

MARKETING

Nation Branding: Perception Can Be Reality – So Manage It

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📍 Global Focus, Israel, Middle East & Africa, North America

🔑 Strategic Management



“The fashion is unbelievable. The people are stylish and fit, and the beaches and nightlife are out of this world. It’s a very fun country,” says Wharton marketing professor Dave Reibstein.

What nation might he be referring to? Brazil? Spain? Some exotic island?

He actually means Israel, although you might not have guessed correctly without personal experience of the country. Most people’s impression of Israel, says Reibstein, is formed by what they see in the news media. And he notes that according to a recent study, 96% of all coverage about Israel is about war and terrorism. “People routinely see bomb sites and murders. It’s not a beautiful and sexy image that’s portrayed around the world.”

He also notes that Israel is not generally thought of as an innovative nation, despite the fact that its technology industry is “probably second only to Silicon Valley.” In order to avoid political controversies, products designed or manufactured in Israel are often not branded as such. Consequently, people outside of Israel are largely unaware of the country’s technological prowess, and they may be stumped when asked to name a single Israeli product.

Notes Reibstein: “Israel has a much different reality than what the common perception is. This gap hurts their economy significantly.”

Popular perceptions about Israel along with 59 other countries are reflected in the “Best Countries” report published earlier this year by Reibstein and Wharton in collaboration with *U. S. News & World Report* and BAV Consulting. For the report, Reibstein and colleagues surveyed 16,500 global citizens about 65 different national attributes. The attributes were then grouped into nine sub-rankings: Adventure, Citizenship, Cultural Influence, Entrepreneurship, Heritage, Movers, Open for Business, Power, and Quality of Life.

Widely held ideas about a country’s scenic beauty, “sexiness” or safety — justified or not — impact its tourism industry, points out Reibstein. Moreover, the impressions people have of a nation’s innovativeness, receptiveness to entrepreneurship, financial infrastructure and related matters affect its success in attracting foreign trade and foreign direct investment. This relationship between impressions and financial success is why, according to Reibstein, countries may want to consider mounting nation-branding campaigns.

“If you’re not making a concerted effort to brand your nation, other people might do it for you — and for their own purposes.”

—Tom Lincoln

The cost nations can incur when they don’t promote their brand was spotlighted by the flap over the 2006 international hit comedy *Borat*. The film starred Sacha Baron Cohen as Borat, a bumbling, clueless, racist journalist from Kazakhstan. “[The movie] painted the country as being filled with people like Borat,” says Philadelphia-based consultant Tom Lincoln, director of the Wharton Nation Brand Conference scheduled for October in Philadelphia. “For a while the Kazakhstanis had to struggle against this portrayal.”

Kazakhstan's government denounced the film and poured millions into a promotional campaign to try to counteract its effects. Although over the next several years tourism to Kazakhstan actually increased because of the film's notoriety, it was a far-from-ideal way for a country to arrive on the map. The Best Countries report notes that one of the ongoing challenges faced by Kazakhstan is "creating a national identity."

Lincoln commented, "If you're not making a concerted effort to brand your nation, other people might do it for you and for their own purposes."

Nation-branding Success Stories

Reibstein notes that nation-branding campaigns can be focused on either attracting overseas investment and trade, or attracting tourists, and different strategies may be used depending on the focus of the campaign.

India's "Make in India" campaign provides a useful example of a nation branding strategy that focuses on attracting foreign businesses. Launched by Prime Minister Modi in late 2014, the initiative promotes India as a manufacturing hub, with the idea of competing with manufacturing giant China as well as emerging centers such as Malaysia, Vietnam and Bangladesh. The move represents a continuing trend away from India's protectionist past.

Reibstein observes that the campaign's name is "very conscious on their part.... It's not 'Made in India,' which is what they would use to appeal to consumers. It's 'Make in India.' This is an appeal to businesses to move their manufacturing operations and sourcing to India."

The Wall Street Journal evaluated the program favorably one year after launch, citing a surge in foreign direct investment, increases in India's industrial production numbers, and investment announcements by Foxconn, GM, and Uber. Moreover, a "Make in India Week" last February generated \$222 billion in investment pledges, according to *Forbes*. The article commented that the campaign appeared to be "catching fire."

"Dubai did a masterful job of creating a brand out of nowhere."

–David Reibstein

In Reibstein's view, another standout country for nation-branding when it comes to foreign investment and trade is South Korea. "South Korea did not have a good brand [originally]," he notes. "It had an image of low-quality, low-priced products." But the country changed its image (and its reality) over the past few decades, he says, by "riding primarily on the shoulders of Samsung" and associating this wildly successful brand with the nation where Samsung is headquartered.

"There was no question that Samsung was South Korean. They didn't try to hide it; it was widely known and widely publicized," he notes. "And just as Samsung has served people with high-quality products, so has South Korea. You could say the same thing about LG and Hyundai."

South Korea's nation-branding success is reflected in the Best Countries report. In the Power sub-ranking — a metric that includes perceptions of being economically influential — it ranks number 10 of 60 countries. For Entrepreneurship it ranks highly too, at number 12. One can also see evidence of its branding strategy having been business-oriented rather than tourism-oriented: in the Adventure category it falls near the bottom, at number 50.

Reibstein has been keeping an eye on South Korea's latest branding strategies. Take, for example, Hyundai's 2015 launch of a high-end luxury car. He points out that Hyundai and South Korea have long been associated with affordable automobiles, not high-end luxury cars. So how would the car be marketed? "They kept the Korean name ... and they introduced it as the Hyundai Genesis."

Industry publications rated the car's quality favorably: equal or superior to a Lexus. But, notes Reibstein, the company "ended up having to price it significantly below a Lexus" because it carried the Hyundai name. Nevertheless, he asserts, having a well-made luxury car to its name will enhance not only Hyundai's brand but also South Korea's.

"As people buy that car and say 'Whoa, this is really a high-quality car,' that has a spillover effect... As you produce really good products and they are associated with a particular country, that success strengthens the nation's brand."

A "Glamorous Playground"

Another nation-branding success story, this one about tourism, involves the United Arab Emirates (UAE) and its two most populous emirates Dubai and Abu Dhabi. Reibstein observes that the UAE, which is not even 50 years old (and in the case of Dubai, has little oil wealth) has managed to turn itself into a tourism powerhouse.

“If you want to go on a wild and fun vacation, go to Dubai,” says Reibstein. This year the city was ranked number 12 on Euromonitor’s “Top 100 City Destinations,” and is characterized by the popular travel site Lonely Planet as “a glamorous playground.” Meanwhile, Abu Dhabi is developing itself as a center of culture. It has signed deals to open branches of both the Guggenheim and the Louvre.

“Victory is not on the military battlefield ... it’s on the information battlefield.”

–Richard Stengel

Reibstein says that in order to promote Dubai, the UAE invested in communications, hosted tour groups and celebrities, and generally aimed to make Dubai a city that attracted buzz. They created a world-class airport, a high-end airline (Emirates, ranked this year as the world’s top airline) and the world’s first-ever seven-star hotel. A very photogenic resort features artificial islands created to look like a world map. One island was purchased several years ago by Brad Pitt and Angelina Jolie.

Reibstein recounts publicity stunts such as bringing in Andre Agassi and Roger Federer to play tennis at the Burj Al Arab hotel in 2005 on a helipad suspended 1,000 feet above the Persian Gulf. And one of Dubai’s newest temptations for upscale travelers is a chain of luxury floating villas called “seahorses” that feature glassed-in underwater bedrooms.

“Dubai did a masterful job of creating a brand out of nowhere,” comments Reibstein. “If we looked 15 or 20 years ago, we probably could not have found Dubai on a map.”

Enter the Internet

Although many assume nation-branding is a contemporary phenomenon, the concept is far from new, points out Lincoln. One only need think of ancient Rome touting the glory of its emperors by imprinting their images on coins, or post-Revolution France designing a new flag, anthem, and other symbols to represent the new Republic to the world. And in 1953, the now-defunct United States Information Agency was created to engage in positive public diplomacy during the Cold War.

Yet some of the tools are new. Social media, for example, is being used by Russia to attack perceived enemies and spread pro-Russia messages widely on the Internet, according to Lincoln. “What it’s doing in a way is muddying the conversation; it’s trying to distract from

valid criticisms of the Russian government.”

The New York Times, reporting on “Russia’s troll army” in May, described how a Finnish journalist has been victimized by “a vicious retaliatory campaign of harassment and insults” for trying to investigate the phenomenon. The article also noted that Russia’s online presence is so aggressive and disruptive that both NATO and the EU are becoming increasingly concerned about the damaging effects and possible security risk.

Lincoln points out that ISIS also uses the Internet for nation branding and to gain new recruits — and unfortunately has been tremendously successful. What he finds interesting (and disturbing) about its strategy is that it tries to present a positive message about “building a new caliphate in the war-torn regions of Syria and Iraq,” rather than solely a negative message about destroying its enemies. ISIS propaganda might show an image of a basket of apples, for example, with words about how the caliphate will create a wonderful new society where there will be plenty for all members.

Lincoln paraphrases Richard Stengel, the U.S. under secretary of state for public diplomacy and public affairs, who spoke in May at the Schieffer Series at the Center for Strategic and International Studies: “We — the entire West and our allies — have to do a good job of telling a better story of who *we* are and why people would want to support us instead of ISIS.” Stengel noted, in a video of the event available on YouTube, that “Victory is not on the military battlefield... it’s on the information battlefield.”

Social media in nation branding can also mean everyday posts by ordinary individuals reflecting their experiences in different countries. This can go either positively or negatively for nations, says Reibstein. Travelers may share snapshots of beautiful landscapes, friendly locals, historic buildings and exotic wildlife; or conversely, travelers may report that a country seemed dirty or that they got mugged there. “These casual reports can spread pretty easily.”

With respect to successful nation branding, there is a bottom line recommendation: If you are trying to make your country a great place to invest in and visit, don’t forget to make the rest of the world aware of your country’s best characteristics. Countries ignore brand building at their own peril, in Lincoln’s opinion. He observes, “The way you destroy your own brand is largely by not paying attention to it.... You’re leaving it to chance and the vagaries of international relations.”

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