

BUILDING A DIGITAL NATION: THE ESTONIAN APPROACH TO COUNTRY BRANDING

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INTRODUCTION

The promotion of countries using existing marketing techniques usually applied to companies is a concept that emerged a couple of decades ago. It is interesting to examine the development of this initiative as well as to understand the influential factors behind certain success stories, as one can already conclude that in the majority of cases, country branding attempts have fallen short in expectations (Anholt 2020). However, there are countries where successful strategies were professionally designed in detail and the careful implementation brought the expected results, or even outperformed the initial expectations. One of these countries is Estonia, where the ideology behind the differentiated image of the country lies in its aspirations regarding digitalization. The country has its history with digitalization that was an important field even during the Soviet period. Since then in Estonia the most developed digital society is under construction as it was realized in time, that in order to present themselves for the outer world in a way desired for the improvement of the country's image, it is essential to have a unified and well-constructed country branding strategy starting from the visuals going even as far as providing guidelines for anyone who would present the country on any platform and serve as an advocate for the Baltic state.

COUNTRY BRANDING: THE IDEOLOGY BEHIND A COMPLEX COUNTRY PROMOTION STRATEGY

In the interpretation of Anholt (2007), who was the one to establish the concept of country branding, it can be understood as the process with the multiple aims of measuring, building and managing the reputation of countries along with the application of marketing concepts and techniques to countries that were initially designed for the promotion of companies with the core purpose of improving their reputation in the context of international relationships.

It is crucial to understand the difference between destination marketing and country branding. The former one is solely concerned with the issues related to tourism development. In this category the most important aspects include the enhancement of tourism, the attraction of tourist, as well as, efforts in order to increase the number of guest night, and the extent of money spent during a visitation of a country. On the other hand, country branding is a much more complex idea. According to (Papp-Váry, 2019), despite including the concerns of tourism, it is extended towards a wider range of aspects.

Firstly, it targets economic factors regarding the country's product development and production base with the goal of reaching a higher share of export and innovation in the design of new products that are a better fit to the international demand, leading to better opportunities in foreign sales (Sun et al., 2016), as, according to Kildruff – Tabales (2016), information about the country of origin has an impact on consumer preferences. The second target is the attraction of foreign investment into the country, and the facilitation of such process by building a positive image about the host environment and the economic and overall atmosphere of the country. In addition, country branding is closely related to gaining more influential positions and clout in international institutions such as the European Union and in the international political sphere. Lastly, the overall purpose is related to the citizens of the country and targets the improvement of their well-being and the further extension of their national pride by founding the basis for their positive mindset.

Based on the assessment of Papp-Váry (2018) one can understand the most important aspect of country branding: positioning the country in a way that is differentiated from its competitors is inevitable. For the conceptualization of a unique position there are some key areas to be considered. First of all, the analysis of the already existing strengths is essential, in addition to understanding the qualities and characteristics that the country image can be built upon. Secondly, the needs and desires of the 'customers' need to be analysed, just like in case of corporate marketing, the advantages proposed by the 'product' need to be highlighted. However, in case of countries the target group consists of tourists, investors, and other stakeholders including, of course, the citizens, as well. Another important factor is the positioning of competitors: what is the base of differentiation that other countries use for branding purposes? It is important to take a look at this aspect, as the country needs to communicate something different than its competitors. Lastly, the current macrotrends are worth examining, as these can serve as a guideline for the success factors of the following years or decades (Papp-Váry, 2018)

Country positioning can be based on several things, examples include architecture, sights, natural environment, weather and climate, history, legends, geography, culture, events, cuisine, food, wine, celebrities, night life, sport, scientific results, design, industry etc. (Jenes – Malota, 2009). One or two aspects are enough to define the speciality and uniqueness of the country (Papp-Váry, 2018).

As Szondi (2006) summarizes, transitional economies can gain additional advantages from a systematic country branding: 1. distancing oneself from the old system; 2. changing negative and reinforcing positive stereotypes; 3. positioning as a reliable and eligible member of an international community, 4. demonstrating being worthy of international support, 5. positioning as the leader of transition, 6. redefining national identity, 7. expressing pride about the transition.

E-ESTONIA: THE BASIS OF A SUCCESS STORY

Historical connection to digitalization

Despite the fact that the territory has a long history, the country was only a sovereign state between the two world wars and after the collapse of the Soviet Union. Estonia celebrated its 100th anniversary of foundation in 2018, however half of this time it was part of the Soviet Union. Regarding its size, it is among the smaller states in Europe, with its territory of 45 226 km², it is half the size of Hungary. In addition, its population density is four times smaller than the European average, which is connected to the extensive forests and natural area. The country is also known for its astonishing natural beauty and breath-taking sites.

Country image has gained importance in Estonia around the 2000s, when the positioning of the country became a conscious process. After realizing that based on the situation analysis, despite of the forests and wood industry, there are not many competitive industries, the base for differentiation from competitors was decided to be informatics, which is not unprecedented in the country. In the Soviet Union Estonia was the first to introduce IT education in schools, at the very early year of 1965, as well as, in the 1960s, Tallin was the headquarter of the Cybernetics Institute. (e-Estonia Facts and Figures, 2023) After the country became independent, western states donated computers to Estonia, which were well-utilized (Bucsky, 2016): by 1997 every classroom in the country was equipped with computers, and by 1998 internet access was also available in schools. The first wireless internet access network was launched in 2001, which permitted internet access in rural areas and even forests (Kovács, 2017). In addition, since no paper-based bureaucracy was established in the country due to its small territorial ratio within the Soviet Union, the newest technologies were implemented immediately, as there was no need for the change of an old system.

According to Kovács (2017) the E-Estonia concept, that is an aggregated name for the various initiatives leading to the transformation of Estonia into the most developed digital society, is

a state philosophy where the depth of realization is unprecedented. The first promotion of the digital transformation ideology was in the 1990s, when it was part of the Western-orientation programme of the ruling coalition. (Budnitsky, 2022) One of the essential conclusions on the Estonian digital transformation is that it is not based on the technologies but rather on the development of a citizen-centred provider state, as Geode (2019) summarizes. According to Morris (2018) Estonia managed to establish a digital version of the Greek polis, as through transparency and accountability, the political power is transferred to the citizens. One can find evidence for this even in the constitution: the right to have internet access is a constitutional right in the country, as it serves as a mean of democracy. (Torontáli, 2016)

Elements of digital society

The Estonian model of e-governance relies heavily on trust as a foundational element for its success. This trust is built through a collaborative social contract between the government and the people over time. The government's commitment to providing citizen-centric services has been crucial in fostering this trust, which has further facilitated the functionality, accessibility, and security of e-Estonia.

Many individuals involved in research about e-Estonia have praised the government's efforts in establishing this trust and have expressed satisfaction with the quality of services, the overall security of the system, and are optimistic that this model could be applicable beyond Estonia's borders.

This underscores how trust plays a pivotal role in the success of e-governance initiatives, particularly when it comes to collaboration between government bodies and the population. The Estonian case might serve as a blueprint for other countries aspiring to develop similar systems, emphasizing the importance of building trust through citizen-centric services and a commitment to security and functionality (Hardy, 2021) The key element of the system is the ID-kaart, which serves as an aggregation of all personal identification

cards, and is equivalent to all of the following cards: ID, passport within the EU, health, insurance card, tax card, bank transaction identification, digital signature, ticket (in Tallin and Tartu), medical prescription and access to government institutions' databases. Now 98% of Estonians have an ID card and digital signatures save yearly 2% of GDP. From 2020 parents of newborn children do not need to apply for benefits, it is automatically granted based on already existing data.

Another important part of E-Estonia is the X-Road that was established in 2001. It is a distributed data exchange system that is the backbone of the digital society, it establishes the harmony of operation between private and public sector information systems, and ensures the accessibility of services all the time. For example, according to Kärner (2017) agricultural workers and employers have benefitted substantially from digitalization with the data interoperability and the digital recording of live stock performance.

Regarding the elections, from 2005 the iVoting system has been in practice by which Estonian citizens can vote online on all elections. It is huge facilitation for a nation with low population density and sometimes extreme weather. One third of the country utilizes this option, and on the EU Parliament elections of 2019 Estonia was the only one of the 28 EU countries to provide such possibility for its citizens. For making healthcare more efficient the nation-wide integration of data from health providers was introduced, as well as, prescriptions are provided digitally for the patients. Now almost all medical prescriptions are handled online and there is no necessity for an appointment for routine refills.

The country is also concerning with cutting-edge technologies. When realizing the potential opportunities and threats proposed by artificial intelligence (AI) by 2019 Estonia launched its Government AI Strategy, which outlines the usages of AI. The detailed plan describes the implementation of AI solutions in both private and public sectors. In 2021 the driverless hydrogen vehicle Liisu was introduced serving as an environmentally friendly alternative, a driverless hydrogen vehicle.

Country branding initiatives

In Estonia country branding is a well-designed and carefully implemented process. For creating a country image there is a need for a unified and well-coordinated communication strategy. The Estonians realized the importance of a well-synchronised agenda in the promotion of the country and created a website for the assessment of messages, tools and guidelines for anyone who intends to present the country. These supportive materials are available and serve as guidance for university students, businessmen, diplomats, or basically anyone. (Brand Estonia, 2017) In the interpretation of Mäe (2017) the meaning of e in E-Estonia exceeds the meaning of electronic: it refers to “The Epic Story of the e-State”, but can also mean empowering, engaging or efficient.

On the website the key messages are defined: these are the most important issues to raise about Estonia when presenting the country. At least one of them, or any combination has to be used when introducing the country for the first time.

The key messages include:

- Democratic values: The country is connected to freedom, it is integrated to the West, their cohesive society is transparent, safe, resilient.
- Digital society: It is the first digitally transformed country, where everyone can be an e-resident and is the first country to vote online.
- Independent minds: Communication with the state is straightforward, education is in focus and the economy is open.
- Clean environment: The country has lot of untouched nature, it places fourth in urban air quality and it is famous for its green and organic produce.

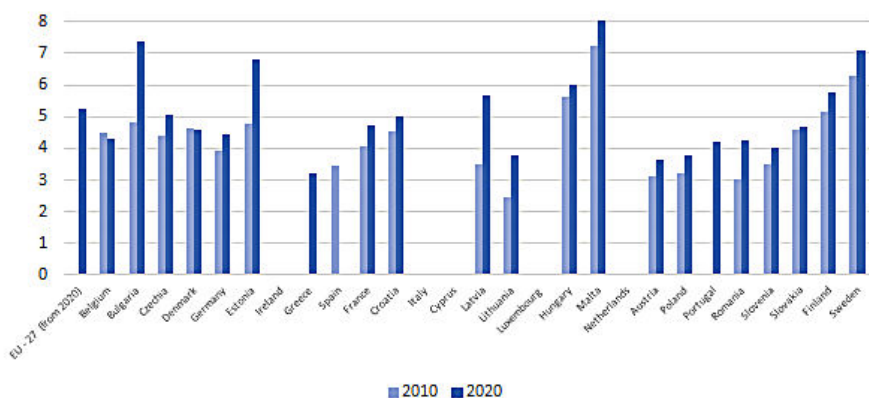
Other means of support are also available, such as design system elements, where wordmarks, logos, imagery and even colours, icons and illustrations are provided for a coherent visual representation of the country's image. In the toolbox option several ready to use tools are available, like photos, video and audio, printable materials, templates or even presentations. (Brand Estonia, 2017 and Brand Estonia Toolbox, 2017)

COMPARISON OF DIGITAL SOCIETY INDICATORS

For a deeper insight into the position of Estonia compared to other EU Member States and the overall European tendencies, one can find several indicators in the Digital Economy and Society database of the Eurostat. When drawing conclusions about the relative achievements of the country it is useful to take a longer perspective and analyse the relationship between the data of ten years ago and the most recent data, while also considering the position of the country according to the current situation.

Figure 1: Percentage of the ICT sector in GDP

notes: no data in 2010: EU-27, Ireland, Greece, Italy, Cyprus, Luxembourg, Netherlands, Portugal; no data from 2020: Ireland, Spain, Italy, Cyprus, Luxembourg, Netherlands



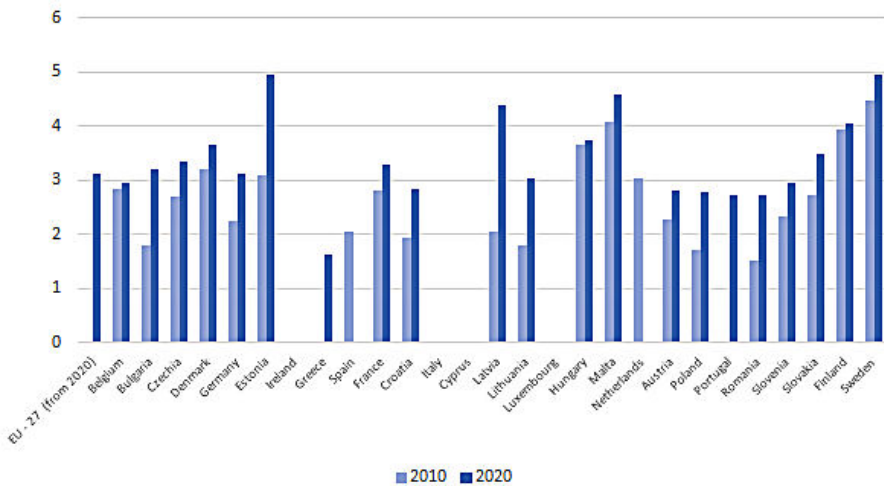
Source: Own elaboration based on Eurostat, 2023a data

The first important field to take a look at is data on the ICT sector as a percentage of GDP. From this point of view, in case of the baseline year, 2010, Estonia had the sixth highest result among the Member States. Since then, up until 2022, a 43% increase can be detected, which is the fourth most extensive in the EU. Regarding its current position, 6,83% of the GDP is dedicated to the ICT sector. With this result, Estonia is among the countries with the highest ratios, along

with Malta, Bulgaria and Sweden. Results from all the EU countries are summarized on Figure 1.

Another aspect to examine is the impact of ICT sector on the labour market, as employment in this sector represents highly-qualified and skilled labour in the country. On Figure 2 the state of ICT personnel in terms of total employment is shown, which helps understanding the situation of the labour market.

Figure 2: Percentage of the ICT personnel in total employment
 notes: no data from 2010: EU27, Ireland, Greece, Italy, Cyprus,
 Luxembourg, Portugal; no data from 2020: Ireland, Spain, Italy, Cyprus,
 Luxembourg, Netherlands

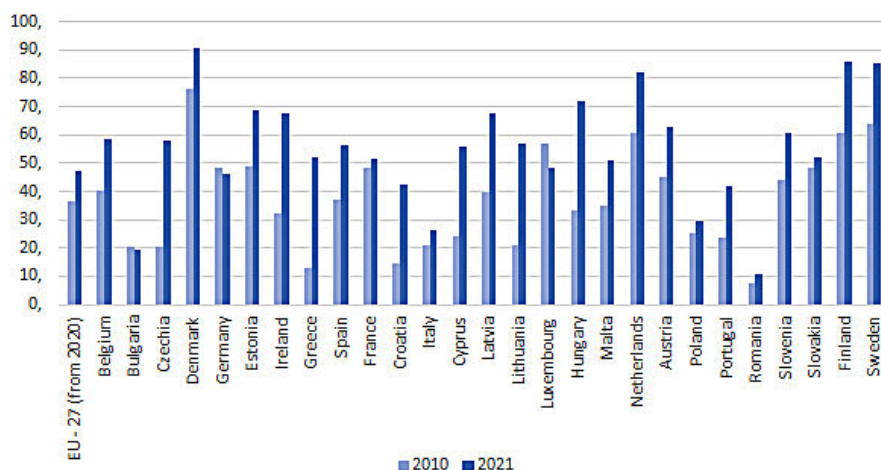


Source: Own elaboration based on Eurostat, 2023b data

Regarding this indicator the case of Estonia was among the better performers within the EU, with its 3,09% the country has the sixth highest result in the region. Within the last ten year, however, there was a 60% increase in the percentage of ICT personnel, and currently, with its 4,95%, Estonia has the highest ratio of such workers in the overall EU (along with Sweden), around 2% higher than the EU average.

The next point of view is connected to the e-government solutions that were previously introduced in detail. On Figure 3 the percentage of individuals that obtained information from public authorities is presented. In 2010 Estonia was at almost 50% and through the eleven years this ratio increased by 40% until 2021. This makes the country's ranking 6th, having a ratio more than 20% higher than the European average.

*Figure 3: E-government activities of individuals via websites
(percentage of individuals that obtained information
from public authorities' web sites)*



Source: Own elaboration based on Eurostat, 2023c data

CONCLUSION AND OUTLOOK

In order to summarize the concept of E-Estonia, one can conclude that it is the perfect example for a conscious and complex country branding initiative that is a vision designed around the 2000s based on the digital transformation of the country and its society. The strategy and its careful implementation is an outstanding example for

how a unique and differentiated position in terms of country image has to look like. Even the name, E-Estonia, is easily memorable, one can even say catchy, and summarizes well the whole ideology.

If someone is interested in the solutions that led to the current state of the country's digital society, there is a Showroom established in Tallin, where the visitors can see the circumstances of the success regarding digital society, mobile identity, cybersecurity and smart city projects. Case studies can also be found about e-citizenship, e-government, e-health, e-justice, e-taxes, e-police and e-school.

Data presented in Chapter 4 can show how the country is among the highest ranking countries in EU comparison in digital indicators. However, despite of the country's advanced digital society, the closeness to nature is still essential for the citizens. Digitalization rather operates as a facilitator of life, and is used as a tool for having more time and opportunities to enjoy nature and be able to live and work wherever it is convenient, as the internet is available everywhere, even in the most rural areas and forests.

The process of digitalization within the country is intriguing to follow, as times nowadays propose more challenges in digital security, which Estonia has to keep up with. In addition, there will always be room for development regarding the technological advancements and digital solutions, for example, the digital administrative opportunity for divorce settling is about to be introduced in 2024. (e-Estonia Facts and Figures, 2023)

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