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# CITY BRANDING STRATEGY AS A CONDITION FOR ACTIVATING DEVELOPMENT POTENTIALS

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## **Abstract**

*City branding strategy is one of the most important conditions for activating development potentials, primarily in the city area, but also in a broader context. The purpose of a city branding strategy is to develop a unique image of a city as an attractive and competitive place. The aim of this paper is to emphasize the role and significance of a brand strategy in the process of city development, that is, in creating, attracting and retaining the best organisations, professionals, investors, events, tourists and media attention. The paper presents the results of the empirical research carried out in the town of Vranje, Serbia, using a specially designed questionnaire. The responses were collected in October and November 2017 from 195 inhabitants and 194 visitors of this town. The results of the research clearly indicated what should be key elements for branding Vranje in the future.*

Key Words: *city brand strategy, brand elements, city branding*  
JEL classification: *M31, Z32*

## **Introduction**

Cities have always been brands (Anholt, 2003). Throughout history, almost every city ruler has sought to make his city special and attractive. These efforts are also present in modern times. Cities are still competing to attract and retain the best organisations, professionals and investors and thus improve their position on the location market. 'In today's globalised and networked world, every place is competing with other places for its share of consumers, tourists, entrepreneurs, investors, capital, respect and attention. Cities as generators of economic development are increasingly

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in the focus of the international race for the funds, talents and fame' (Prophet Consultancy, 2006.). In order for cities to be successful in this race, it is necessary to be successful in branding, that is, highlighting their own brand. Location (place) branding represents a wider framework for city branding. Simon Anholt, one of the leading experts in this field, defines place branding as 'a sum of people's perceptions of a city, country or region' (Anholt, 2005, p. 297). Place branding has become the basic concept for promoting local competitiveness. The purpose of branding is to develop the image of a place as an attractive and competitive location within the desired target group, in order to further influence individual and institutional decisions that will have beneficial effects on the city, region or state. The aim of this paper is to point out the significance and role of the brand strategy in activating the development potential of cities. The first part of the paper is devoted to theoretical concepts of city branding, brand strategy and key brand elements. The second part of the paper presents the results of the empirical research carried out in the town of Vranje, Serbia, with the aim of gathering data that can identify the key factors of this town's brand in the future. Key research questions are: (1) What should the town of Vranje become in the upcoming period, and (2) What should the town of Vranje be proud of?

### **The concept and importance of city branding**

Places and regions can gain and retain a competitive advantage and increase their significance through branding. Place branding implies finding ways to integrate culture, history, economic and social development, infrastructure, architecture, and other components into a unique identity that would then be offered for 'sale' (Zhang & Zhao, 2009).

This is what sustains a community, attracts and retains people, organisations, events, visitors and institutions that are necessary for a place development.

Branding represents an aspect of strategic approach to city management, with the aim to achieve economic, social and political goals. The condition for successful branding is to respect the historical identity of the place in combination with global and local content (Kaluderović, 2011). City branding should be perceived as a long-term investment rather than an expense. The positive effects of city branding can surpass the value of invested resources by far.

The powerful city brand offers many advantages:

- Involves citizens, that is, encourages them to think differently about their city;
- Raises self-esteem and pride in the city;
- Attracts talents and staff;
- Attracts new investments;
- Attracts tourists;
- Maintains the existing and creates new business, social, cultural and emotional relationships in terms of encouraging the development of the local economy;
- Changes the negative image of the city;
- Contributes to improving the quality of life in the city.

Just like a well-known company, a famous city, region or state will easily find ways of selling their products and services, find the best workforce, a greater number of visitors, tourists, investors and events. The city brand is what marks and interprets the overall quality and character of a place and enables its description, interpretation and connection with certain features, characteristics, values and emotions. This is a way of promoting the city on several levels, from physical to emotional, or psychological (Paliaga, 2007).

Cities learned about branding from corporations (Hankinson, 2007; Kavartzis, 2009; Saraniemi & Ahonen, 2009). There are significant similarities between corporate brands and city brands. Corporate branding is not focused on a single product or service, but influences the culture of a corporation (beliefs, values, attitudes, corporate behaviour, its vision, mission and primary goals). Similarly, city branding does not focus on an individual symbol that represents the city, but creates a wider image and represents the city as a whole. Also, location and product branding have often been compared in literature. Some authors believe that city branding and location branding are very similar (Paliaga, 2007). On the other hand, some think that there are significant differences between location branding and product branding. First of all, products can be modified in ways that specific locations cannot. For example, products can be changed, withdrawn from the market, re-manufactured, or replaced with improved products. Such alternatives cannot be quickly applied to location branding. City image problems are often caused by structural issues, and solving them implies a long-term commitment. Secondly, the development of location brands requires analytical and interpretive

approaches that are usually not applied on product branding. Thirdly, location brand building activities are much more complex than those for product brand. Fourthly, location brand managers can significantly differ from product brand manager (Cozmiuc, 2011). It is clear that opinions in theory and practice of city branding differ. In any case, it is possible to establish a compromise between these opposing attitudes. It is certain that modern city branding is based on experience in company, product and service branding. However, over time, in theory and practice of city branding, new and specific patterns have appeared. Various marketing activities have been connected and crossed in order to properly explain what the city brand is and what it offers (Dejanović & Ljubojević, 2015). In that sense, modern marketing is focused on branding.

Every place is a complex system, and the essence of efficient branding is simplicity, which is not easily achieved. Facts about a city should be realistically and objectively considered. Therefore, it is important that experts who participate in such projects are not from the place in question. Not only to empower the team professionally, but also to avoid subjectivity and set realistic foundation for branding. Approaches such as 'we can do it ourselves', 'we know best' and 'nobody knows our city better than us' can be very harmful. Also, it should be emphasized that excessive embellishment is very dangerous, as it creates an unrealistic idea of the city. Reality always wins the illusion, so this kind of brand investment would be futile. The damage will cause long-term consequences, as unfulfilled expectations will have a negative effect on internal and external public (Mihevc, 2015).

### **Visible and invisible elements of the city brand strategy**

The city brand implies a sum of elements that can be visible and/or invisible (Cleave et al., 2016). Depending on their choice and combination, a unique city brand is created. The main visible elements of a city brand are:

- City name;
- City logo;
- City slogan.

A brand name is one of the most important criteria for its identification and differentiation on the market. The significance of the name is best illustrated by the Latin saying "Omen est nomen" - name is destiny. The name is a part of the brand that can be pronounced. The word "logo" has

Greek origin and means an imprint. This term originally referred to print making using wooden or stone plates and cylinders. Later, it was included in the dictionary of graphic and printing crafts to denote molds for letters. With the advancement of technology in this field, wooden molds were stopped being used, but the term logo remained. It kept the same meaning and was related to the definition of an appropriate graphic, printing form (choice of type, shape, font size, numbers, punctuation marks, images, symbols). Today, this term is most often used to indicate the graphic form in the organisation (Nikolić et al., 2015). In practice, three types of logos are used: (1) Textual; (2) Graphic; and (3) Combined.

A slogan is a short message (statement) that reflects the mission, vision, or basic strategy and brand objectives. It contains only a few words that are, as a rule, underlined with the brand name to strengthen brand recognition (Dejanović et al., 2014). It is, in fact, a verbal message that reflects the essence of the brand. The process of communication is very important in creating and improving the relationship between the public and the brand and, therefore, the slogan should be carefully designed in order to meet several basic criteria:

- Clarity;
- Complexity;
- Simplicity;
- Originality;
- Attractiveness;
- Relevance;
- Persuasiveness.

Different approaches are used when creating advertising slogans: (1) Cognitive; (2) Affective; and (3) Behavioural. The main characteristics of these approaches are presented in Table 1.

Table 1: *Basic approaches to the formulation of slogans*

Approach	Direction of the message	Wanted reaction	Characteristics of the message
Cognitive	Reason	Think	Facts, information
Affective	Emotions	Feel	Desires, associations, fantasies
Behavioural	Behaviour	Do	Recommendations – buy, taste, visit, contact!

Source: *Adapted from Nikolić, Stanković, Dejanović (2015)*

Invisible elements include everything that the brand represents, but is not in the domain of sensory perception. Unlike the visible elements, that are on the surface and form the external image, invisible elements are the internal energy of the brand. The invisible elements include tradition, ethics, emotionally charged elements, basic values which the city believes in and seeks to affirm. In the professional literature, the composition of the visible and invisible elements of the brand is represented as an iceberg (Brand Iceberg). Only the tip of the iceberg is visible, because it is above the surface of the water. This part represents only 15% -20% of the iceberg. However, the majority is invisible, because it is under water. The fact that it is invisible does not mean that it does not exist. Thus, the overall dimensions of the iceberg can be determined only if both parts are considered. The brand structure can be shown in the same way. Visible elements attract attention, but the full purpose of the brand cannot be achieved without invisible elements (Ljubojević & Dejanović, 2017). This approach (Brand Iceberg) has different modifications. For example, some authors understand the relationship between the visible and invisible elements of the brand in a philosophical way, as the relationship between form and essence. Visible elements are viewed as a form, and invisible as the essence of the brand (Table 2).

Table 2: *Visible and invisible brand elements*

Visible brand elements	Invisible brand elements
Form	Essence
Words/picture	Actions/behaviour
Expectations	Experience

Source: *Adapted from Ljubojević, Dejanović (2017)*

In the first stages of brand development, priority was given to visible elements. Brand owners wanted to draw attention and, therefore, they used visible elements in advertising campaigns. These elements can be relatively easily managed and used to achieve short-term goals. However, the strengthening of competition and the development of consumer awareness have caused radical changes in the market. In modern conditions, it is no longer enough to attract attention, but it is necessary to build a reputation and use it to gain the trust of consumers, i.e. service users. Trust creates loyalty, and loyalty has a positive impact on sustainable development and brings a long-term profit. That is not possible without managing the invisible elements of the brand.

The importance of invisible elements is emphasised in the modern concept of the brand. In addition to that, their consistency and connection with the visible elements is highlighted. It has been proven that visual constants, well-designed advertising campaigns and attractive promises must have a solid and reliable basis that is composed of invisible elements. Without this basis and support, the brand will be very unstable. The strength of the brand stems from its homogeneity, or consistency. This practically means that any 'crack' in its structure diminishes chances for success.

When it comes to city branding, the invisible elements of the brand are reflected in the intangible heritage of people living in it (mythology, legends, stories, memories, customs, rituals, events, habits). That is a way of life in a city, the moment when the city awakes, the way people in the city go to work (on foot, by bicycles, buses, trams, metro), how they communicate, how they spend their free time and how they have fun. Similarly, as any company that operates in today's dynamic and unpredictable business environment must be focused on employees as they are its most important resources (Petković & Lukić, 2013; Lazarević & Lukić, 2015), the inhabitants have a big role in city branding (Hendrik et al., 2016). Many authors and practitioners say that one of the most common mistakes in the city branding process is the fact that the population of that city is not included, because the inhabitants are not only an integral part of the city, but also its ambassadors (Herezniak, 2017). On the other hand, some city slogans underline that their inhabitants are the central part of the brand (slogan 'People Make Glasgow') - their wits, creativity, intelligence, behaviour, hospitality, cordiality (BBC, 2013).

### **A strategic approach to city branding**

Creating and implementing the brand strategy is the primary task (starting basis) of brand management. The strategy of city brand management should be a vital part of the development strategy of each city.

An effective brand strategy is focused on change - from the existing towards the desired state. This is a necessary condition for the development of the city in a dynamic and competitive environment. Different approaches to defining the brand strategy can be found in literature and consulting practice.

Holt (2003) defined four basic steps for brand strategy development:

- Setting brand targets;
- Mapping the existing brand culture;
- An analysis of competition and environmental conditions in order to identify brand opportunity;
- Designing a strategy - paving the way towards the target brand culture.

The order of these phases does not correspond to the appropriate strategic process. The usual procedure is to first examine the internal and external factors (analysis), then define the goals and strategy (selection), and then proceed with the realization of the strategy, or the construction of the desired brand culture (change).

Keller (2007) views the strategic brand management process as building, measuring, or managing the values of the brand. Accordingly, this process includes four stages:

- Identifying and establishing a brand position;
- Planning and implementing marketing programmes related to brand development;
- Measuring and interpreting brand performance;
- Growing and maintaining brand values.

The first step starts with a clear understanding of what a brand is, what it represents and how it can be positioned in relation to the competition. This requires a precise definition of key brand associations - the characteristics and values that best describe the brand. In addition, at this stage it is necessary to consider the brand promise. This is a way to define the 'heart and soul' of the brand, which is the basis for building an effective brand strategy.

The second step involves planning and implementation of marketing programmes in which the brand is integrated. Basically, this phase represents the process of communication and creation (improvement) of the relationship between the brand and consumers, i.e., service users. The visible and invisible elements of a brand carry important information and the communication is focused on creating and strengthening the desired brand associations, highlighting the values incorporated in the brand, and provoking appropriate responses from target groups.

In the third phase, it is necessary to assess and interpret the achieved results as realistically as possible. This is achieved by establishing a brand equity measurement system capable of showing brand performance from the perspective of consumers, but also from the perspective of the organisation (city). The primary goal of this system is to provide timely, accurate and meaningful information for decision-making process.

Finally, in the fourth stage, activities are focused on the growth and preservation of brand values. It is necessary for these activities to be coordinated and constantly re-examined according to the dynamics and nature of internal and external changes.

Branding is viewed as art and science that identifies and meets human, physical and emotional needs by grasping attention, imagination and emotion (Mootee, 2005). This author believes that the brand strategy should include the following parts:

- Brand vision;
- Brand promise;
- Brand identity;
- Projection of the brand position;
- Brand architecture.

Also, this author points out that brand strategy needs to be coordinated with the organisation strategy and well planned, that is, used in tactical and operational plans, in order to be successful. Finally, it is important to control (measure) the achieved results and take the corrective action in order to maintain and improve the brand vitality in the long run.

Deborah Roedder (2006) presented her model of strategic brand management (BLIP - Building, Leveraging, Identifying, Protecting) that includes four basic elements: (1) Building the brand; (2) Leveraging the brand; (3) Identifying the brand; and (4) Protecting the brand. Protecting the brand is especially highlighted as an important element of strategy. That does not imply only legal protection, but also taking measures and activities that will protect the essence and reputation of the brand.

There are many elaborated algorithms and models for defining the brand strategy, based on the previous notes in academic circles and in consulting practice. However, most of these models imply that the brand strategy includes (Nikolić et al., 2015):

- Brand mission;
- Brand vision;
- Brand identity;
- Projection of brand position;
- Brand architecture;
- Brand communication;
- Brand metric.

Certainly, the content and form of the city brand strategy is not uniform. Some cities that have great ambitions in tourism have incorporated their brand strategy into tourism development strategies<sup>3</sup>. For example, this case is relatively common in Croatia. At the end of 2017, the city of Korcula, which is located in the northeastern part of the island with the same name, presented a new tourism development strategy for the next ten years. The brand strategy of the city of Korcula consists of: (1) mental maps, or city pictures; (2) brand personality; (3) key brand identity elements and (4) brand promise (Quadrans Consulting, 2017). The first part of this brand strategy, that describes the mental image of Korcula in seven dimensions (natural beauty, tradition and past, culture, values, emotions, experiences, relaxation and enjoyment) is particularly interesting. The intention to show the city in this way should result in the creation of an idyllic image of this small island, that is, the Mediterranean city of a rich past and culture that offers extraordinary opportunities for a pleasant stay and vacation.

### **The concept of the research**

In order to obtain the information necessary for the process of formulating the city brand strategy, an empirical research was carried out in Vranje using a specially designed questionnaire that was answered by inhabitants and visitors of this town. In addition to demographic questions, the questionnaire consisted of questions related to the way in which the respondents see the town of Vranje in the future. The questions were designed in a way that, based on the respondents' answers, the specificities of this city (the factor of differentiation) can be identified, which will serve as a guide for the development of city brand. Key

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<sup>3</sup> It should be emphasised that city branding is not the same as the promotion of tourism. Although these two concepts have many common elements, there are also significant differences between them. City branding is a much wider concept, so tourism promotion is not enough for city branding.

research questions were: (1) What should the town of Vranje become in the upcoming period, and (2) What should the town of Vranje be proud of? The questionnaire was available in paper and electronic versions, both in Serbian and in English, and the process of completing the questionnaire and collecting data lasted in October and November 2017. During that period, a total of 195 inhabitants and 194 visitors of Vranje responded to the questionnaire. All collected data were processed using Statistical Program for Social Sciences, known as **SPSS**.

### **Key Sample Characteristics**

Key demographic characteristics of respondents who participated in the research - their gender, age and educational structure, are shown below. Table 3 shows the gender structure of the respondents. Out of the total number of inhabitants of the town of Vranje who participated in the survey, 51.3% were female and 48.7% were male. Out of 194 visitors of Vranje who participated in the survey, two respondents did not give a responsible answer regarding their gender. Out of 192 respondents who answered this question, 52.6% were female and 46.4% male.

Table 3: *Gender structure of the respondents*

	Inhabitants		Visitors	
	Frequency	Percentage	Frequency	Percentage
Female	100	51.3	102	52.6
Male	95	48.7	90	46.4
Missing Answers	0	0.0	2	1.0
Total	195	100.0	194	100.0

Source: *Authors*

Results related to the age structure of the respondents who participated in the research are shown in Table 4. The majority of inhabitants of the town of Vranje who participated in the survey age between 36 and 45 (26.7%), followed by those who age between 26 and 35 (22.1%). The smallest number of respondents age between 46 and 55, and then there are those between 18 and 25 years of age (15.9% and 16.9%, respectively).

The largest number of visitors of Vranje who participated in the survey were between 36 and 45 years of age (28.4%), then those between 46 and 55 (20.6%). The smallest number of residents were the respondents

between 18 and 25 years of age and those older than 55 (16% and 17%, respectively).

Table 4: *Age structure of the respondents*

	Inhabitants		Visitors	
	Frequency	Percentage	Frequency	Percentage
From 18 to 25 years	33	16.9	31	16.0
From 26 to 35 years	43	22.1	35	18.0
From 36 to 45 years	52	26.7	55	28.4
From 46 to 55 years	31	15.9	40	20.6
Above 55 years	36	18.5	33	17.0
Total	195	100.0	194	100.0

Source: *Authors*

The educational structure of the respondents who participated in the research is shown in Table 5. The largest number of inhabitants of the town of Vranje who participated in the research has completed Bachelor's and Master's degree studies (55.9%) while 29.7% graduated from high school. The smallest number of respondents are those who have primary school and PhD studies (1% and 2.6%, respectively).

The largest number of visitors in Vranje has completed Bachelor's and Master's degree studies (39.2%), followed by those with high school (32.5%). The smallest number of respondents have primary school and PhD studies (3.6% for both groups).

Table 5: *Educational structure of the respondents*

	Inhabitants		Visitors	
	Frequency	Percentage	Frequency	Percentage
Primary School	2	1.0	7	3.6
High School	58	29.7	63	32.5
College	21	10.8	41	21.1
Bachelor and master studies	109	55.9	76	39.2
PhD studies	5	2.6	7	3.6
Total	195	100.0	194	100.0

Source: *Authors*

## Research results

Respondents who participated in the research had to answer the question what, in their opinion, the town of Vranje should become in the upcoming period. The results are presented in Table 6.

Out of the total number of inhabitants who answered this question, 41% of the them think that the town of Vranje should become an industrial city in the following period, 23.6% of the inhabitants see Vranje as a tourist town, 16.9% of inhabitants see Vranje as a university town, while 11.8% of inhabitants see Vranje as a town of culture in the following period. The largest number of visitors responded that Vranje should become a tourist city (36.6%), followed by those who see it as an industrial city (23.2%) and a city of culture (16.5%).

Table 6: *Respondents' answers to the question how they see the town of Vranje in the upcoming period*

	Inhabitants		Visitors	
	Frequency	Percentage	Frequency	Percentage
Industrial city	80	41.0	45	23.2
Tourist city	46	23.6	71	36.6
University city	33	16.9	18	9.3
City of culture	23	11.8	32	16.5
City of sport	5	2.6	10	5.2
Shopping city	3	1.5	16	8.2
City of love	1	0.5	0	0.0
City of culture and tradition	1	0.5	0	0.0
Missing Answers	3	1.0	2	1.0
Total	195	100.0	194	100.0

Source: *Authors*

When asked what the town of Vranje should be proud of, respondents had the opportunity to give multiple answers - up to three answers. Results are presented in Table 7. The largest number of inhabitants of Vranje responded that Vranje should be proud of its history and tradition (66.15%), followed by music (34.36%) and gastronomy (29.74%). Also, a certain number of inhabitants think that Vranje should be proud of its economic potentials (24.62%), the virtues of people living in Vranje (17.44%) and old crafts (16.41%).

The largest number of visitors think that Vranje should be proud of its history and tradition (72.68%), followed by music (53.09%) and gastronomy (38.66%). Also, a certain number of visitors believe that Vranje should be proud of the old crafts (27.32%) and the virtues of people living in Vranje (25.77%).

Table 7: Respondents' answers to the question what Vranje should be proud of

	Inhabitants		Visitors	
	Frequency	Percentage	Frequency	Percentage
History and tradition	129	66.1	141	72.7
Music	67	34.4	103	53.1
Gastronomy (food and drink)	58	29.7	75	38.7
Economic potentials	48	24.6	40	20.6
The virtues of its people	34	17.4	50	25.8
Old crafts	32	16.4	53	27.3
Ecology (healthy environment)	7	3.6	11	5.7
Sport	1	0.5	0	0.0

Source: *Authors*

## Conclusion

City branding represents a means of achieving competitive advantage and activating the city development potential. This process is very complex due to a large number of stakeholders, whose requirements need to be harmonised and fulfilled. In this sense, city brand should be suitable for residents, visitors, but also for business people or investors. The common requirements of all target groups can serve as the basis for defining the city brand strategy, as well as for the projection of long-term development goals.

The brand strategy, as a rule, includes the following parts: (1) brand vision; (2) brand promise; (3) brand identity; (4) projection of brand position; (5) brand architecture; (6) brand communication and (7) brand measuring system. All elements are very important, but in theory and practice of city branding, the construction of brand architecture is particularly challenging. Cities are parts of a wider territory (region, state)

and it is certain that this framework significantly determines the position of the city brand. It can be said that the state brand or region brand represents a wider framework for determining the city brand. On the other hand, the city brand is an 'umbrella' for brands that are developed in this smaller area. Therefore, state, region and cities represent a large 'family' of brands that shares many common characteristics and values. However, at lower levels of branding, brands must have a certain degree of autonomy, as they should have enough 'space' to show their particularities.

In order for the brand strategy to be successfully realised, it is necessary that all stakeholders participate in its designing and implementation. This is a way to ensure the affirmation and harmonisation of different interests in the process of city branding. Due to that, the city brand gets a wider purpose, but also a stronger support. In addition to this, it is important to determine the organisational or institutional framework in which the brand strategy is created and realised. The project principle is applied in most cities. Project management is mainly entrusted to the city council, committee or board that consist of the most responsible city leaders. At a lower level, teams consisting of experts from different fields are formed (architects, urban planners, designers, historians, sociologists, marketing experts, etc.). Their task is the realisation of individual activities in the design and implementation of brand strategy. Apart from them, the so-called 'brand ambassadors', mostly celebrities, who need to adequately present the brand to a wider audience, are included in the project. Consultants, or specialised agencies that deal with city branding, have an important part in such projects. Also, the role of non-governmental organisations (citizen associations), whose main goal is to identify and protect interests of minority groups in the branding process, should not be ignored.

In this paper was conducted an empirical research in the town of Vranje, Serbia, in order to find out how inhabitants and visitors see the brand of this town in the future. In the survey, which lasted during October and November 2017, 195 inhabitants and 194 visitors of the town of Vranje participated. The results of the research have shown that the largest number of inhabitants of Vranje sees this town as an industrial town in the future, as opposed to visitors who see this city as a tourist town. On the other hand, inhabitants and visitors in most cases answered that the town of Vranje should be proud of its history and tradition, as well as music. In

this way, we got clear signals regarding which elements should be the basis of the brand strategy of Vranje.

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