

15 Branding places and nations

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The reputations of countries (and, by extension, cities and regions) function rather like the brand images of companies and products, and they are equally crucial to the progress, prosperity and good management of those places. This was the observation which led the author, a decade ago, to coin the term “nation brand”.

However, his preferred term, “competitive identity”, better communicates the fact that managing the reputations of places has more to do with national and regional identity and the politics and economics of competitiveness than with branding as it is usually understood in the commercial sector. All places certainly have their brand images, but the extent to which they can be branded is still, quite properly, the subject of intense debate. Many governments, most consultants and even some scholars persist in a naive and superficial interpretation of “place branding” that is nothing more than standard product promotion, public relations and corporate identity, where the product just happens to be a country, a city or a region rather than a bank or a running shoe.

The need for proper understanding in this area is crucial. Today, the world is one market; the rapid advance of globalisation means that every country, every city and every region must compete with every other for its share of the world’s consumers, tourists, investors, students, entrepreneurs, international sporting and cultural events, and for the attention and respect of the international media, other governments and the people of other countries.

Places get their brands from public opinion, not from marketers or governments. In a busy and crowded world, most of us do not have time to learn about what other places are really like. We navigate through the complexity of the modern world armed with a few simple clichés, which form the background of our opinions, even if we are not fully aware of this and do not always admit it to ourselves. So Paris is about style, Japan about technology, Switzerland about wealth and precision, Rio de Janeiro about carnival and football, Tuscany about the good life, and most African countries about poverty, corruption, war, famine and disease. Most of us are much too busy worrying about ourselves and our own countries to

spend too long trying to form complete, balanced and informed views about 6 billion other people and nearly 200 other countries. When you haven't got time to read a book, you judge it by its cover.

These clichés and stereotypes – whether they are positive or negative, true or untrue – fundamentally affect our behaviour towards other places and their people and products. National image matters. And it matters more and more as the world becomes more connected and the globalisation of society, communications, commerce, education and politics continues to advance. Countries, cities and regions that are lucky or virtuous enough to have acquired a positive reputation find that everything they or their citizens wish to do on the global stage is easier: their nation brand goes before them like a calling card, opening doors, creating trust, generating respect and raising the expectation of quality, competence and integrity.

Places with a reputation for being poor, uncultured, backward, dangerous or corrupt will find that everything they or their citizens try to achieve outside their own neighbourhood is harder, and the burden of proof is always on them to prove that, as individuals or as organisations, they do not conform to the national stereotype. Compare the experiences of a Swedish and an Iraqi manager in the international job market, or of an exporter from Bangladesh and one from Canada. Compare the ease with which a mediocre tourist resort in a highly regarded country can gain glowing media coverage and celebrity endorsement, with the difficulties experienced by a unique, unspoiled destination in a country with a weak or poor reputation. Compare the way consumers in Europe or America will willingly pay over the odds for a product they have never heard of before just because it is “made in Japan” rather than the identical product that is “made in Vietnam”. Compare how widely and positively the international media will report on an ordinary piece of policy from the government of a country that is reputed to be fair, rich and stable, with the resounding media silence or sharp criticism that greets a wise, brave and innovative policy from the government of a country that is saddled with a negative brand image.

All responsible governments and regional administrations, on behalf of their people, their institutions and their companies, need to discover what the world's perception of their place is, and to develop a strategy for managing it. An important part of their job is to try to build a reputation that is fair, true, powerful, attractive, genuinely useful to their economic, political and social aims, and honestly reflects the spirit, the genius and the will of the people. This huge task has become one of the primary skills of national and regional administrations in the 21st century.

How place image is built

Most countries and regions communicate with the outside world, and thus create their images in the minds of others, through six basic channels or areas of activity:

- Tourism promotion, as well as people's first-hand experience of visiting the country as tourists or business travellers. This is often the loudest voice in branding the nation, city or region, as tourist boards usually have the biggest budgets and the most competent marketers.
- Exports of products and services. These can act as powerful ambassadors, but only where their place of origin is explicit.
- Government policy, either foreign policy which directly affects others or domestic policy which is reported in the international media. Diplomacy is traditionally the main route by which such things are communicated to the outside world, but there is an increasing closeness between policymakers and the international media.
- How the country or region attracts inward investment and recruits foreign "talent"; the attitude towards expansion into the country or region by foreign companies.
- Cultural exchange and cultural activities and exports. A world tour by a national opera company, the works of a famous author, national sports teams.
- The country or region's inhabitants. High-profile leaders, media and sports stars, and the population in general - how they behave when abroad and how they treat visitors.

For clarity, these "natural" channels of communication can be shown as the points of a hexagon (see Figure 15.1).

The theory behind managing the identity and reputation of a country, city or region is that if you have a good, clear, believable idea of what the place really is and what it stands for, and co-ordinate the policies, investments, actions and communications of all six points of the hexagon so that they reinforce this message, you stand a good chance of building and maintaining a powerful and positive internal and external reputation. This will benefit exporters, importers, government, the culture sector, tourism, immigration and almost every aspect of international relations.

The hexagon of competitive identity

15.1



Source: Simon Anholt

Implementing competitive identity

Getting everybody in the country, city or region to speak with one voice, and do it well, is just part of the solution; on its own it will not achieve a dramatic enhancement of the national or regional image as a whole. What really makes a difference is when a critical mass of the businesses and organisations in a place becomes dedicated to the development of new things: new ideas, new policies, new laws, new products and services, new businesses, new buildings, new art, new science, new intellectual property. When these innovations seem to be proving a few simple truths about the place they all come from, the reputation starts to move. A buzz is created, and people start to pay attention and change their minds.

The great thing about implementing the strategy in this way is that all these actions benefit the country independently of their effect on its reputation. They are good for the businesses and organisations and people that carry them out, so the money invested in them is also an investment in the country's economy, rather than simply being spent on marketing communications or design and gone forever.

Governments should never do things purely for brand-related reasons; no action should ever be conceived of or dedicated to image management or image change alone. Every initiative and action should be carried out for a real purpose in the real world, or else it runs the risk of being insincere, ineffective and perceived as propaganda or "spin" (not to mention a use of taxpayers' money that is extremely hard to justify). But there should be something unmistakable about the way in which these actions and initiatives are done – the style and method of their conception, selection

and delivery, the context and the manner in which they are presented, the way in which they are aligned with other initiatives – that little by little will drive the country from the image it has acquired by default towards the one it needs and deserves.

Brand management for countries should be treated as a component of national policy, not a discipline in its own right, not a “campaign” and not an activity that can be practised separately from conventional planning, governance, economic development or statecraft. Just as the best-run corporations see brand strategy as virtually synonymous with their business strategy, so the best-run countries should build awareness and understanding of brand management into their policymaking.

Measuring the nation brand

In early 2005, the author launched two regular global surveys of consumer perceptions of countries and cities: the Nation Brands Index (NBI) and the City Brands Index (CBI). Together these surveys poll around 47,000 individuals in 55 countries every 3–12 months on their perceptions of each point of the “hexagon” (see Figure 15.1) in respect of 40 countries (NBI) and 60 cities (CBI).

Both surveys have proved that the brand images of places are remarkably stable: almost no country in the NBI has gained or lost more than one percentage point in the four years since the survey was launched. People form their opinions about other countries and cities gradually throughout their lives as a consequence of many different inputs and influences. Such opinions become deeply rooted in the cultures of populations, and seldom change very much or very quickly.

Events which may seem really significant within a country – a domestic political crisis, a crime wave, a national scandal – seldom cause so much as a ripple in the country’s international reputation, even when they are reported in the international media. People may ask how badly their national reputation has been damaged in the eyes of the world by the latest political upheaval, economic crisis or natural disaster, or how much it has benefited from the latest sporting, commercial or cultural success. The answer is usually the same: the world, generally, did not notice and would not care much even if it did.

This indifference to the affairs of other nations is not surprising: we all have plenty to think about in our own countries and in the international arena without worrying too much about what goes on in a country we may never visit and that we could not reliably point to on a map. We are attached to our images of other countries because they form a reassuring,

largely unchanging and simple guide to the complexities of life in a wide and complex world. As a result, most of us have a strong natural resistance to altering our views about other countries and their populations, and it takes something pretty extraordinary or personal before we are prepared to do so.

However, as the NBI and the CBI have shown, there are exceptions to this pattern. When a country's image does change, it is rarely because of something that happens to or in that country (or indeed because of anything that it says). It is usually because of something that a country has done (or is widely believed to have done) to others. The most dramatic example of this was the collapse in Denmark's image in some predominantly Muslim countries following the publication in 2005 of cartoons lampooning the Prophet Mohammed. In Egypt, for example, Denmark dropped from 14th place to 38th, the bottom of the ranking, and has still not fully recovered.

Yet even the changes in image which result from a change in behaviour on the part of a country (this usually means the government of the country) do not seem to be long-lasting, and the indications are that most people soon revert to their previous beliefs about the country and its people. This is probably because the brand images of countries are rooted in some kind of truth, and to some degree do serve to summarise the real nature of the nation. Most countries, at some level, get the brand image they deserve.

Countries that are perceived as warlike or quarrelsome will not undergo a dramatic change in reputation just because they have gone to war or quarrelled with their enemies once again; but they may have to remain blameless and peace-loving for generations before that negative image starts to fade (although it might fade rather sooner if they become cast as regular victims of others' aggression). Countries with a reputation for social justice and tolerance, forged over generations of enlightened cultural, social and political behaviour, can, it seems, rest on their laurels for centuries. They can even be embroiled in ethnic unrest and political scandal for years before people beyond their own populations and nearest neighbours start to revise their views.

National reputation evolves over time, and although it generally lags a long way behind reality, its relationship to the truth (accepting, of course, that there is never one simple, single truth about something as complex as a country, city or region) depends on the intensity and frequency of that country's dialogue with the rest of the world. Countries that are active in international politics, commerce, culture, society or a combination of

all four – as business people would say, countries with more “consumer touch-points” – generally find that their image tracks their reality more closely than those that are less active, and they will have more accurate and more up-to-date images.

Countries such as the UK, France, China and the Netherlands, which have had empires in the past, may still be enjoying the benefits of decades or centuries of busy cultural, political, social and commercial transactions with far-flung countries, even if the unpleasant military and political details are long consigned to the history books. What remains is the sense of intimacy and familiarity with the other country’s ways of living and the complex interweaving of national cultures and histories, which would take generations to untangle. For all these reasons, national reputation is much more of a fixed asset than a liquid currency.

Nation brands are virtually the same thing as stereotypes and clichés: they are more often based on ignorance and prejudice than on reality and experience, and they are frequently unfair. But this does not mean that reputation can be ignored or excluded from serious political or economic debate, simply because it belongs to the sphere of “perception” rather than “reality”. Whatever the distinction between perception and reality, perceptions determine people’s behaviour just as much, if not more, than reality does.

There is not a lot that nations and cities can do about this. National image was not created through communications and cannot be altered by slogans such as “Malaysia – Truly Asia” and “New Zealand 100% Pure”, or logos such as Hong Kong’s dragon and Miró’s sun symbol for Spain. These are examples of marketing communications, sometimes used to market tourist attractions and sometimes used in the (usually vain) hope that applying product-style marketing techniques to the entire state or city will improve its image or profile.

Brand management in the commercial sphere only works because the company that owns the brand has a high degree of control over the product itself and over its channels of communication, so it can influence consumers’ experience of the product and the way in which the product is presented to them through the media. On balance, a good company with a good product can, with sufficient skill, patience and resources, build the brand image it wants and needs and which its product deserves.

Places are different. No single body, political or otherwise, exercises this much control over the national “product” or the way it communicates with the outside world. The tiniest village is infinitely more complex, more diverse and less unified than the largest corporation, purely because

of the different reasons people are there. Places have no single, unifying purpose, unlike the simple creed of shareholder value that binds corporations together (although, arguably, the United States once did have a kind of “corporate strategy” which gave rise to a kind of “brand strategy”) – a contract of employment is mainly about duties, whereas a social contract is mainly about rights. Of course, there have always been heads of state who attempt to run their countries like corporations and exercise control over the “brand” by controlling the channels of information, but this kind of control through propaganda can only work within entirely closed societies. It is one of the positive side-effects of globalisation that in our media-literate and constantly communicating international arena, propaganda is not so much evil as impossible.

Nonetheless, governments can do three important things with their national reputation:

- They can understand and monitor their international image in the countries and sectors where it matters most in a rigorous and scientific way, and understand exactly how and where this affects their interests in those countries and sectors.
- If they collaborate imaginatively, effectively and openly with business and civil society, they can agree on a national strategy and narrative – where the country is going, and how it is going to get there – which honestly reflects the skills, genius and will of the people.
- They can ensure that their country maintains a stream of innovative and eye-catching products, services, policies and initiatives in every sector, which will keep it at the forefront of the world’s attention and admiration, demonstrate the truth of that narrative and prove the country’s right to the reputation its people and government desire to acquire.

More engagement, not simply more communication, with the rest of the world can enhance the profile of places, and higher visibility generally means stronger appeal. The NBI suggests that the more we know about a country, the more we are prepared to forgive its transgressions and admire its strengths and achievements.

In contrast, countries that are not well known are not usually viewed positively. Iceland, for example, may be one of the world’s richest nations per head of population, have a uniquely beautiful natural landscape and a rich and ancient culture, and be successful in many other ways, but

few people know enough about it to see it in positive brand terms. In the fourth quarter of 2006 it was ranked 19th in the NBI, which compares poorly with its cultural cousins, Norway, Denmark and Sweden, even though the only sense in which Iceland is objectively inferior to these countries is in the size of its population, land mass and, consequently, its global influence in economic, political and cultural terms. It will be interesting to see whether the near collapse of its economy in late 2008 will have an impact on its scores in the next NBI survey. As the financial crisis has been so widely spread, it is possible that the negative impact on Iceland's overall ranking will be moderate; however, since Iceland had a rather weak image in the first place, a "major news story" such as this might have a disproportionate effect on the country's overall reputation, since it will be one of the few facts people actually know about Iceland.

The opposite is not always true. Big, powerful nations such as the United States and China can certainly attract negative perceptions, although the more well known a country is, the more people are able to differentiate between the positive and negative aspects of its brand. On the whole, people are most attracted to countries that project clear, consistent values and behaviours on the issues that people value, such as competent government, friendly population and economic opportunities.

Perceptions of a country that is the regular focus of world attention, such as Israel, can be much more volatile than those of countries that stand outside the glare of the world's media, such as Canada or New Zealand. This volatility is increased if the country's prominence is mainly based on a single issue: in Israel's case, its role in regional conflict. In such cases, the country's image can shift as rapidly and as dramatically as people's perceptions of the issue itself, because the country becomes synonymous with the conflict. Countries with more complex, rich and diverse images have some immunity from this volatility. The United States, for example, is no better liked than Israel in many parts of the world, but because its reputation is more broadly based and extends far beyond the purely political, ideological and military sphere, its overall reputation suffers much less from the unpopularity of its government's foreign policy.

Changes in opinion and attitude that affect only a subset of the world's population will also have less of an impact on a nation's global brand. In the first quarter of 2006, the NBI showed that the brand image of Denmark and the Danish people was severely damaged in countries with predominantly Muslim populations by the cartoons controversy. The effect of the controversy on some of these countries was sustained: Denmark was still

ranked overall as low as 25th by the Egypt panel a year after the events took place, and in the last quarter of 2007 the Egyptian panel still ranked the Danes last in its NBI “people” ranking. However, the negative impact of the controversy was far less noticeable among the NBI survey population as a whole and had completely disappeared a year and a half after the controversy broke. In the 2008 survey Denmark ranked 13th in the overall global ranking, compared with 14th a year earlier.

Sustained change in nation brands generally takes place slowly over a number of years. It happens in three principal ways:

- A country can advance or fall back in one or more brand dimensions through complex economic and social processes in that country. For example, China’s economic growth is gradually leading to the country’s identification with better quality and more sophisticated products, despite the setbacks caused by poor-quality products and fakes. But reduced social cohesion in a country, leading to increased anti-social behaviour, can damage the reputation of its people.
- Even if nations themselves do not change, the values of people observing them can and do change, and this affects the way those nations are perceived. For example, there appears to be a growing “green” consciousness among some sections of the world’s population, benefiting nations such as Sweden that have a good reputation for environmental responsibility and penalising nations such as Italy that do not. Italy’s brand image has declined faster between 2005 and 2008 (almost 4%) than any other country in the NBI apart from China. This has happened not because Italy’s brand image has deteriorated but because its appeal is less and less in tune with people’s values. Italy is, quite simply, going out of fashion.
- The reputations of countries, and especially of smaller countries, can be improved or damaged by the actions of their governments. Governments are more likely to do damage, but improvements can be brought about through comprehensive and co-ordinated brand strategies between different sectors, as has been shown by New Zealand and occasionally by well-marketed and well-managed global events such as the Olympic Games or the soccer World Cup.

Conclusion

Not every government, or indeed every population, treats international

approval as an important goal, but when we speak of the brand images of places, we are talking about something rather more significant than mere popularity.

A country's brand is a clear and simple measure of its "licence to trade" in the global marketplace, and the acceptability of its people, hospitality, culture, policies, products and services to the rest of the world. The products of a country with a weak or negative brand will generally sell at a discount on the global market; those of a country with a middling or neutral brand will sell at their intrinsic market value; and those of a country with a powerful and positive image can sell at a premium.

The only sort of government that can afford to ignore the impact of its national reputation is one which has no interest in participating in the global community, and no desire for its economy, its culture or its citizens to benefit from the rich influences and opportunities that the rest of the world offers them.

It is the duty of every responsible government in the global age to recognise that management of the nation's international reputation, one of the most valuable assets of its people, is given to it in trust for the duration of its office. Its duty is to hand over that reputation to its successors, whatever their political persuasion, in at least as good health as it received it, and to improve it if possible for the benefit of future generations.

If the world's governments placed even half the value that most wise corporations have learned to place on their good names, the world would be a safer and quieter place than it is today.