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Summary: Economic Return of Nation Brands

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Summary: Economic Return on Nation Brands

Seminar by Professor David J. Reibstein

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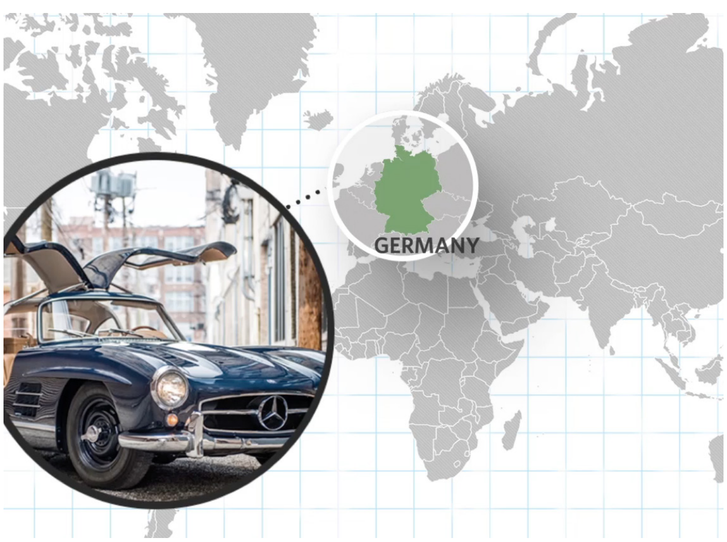
WHAT IS A BRAND?

A brand is an amalgamation of perceptions, experiences, and feelings that consumers have about an organization or company and the services or products it offers. A company's brand is not necessarily objective or accurate and can be influenced by uncontrollable forces but it is an important factor in how individuals perceive, respond to, and interact with an entity. Therefore, successful companies invest a lot of resources into managing their brand, nurturing positive consumer perceptions, and correcting misperceptions.



ECONOMICS AND BRAND

Geographical regions have successfully invested in marketing campaigns to shape perceptions. Familiar examples of geographic branding include: "I Love New York," "Virginia is for Lovers," and the Las Vegas slogan, "What Happens in Vegas Stays in Vegas." Nation brands can also influence how people view products from that nation. For example, Germany has such a strong nation brand with respect to German engineering, that any association with that nation is worth publicizing. Conversely, a negative geographic brand can have a negative impact and companies might try to avoid association with that region. The VW emmisions scandal that began in 2015 cost $71B to the economy directly but could hurt the brand and reputation of Germany more generally, resulting in wider economic ramifications.

> "The value of a nation's brand can be correlated to factors that contribute to economic prosperity or GDP per capita. For instance, a nation's brand impacts tourism, foreign direct investment, and foreign trade.

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"BEST COUNTRIES" STUDY

Professor David Reibstein's Best Countries study, done in partnership with U.S. News and World Report and WPP, was first conducted in 2015, with the report released at the 2016 World Economic Forum in Davos, Switzerland. The study has been repeated annually, with results from the first three years currently available on the "Best Countries" website: https://www.usnews.com/news/best-countries

The report and rankings are based on how global perceptions define countries in terms of a number of qualitative characteristics, impressions that have the potential to drive trade, travel, and investment and directly affect national economies. The report covers perceptions of 80 nations, based on a survey of over 21,000 people across the globe. Each country was scored on 65 different attributes. Attributes were grouped into nine sub-rankings that rolled into the Best Countries ranking. (See callout box for a listing.)

The U.S. continues to be seen as the world's most dominant economic and military power, with a cultural imprint that spans the world. But the data suggest that since 2016, global perceptions of the U.S. have been changing. The country is viewed to be less progressive and trustworthy, and more politically unpredictable, than before.

Case Example: "Come Back to Jamaica"

Jamaica's economy is almost entirely dependent on tourism. Beginning in the 1960's, the Jamaican Government engaged in a series of sophisticated branding campaigns to combat the country's negative reputation as an unsafe place, which had resulted from an increase in crime. Safety and adventure are two variables that directly impact tourism. Issued through the tourism board, the campaigns intended to redefine Jamaica as a tourist destination. 'Come to Jamaica' (1960-1963), 'Come Back to Jamaica' (1963-1975), 'Discover Jamaica - We are More Than a Beach' (1975-1984), 'Make It Jamaica Again' (1984-1994), 'One Love' (1994-2003), 'Once You Go You Know' (2003-2013) and the recent 'Jamaica - Get All Right' (2013-present) - reveal a marketing focus largely on the aesthetics and recreational aspects of Jamaica. The "Come Back to Jamaica" campaign had a concrete impact on trouism. In 1965, 208 groups visited Jamaica compared to 55 in 1964.

The U.S. ranked #8 overall in the 2018 Best Countries report--down from #7 in 2017 and #4 in 2016. The sub-rankings for the U.S. in 2018 were as follows:

Figure 1: U.S. Rankings, 2018

9 Sub-Rankings that were Rolled into the Best Countries Ranking

- Adventure (friendly, fun, pleasant climate, scenic, sexy)
- Citizenship (leading the world by example)
- Cultural Influence (prestigious in art, entertainment, fashion, and other cultural offerings)
- Entrepreneurship (innovative, access to capital, etc.)
- Heritage (rich history and cultural appeal)
- Movers (predicted future growth in terms of GDP PPP)
- Open for Business (business friendly, balancing stability and expense)
- Power (international economic, political, and military influence)
- Quality of Life (income equality, quality education and health systems, affordable, political stability)

POLICY AND BRAND MANAGEMENT

There are policy actions that legislators can take that will directly impact that brand and the economy. If a country wants to improve their brand, they can use the Best Countries data to assess what dimensions they perform poorly on and what dimensions they want to change. Through strategic policy decisions and good communication, governments can improve the perception of their country and, thus, improve their economy.