically involves identifying and strategically using distinct benefits and advantages [52] and considering a wide range of features and elements for diverse audiences [53]. Thus, delivering new and superior experiences above average is becoming one of the major driving forces to ensure an increased value proposition. For more definitions of value proposition, see Table 1 below.

The scientific concept of value co-creation originates from the work of Vargo and Lusch [46,54] who state that all customers can be considered value co-creators. Grönroos [55] redefined this perspective and interpreted customers’ activities as actions of value creation, whereas the co-creation of value requires more than one actor. Leclercq et al. [56] (p. 30) gave a more specific definition, describing value co-creation as “a joint process during which value is reciprocally created for each actor . . . by interacting and exchanging their resources with one another”. Thus, value co-creation inherently views the process as one requiring several actors exchanging resources, such as intellectual resources or knowledge factors deemed important for creating value.
Table 1. Value-proposition perspectives. Source: developed by authors (2021).

| Researcher | Scientific Perspective on Value Proposition |
|------------|---------------------------------------------|
| Kotler et al. (2016) | How products and services differentiate from one another while delivering increased customer value. |
| Hoveskog et al. (2015) | Point out the need of a steady and ongoing reevaluation and readjustment of the products and services offered to ensure continuous value proposition. |
| Lindi and Marques da Silva (2011) | The way how a company’s products and services differ from the offer of its competitors. |
| Christensen and Overdorf (2000) | Value propositions are not about the product or service attributes which are offered by the company. They are about the attributes which are truly valued by customers. |
| Anderson et al. (2006) | Value propositions are aiming to distinct advantages and benefits which solve the target customers’ problems. |
| Barnes et al. (2009) | Value propositions are not concerning a company’s offerings, attributes or features, they are about the needs and wants of the end-customers and their experiences. |

Other researchers [57] also support this definition. It is stated that each actor performs the role of being a value creator during value co-creation. Consequently, value is reciprocally created. Moreover, it is argued that interactions among various stakeholders, such as competitors, suppliers, business partners, and public organizations, can be a source of value co-creation [58]. Accordingly, value co-creation can be regarded as a joint initiative in which beneficiaries and providers jointly create value [58]. While such a joint-initiative perspective is seen as beneficial, maintaining a strong customer perspective in the process is crucial [55, 59]. For example, Holbrook [59] (p. 212) views value as an “interactive, relativistic preference experience.” However, it can be argued that highlighting the role of one specific economic actor within the value co-creation process could limit its potential and, thus, the benefit of increased value for all stakeholders.

3. Conceptual Models to Increase Value Propositions through Open Innovation-Based Value Co-Creation Approaches

After explaining the scientific concepts of open innovation, value propositions and value co-creation as a management tool, the authors shift their focus to two selected conceptual models developed originally for increasing value propositions in organizations and discuss their implications and applicability for nation branding. The models to be discussed are the Four Actions Framework (ERRC Grid) and the PERFA Framework. The models were chosen because potential customers base their consumption decisions on specific offerings’ attributes, such as quality, price, and availability [60]. The selected models also support the development of new and innovative bundles of attributes that might be beneficial for a nation, especially in nation branding. Both frameworks are holistic. Therefore, even though they were initially developed with a product focus, they do not necessarily incorporate a specific industry-related lens and can therefore be explored and applied from a nation-branding perspective. Moreover, both frameworks are designed to incorporate the needs and demands of multiple stakeholders involved in value co-creation processes. The inclusion of various stakeholder perspectives might help to further increase the appeal and, thus, the nation brand itself. In addition, the Four Actions Framework aims to create an entirely new value curve that supports the authors’ perspective of a holistic application of the model—thus, it supports the suitability of the model for additional management-related disciplines such as nation branding.

However, various other open innovation related management tools might be applicable in a similar context. Examples are frameworks and models such as the DART
Model [58], the Six Paths Framework [61] or MacMillan and McGrath’s outline how corporations can identify new aspects of differentiation by focusing on the supplier–buyer chain [62]. However, in this exploratory study, the authors propose focusing primarily on the fundamental building blocks of value creation, which are based on a holistic perspective best addressed through the Four Actions Framework and the PERFA Framework.

4. Application of the Four Actions Framework for Nation Branding

Kim and Mauborgne [61] developed the Four Actions Framework (ERRC Grid). During the value–innovation-management processes, they focused on the reduction, elimination, rise, and creation of value-proposition elements. The model was initially aimed to support executives or organizations to develop new products or service attribute bundles to harness a new value curve to increase their value proposition, thus achieving competitive advantages. The Four Actions Framework first informs decision-makers by directing decisions on the selection of elements that should be eliminated (i.e., which factors are not identified as sources of competitive advantage). After eliminating those factors, decision-makers ought to highlight factors that have to be reduced below the average standards of the particular industry. Decision-makers also must focus on new factors that should be created, as they are not yet covered by the competitor’s or by the company’s portfolio—at last, they have to consider attributes that should be raised above the traditional industry level [63].

Although the Four Actions Framework was originally developed for business use, it can be helpful for nation branding as well. When deciding which factors to eliminate, reduce, raise, or create, according to open innovation-based co-creation perspectives [56,58], nation-brand managers should involve a diverse set of constituents to consider all essential aspects of the nation’s brand, including its exports, investment attractiveness, people, tourism, culture and heritage, governance, and other factors considered essential to the brand [4]. The benefit of involving multiple stakeholders in the process is to avoid the typical problem in nation branding that it is often designed and driven by a specific interest group and their priorities (e.g., tourism organizations promoting only tourism), whereas activities to promote the entire nation remain scarce [1]. Having multiple stakeholders involved in the process can also help in overcoming traditional stereotype-driven branding strategies, as innovative nation branding should not rely on what it has achieved in the past or what people think the country is famous for—again, these are typical pitfalls in nation branding [4].

In the process of applying the Four Actions Framework on nation branding, the stakeholders should first identify aspects of the brand that the target audience already takes for granted and, thus, are not the basis for the development of new value propositions. Consequently, these factors should be eliminated. For example, while Italy is known for food and fashion, France is famous for wine and cheese, and Germany for its engineering, such widely accepted stereotypes are not strong enough to differentiate a country in a meaningful or interesting way, as stereotypes are limited to certain types of products, aspects, or competences—thus, they are not innovative sources of value propositions.

Regarding the factors to reduce, nation branding teams should consider which factors of the brand should be reduced well below the global average or below those of its peer countries to avoid dependence on factors that do not constitute a strong basis for its value proposition. As nation branding requires significant resources, it is important to choose battles wisely. Small nations should not compete with other similar nations on the same aspects. Strategic nation brand management thus requires objective assessments on which aspects of the nation brand are not central to its competitive identity. For example, a small country with a harsh climate such as Finland will never become a powerful magnet for tourism; hence, tourism should not form the cornerstone of its nation-branding strategy, nor should it receive equal budgets compared to other areas of the brand that have more importance and actual brand value.
After eliminating and reducing certain aspects of the nation brand, nation branding teams can start raising an authentic and credible brand by harnessing factors that have the most potential and might have the most powerful impact on the country’s brand. Here, it is essential to understand areas in which the country ‘punches above its weight’ compared to its peers or if it is known to be a world leader in some aspects of competence, such as possessing one of the most competitive education systems, business environments, or in witnessing growing international demand of its domestic flagship products or industries, such factors can act as a strong foundation for additional nation branding through their unique value propositions. For example, a country such as South Korea could harness its newly achieved “K-reputation” in fields of beauty [64] and popular music [65] in its nation-branding strategies. After all, culture appears to be a significant factor for the competitive identity of a country that is difficult for other countries to copy.

Lastly, nation-brand teams should identify new factors that could be created as the basis for the nation brand. In doing this, one would identify factors that a nation has never offered or focused on, but which can be harnessed through the reputation it has established through its core strengths. This strategy might be helpful to innovate through other bases for value proposition other than the typical strategies focusing on countries’ flagship products, areas of expertise, or what the country is well-known for.

In seeking value proposition through a co-creation strategy, the concept of the halo effect [66] is explanatory; the idea that people tend to evaluate brands through a consistent set of beliefs and attitudes. For example, countries could use their positive international reputation earned through popular rankings, such as the Global Competitiveness Report, the World Happiness Report, the Good Country Index, or the Quality of Life index, as a basis for a nation-brand strategy. For example, Finland, the leading country in the World Happiness Report for four consecutive years (2018–2021), could consider employing this happiness brand more widely in its branding strategy.

Figure 1 below describes the development of a new value curve in the context of nation branding according to the Four Actions Framework. It focuses on elements that ought to be eliminated since the target audience takes them for granted. It also describes elements that have to be reduced below the global average or below the standards of other countries. Moreover, the Four Actions Framework focuses on elements that have to be raised above the standards of peer countries or the global average. Lastly, it describes how a new value curve can be developed by focusing on the creation of new elements which were never offered by the nation before.

In summary, it can be stated that the applied Four Actions Framework focuses on elements to be eliminated, reduced, raised, and created to develop value proposition factors intended to increase a nation’s value propositions, thus achieving competitive advantages and supporting the development of nation-branding strategies.
5. Application of the PERFA Framework for Nation Branding

Another framework suitable for delivering an increased value proposition is the PERFA Framework, developed by Lindi and Marques da Silva [53]. The PERFA Framework first requires business executives to rethink their perspectives by viewing themselves from the customers’ perspective based on elements such as performance, ease of use, reliability, flexibility, and affectability [53]. This framework can also improve nation branding so that executives can understand how the key international audience (e.g., tourists, investors, and immigrants) would perceive the nation in terms of these important elements.

First, performance can be interpreted as a profitable way of highlighting an organization’s actions and activities related to the needs and demands of customers [67]. It can also be interpreted that the performance of new services, products, and other goods that can be seen as an outcome of superior service or product offerings in terms of technical performance, attributes, quality, and the ability to satisfy the needs and wants of customers [68]. Thus, innovation can be interpreted as a generator of an organization’s performance. In nation branding, performance consequently involves assessing the overall reputation of the country—in other words, where the country excels in terms of its global appeal for tourism, investment, and other areas where the country aims to compete.

Second, ease of use can be regarded as the degree to which a service or a product can be purchased or used in an effort-free way. The probability that customers will accept an innovation—because it decreases the costs and efforts (e.g., time investment) and increases customer value—increases in line with a product’s ease of use, application, feature, or...
In nation branding, ease of use implies various things. For example, from a tourism perspective, one would assess ease of use in terms of how easy the country is to visit or immigrate to (e.g., entry and visa/residency policy). From an investment point of view, it relates to how easy it is to invest in the country (e.g., specific laws and regulations regarding foreign ownership of companies and direct investments). If a country’s competence is based on its superior performance in attracting foreign and local businesses, its ease of use would be defined, for example, according to the ease of doing business in the country, which is related to the country’s governance, and laws and legislations for conducting business. Thus, key policymakers are crucial actors in nation-branding strategies to ensure the ease-of-use aspects and that the country can be perceived as attractive.

Third, reliability can be defined as an organization’s ability to perform according to its promises and specifications. Consequently, it can be stated that customers may receive additional value by making sure that the entity performs according to the initially promised standards. In nation branding, reliability can stem from institutional difference and institutional uncertainty, which are well-established concepts in the international management literature. According to this perspective, organizations are assessed primarily through their respective countries’ institutions and how reliably they operate compared to one’s home country. According to this perspective, a nation’s brand is most likely to be viewed positively in another country that has similar kinds of institutions and institutional order. Hence, a prominent brand-building strategy, particularly for emerging countries or small niche countries, would be to promote the brand in neighboring countries or in those with similar types of institutions, where the country would be perceived more positively.

Fourth, as the environment and consumers’ needs and demands are continuously varying, flexibility is mandatory to make sure that a firm or corporation maintains its environmental fit. Similar to corporations, nations must be aware of the dynamic and frequently changing nature of their environments. The modification and reconfiguration of value proposition, which also comprises the creation and integration of external and internal competencies, is obligatory for success in a fast and dynamically changing digitalized world. This implies that nation branding, or nation brands per se, should not be designed as fixed entities based on some core competencies of past or present times. Instead, the value proposition should be built around elements that are contemporary and relevant for broad audiences. For example, nations that are advanced in sustainability could harness this megatrend in nation branding attempts as such a trend is important for several audiences from investment to tourism.

Lastly, affectivity focuses on the feelings and emotions that arise when dealing with different entities. In the product world, the feeling of being part of a specific class or group and creating an emotional bond is widely explored; the same principle applies to nation branding. A central aspect of a nation brand is how people perceive the country’s image, which is strongly attached to emotions, personal experiences, and its portrayal in the media. Thus, nation-brand strategies would benefit from tapping into strong positive emotions that can spark the curiosity of international audiences. This approach to improving the likability of the brand is a powerful brand-building strategy in the corporate world and in destination branding. Thus, such a strategy is beneficial in nation branding as well.

When external and internal stakeholders assess a country positively, it materializes as significant outcomes. For instance, according to the Reputation Institute, a mere one-point increase in a country’s reputation ranking, such as in the Anholt’s Nation Brands Index or the Futurebrand’s Country Brand Index, has been found to increase the number of tourists per capita by 0.9% and export rates by 0.3%.

To summarize, Table 2 suggests strategies for applying the PERFA Framework to nation branding.
Table 2. The PERFA Framework. Source: developed by authors (2021).

| PERFA Framework | Definition | Practical Examples for Nation Branding |
|-----------------|------------|----------------------------------------|
| Performance     | The way organizations operate by simultaneously aiming to serve their customers best while being profitable | Performing an objective assessment of elements of nation brand where the country excels at on global or regional level |
| Ease of Use     | Degree to which individuals believe using a certain system or product will be easy or effort-free | Having a set of well-established institutions, regulations and institutionalized practices supporting the areas of competence |
| Reliability     | The ability of a product or service to deliver according to its specifications | Reducing institutional uncertainty and difference to make the country more attractive regionally or globally |
| Flexibility     | A firm’s ability to reallocate, adjust and reconfigure its organizational resources, processes and strategies as a reaction to environmental phenomena, challenges and changes | Viewing nation branding as an evolving and dynamic process, keeping it relevant |
| Affectivity     | Feelings or emotions associated with working with a company or using its products and services | Developing strong positive emotions amongst internal and external stakeholders of the nation brand |

6. Discussion and Conclusions

While the concept of nation branding and its various applications have received considerable interest in academic research in recent decades, it is still considered an emerging area of research [77]. While nation brands are traditionally understood as part of marketing and branding attempts and discourse, their impact goes beyond such purposes. In fact, nation brands are inherently embedded in the socioeconomic development and progress of countries [4], which makes nation branding (and related attempts to build a competitive identity) closely linked to innovation and the innovative capabilities of nations. While innovation is often mentioned as a prerequisite for a strong nation brand, academics have not addressed the relationship between nation brands and innovation, nor have they considered how nation-brand building could be driven by principles of innovation such as value innovation.

Innovation is a crucial policy trend and is closely connected to nation branding attempts as nations compete by their ability to attract and support knowledge, skills, creativity, and entrepreneurship. The creation of new ideas and the translation of those ideas into innovative products and services of superior quality are important precursors to economic growth, as they are the primary ways in which economic value is added [78]. From a broader perspective, innovation is also a prerequisite for nations’ ability to deal with a range of global challenges, such as climate change, demographical transformations, such as challenges with aging populations, and attempts to secure energy and food resources [79]. Hence, innovation is also linked to nations’ attempts to achieve long-term and sustainable development and competitiveness, which lays the foundation for its competitive identity. From another angle, it can be argued that countries that do not invest in their innovativeness could lose their brand positioning and brand value as they fall behind in their development.

Within the scientific field of innovation management and open innovation, the concept of value co-creation can be considered as a potential management tool for nation branding. From the authors’ perspective, it has the potential to speed up the innovation process.
of a nation by taking advantage of the information and shared knowledge of external stakeholders (the outside-in approach to open innovation) and thus will have a supportive role to reach a superior positioning of a nation in regards to a scientific nation branding perspective. Corresponding to various scholars’ thinking [42,44,80–82], the authors regard cross-sectoral information flows between different stakeholders as mutually beneficial opportunity to co-create value which is in line with sub-concepts of open innovation. The authors argue that through an application of the outside-in approach of the scientific concept of open innovation, the co-creation of additional knowledge will take place which will result in mutually beneficial value (value innovation) and thus supports the exploration of superior branding opportunities for a nation.

The concept of value innovation itself targets a redesign and a reconceptualization of prevalent business models. In the context of value innovation management, value innovation has been described as one of the critical components for creating and sustaining a competitive advantage with rejuvenation purposes to enable superior co-created value [83]. It is argued that breaking free from well-established patterns is at the core of value innovation and thus directly linked to open innovation, as the concept aims to eliminate traditionally established routines [83].

As discussed earlier, in today’s dynamic world, nations and destinations are confronted with several upcoming challenges of an economic, demographic, political, and social nature. These challenges have become increasingly important due to the continuous globalization in a post-COVID era, which may lead to hypercompetition among countries. Thus, delivering additional, newly co-created, and valuable experiences is becoming one of the driving forces to ensure a superior nation brand. Consequently, the authors argue that applying open innovation-based frameworks and tools of value co-creation to initiate and provide value innovation ensures a competitive advantage and, thus, additional nation value in the context of nation branding. Therefore, these are top priorities in the management research agenda.

In conclusion, the primary purposes of the present study were to address the lack of research on the process of building a competitive identity among nation brands and to suggest the use of value co-creation approaches as new potential management tools for such a purpose. The authors argue that within the research field of open innovation, value co-creation can be harnessed as a management tool for nation branding to build a competitive identity that benefits from having multiple stakeholders involved in the building of unique value propositions.

We discussed two conceptual models based on existing studies: the Four Actions Framework and the PERFA model, which we applied to nation branding. We have argued that nation brands should be co-created by multiple stakeholders, such as customers (citizens, residents, tourists, immigrants), policymakers, and any relevant organizations interested in the nation’s activities. This is because value co-creation requires viewing the brand and its value from multiple perspectives.

Furthermore, value proposition is a broad category that relates to more than the product offering or a nation itself. It also must be considered throughout the customer experience, while interactions take place. Engaging a diverse set of multiple stakeholders in the planning process to build a competitive identity for a nation is central to the success of the process, as it will involve critical discussion over the priorities in a nation’s long-term development plans. Achieving an agreed-upon brand meaning, as well as shared values and purposes, is crucial for nation branding to be successful, as it requires a critical mass of stakeholders endorsing the brand [4]. However, following theories on stakeholder-management strategies [84], the authors acknowledge that incorporating multiple stakeholders does not necessarily reflect an equal treatment of all relevant stakeholders in the value co-creation process. Still, the process would benefit from assessing different stakeholder groups’ power, legitimacy and urgency.

While the present study suggests that open innovation-based co-creation tools can be applied by nations to build a competitive advantage, it has its limitations due to the
explorative nature of the inquiry. As this study is an early attempt to introduce applicable frameworks for nation branding to build a competitive advantage, it was beyond the scope of the study to empirically test the models. Thus, the value co-creation tools proposed here require empirical validation for their applicability and further improvement. Future studies should also investigate additional innovation-based scientific management models and frameworks and discuss their applicability for nation branding and achieving a competitive identity. For this purpose, future studies could explore the use of models, such as the Six Paths Framework and the DART Model.

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