

# CONTENTS

---

<i>List of Figures</i>	vii
<i>List of Tables</i>	ix
<i>Introduction</i>	xi
<b>1 What is Competitive Identity?</b>	<b>1</b>
Why branding has a bad brand	3
What is a brand?	4
Brand management and the nation	7
Country of origin effect	9
Public diplomacy	12
Marketing and governance	15
Why the age of Competitive Identity has come	19
The need for standards	21
<b>2 The Theory of Competitive Identity</b>	<b>25</b>
Where national reputation comes from	25
Dealing with reputation	27
The benefits of Competitive Identity	28
Implementing Competitive Identity	30
Brand-informed policy	31
The virtuous circle of Competitive Identity	34
Propaganda and Competitive Identity	37
Belligerent branding	41
<b>3 Understanding National Image</b>	<b>43</b>
When nation brands change	46
When nation brands don't change	54
The self-images of countries	56
Measuring city brands	59

---

<b>4</b>	<b>Planning for Competitive Identity</b>	<b>63</b>
	Dealing with an information gap	65
	Analysing the Competitive Identity task	66
	Getting attention	71
	Building the CI team	73
	Developing the identity; developing the strategy	75
	The structures of power	81
	Communicating the Competitive Identity strategy	85
<b>5</b>	<b>Implementing Competitive Identity</b>	<b>87</b>
	Tourism and Competitive Identity	88
	Brands and Competitive Identity	91
	Using “country of origin” more creatively	95
	Culture and Competitive Identity	97
	Making culture magnetic	101
	The population and Competitive Identity	105
	Education and Competitive Identity	107
	Sport and Competitive Identity	108
	Poetry, ceremony and ritual	111
<b>6</b>	<b>Competitive Identity and Development</b>	<b>113</b>
	Competitive Identity and the transition economies	117
	Africa and the continent branding effect	120
	Competitiveness beyond capitalism	123
	<i>Notes</i>	129
	<i>Index</i>	131

# What is Competitive Identity?

Today, the world is one market. The rapid advance of globalization 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, of other governments, and the people of other countries.

In such a busy and crowded marketplace, most of those people and organizations don't have time to learn about what other places are really like. We all navigate through the complexity of the modern world armed with a few simple clichés, and they form the background of our opinions, even if we aren't fully aware of this and don't always admit it to ourselves: 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 nations 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 six billion other people and nearly 200 other countries. We make do with summaries for the vast majority of people and places – the ones we will probably never know or visit – and only start to expand and refine these impressions when for some reason we acquire a particular interest in them.

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. It may seem unfair, but there's nothing anybody can do to change this. It's very hard for a country to persuade people in other parts of the world to go beyond these simple images and start to understand the rich complexity that lies behind them.

Some quite progressive countries don't get nearly as much attention, visitors, business or investment as they need because their reputation is weak or negative, while others are still trading on a good image that they acquired decades or even centuries ago, and today do relatively little to deserve.

The same is true of cities and regions: all the places with good, powerful and positive reputations find that almost everything they undertake on the international stage is easier; and the places with poor reputations find that almost everything is difficult, and some things seem virtually impossible.

So all responsible governments, on behalf of their people, their institutions and their companies, need to discover what the world's perception of their country is, and to develop a strategy for managing it. It is a key part of their job to try to build a reputation that is fair, true, powerful, attractive, genuinely useful to their economic, political and social aims, and which honestly reflects the spirit, the genius and the will of the people. This huge task has become one of the primary skills of government in the twenty-first century.

Today, most countries promote their products and services and steer their reputation as best they can, but they seldom do it in a coordinated way:

- the tourist board promotes the country to holidaymakers and business travellers
- the investment promotion agency promotes the country to foreign companies and investors
- the cultural institute builds cultural relations with other countries and promotes the country's cultural and educational products and services
- the country's exporters promote their products and services abroad
- the Ministry of Foreign Affairs presents its policies to overseas publics in the best possible light, and sometimes attempts to manage the national reputation as a whole.

In most countries, there are many other bodies, agencies, ministries, special interest groups, non-governmental organizations (NGOs) and companies all promoting their version of the country too.

Since most of these bodies, official and unofficial, national and regional, political and commercial, are usually working in isolation,

they send out conflicting and even contradictory messages about the country. As a result, no consistent picture of the country emerges, and its overall reputation stands still or moves backwards.

Far more can be achieved if the work of these stakeholders is coordinated, of consistently high quality, and harmonized to an overall national strategy that sets clear goals for the country's economy, its society and its political and cultural relations with other countries. This is a role that none of the conventional disciplines of public diplomacy or sectoral promotion is able to perform alone.

However, the task of promotion, positioning and reputation management on a global scale is a familiar one in the world of commerce: corporations have been facing it for more than a century, and this is how the techniques of brand management have emerged.

Clearly there are more differences than similarities between countries and companies, but some of the theories and techniques of brand management can, if intelligently and responsibly applied, become powerful competitive tools and agents for change both within the country and beyond.

Competitive Identity (or CI) is the term I use to describe the synthesis of brand management with public diplomacy and with trade, investment, tourism and export promotion. CI is a new model for enhanced national competitiveness in a global world, and one that is already beginning to pay dividends for a number of countries, cities and regions, both rich and poor.

### **Why branding has a bad brand**

The presence of brand management at the heart of this approach to national competitiveness does present a problem. There's a lot of mistrust about brands and branding these days, and this isn't helped by the fact that nobody seems to agree on what the words really mean.

Branding is a topic that's constantly in the media, and as consumers we are in contact with brands every day, so naturally we all have our own idea of what brands and branding are all about. Most of us think that "branding" is roughly synonymous with advertising, graphic design, promotion, public relations (PR) or even propaganda. Marketers and advertisers and

other people who work professionally with brands use different and more technical definitions of the words, and their definitions can vary from one industry to another.

Whenever branding is spoken about in the context of countries, regions or cities – as it is with increasing frequency today – people tend to assume that these promotional techniques are simply being used to “sell” the country; and not surprisingly, they don’t like the sound of that. More than one journalist has compared the branding of places to the branding of cattle: applying an attractive logo, a catchy slogan, and marketing the place as if it were nothing more than a product in the global supermarket.

Vocabulary is also important when making the case for national brand management and public diplomacy: there is definitely something inflammatory about the language of marketing. Marketers have long been in the habit of talking cavalierly about the techniques of persuasion, coldly classifying people into consumer types, “controlling the drivers of behaviour”, and so on. It’s a vocabulary which, if you’re not used to it, sounds cynical, arrogant, even sinister, and politicians would do well not to imitate it too closely, no matter how modern they may think it makes them sound.

So there is a danger when discussing brands, and especially new ideas such as the application of brand theory to countries, that the discussion turns into what psychologists call *cognitive dissonance*: everybody is talking at cross-purposes, pursuing an almost private conversation based on their own understanding of the word, and there is little communication.

The concept of Competitive Identity uses the idea of brands and branding in a specific way that is rather different from the way that ordinary consumers use it, and in some cases different from the ways that professional marketing people do. For this reason, it is a good idea to start off with some definitions.

## **What is a brand?**

First, we need to make a clear distinction between *brands* and *branding*:

- a *brand* is a product or service or organization, considered in combination with its name, its identity and its reputation
- *branding* is the process of designing, planning and communicating the name and the identity, in order to build or manage the reputation.

I will explain later why the distinction is important when we're dealing with nations, but a fundamental argument in this book is that although nations and regions and cities do *have* brand images, they can't usually *be* branded: at least not in the way that products, services or companies can.

It's also important to distinguish between four different aspects of the brand itself: brand *identity*, brand *image*, brand *purpose* and brand *equity*.

The *brand identity* is the core concept of the product, clearly and distinctively expressed. For commercial products and services, it is what we see in front of us as consumers: a logo, a slogan, packaging, the design of the product itself. This aspect of brand has some parallels with the idea of national identity, but the comparison is a tricky one. The techniques of brand communication, such as graphic design, for example, don't have much relevance for countries, since countries aren't single products or organizations that can be "branded" in this sense.

The *brand image* is the perception of the brand that exists in the mind of the consumer or audience – it's virtually the same thing as reputation – and it may or may not match the brand identity. It includes a range of associations, memories, expectations and other feelings that are bound up with the product, the service, or the company. These feelings are important drivers of people's behaviour, so brand image is a critical concept when we're talking about nations, cities and regions.

Brand image is the context in which messages are received: it's not the message itself. This point is difficult to explain in abstract terms, so I will give a hypothetical example: imagine there are two airlines that both decide to install double beds in their business class cabins, so couples can sleep together on longer flights. One of the airlines, Aeroflot, has a weak brand; the other, Virgin Atlantic, has a strong brand. The announcement about double beds from Aeroflot would probably be received with distaste by press and public alike; but precisely the same message from Virgin would be – and indeed was – received with enthusiastic approval. The message is identical, but the market response is opposite: and that is the effect of brand image.

This is the reason why it is often said that the owner of the trademark isn't the owner of the brand. The brand image doesn't reside in the company's offices or factories, but in the mind of the consumer: in other words, in a remote location. And, useful though it would be for companies

to penetrate the mind of the consumer and manipulate that brand, of course they can't. So the remote location is also a secure location. And finally, there is no single consumer with one single mind: the brand image is dispersed across millions upon millions of consumers, each one with a different perspective of the brand. So the brand image exists in a remote, secure, distributed location, which makes talk about "building" and "managing" the brand image sound very much like wishful thinking: companies can tinker with the brand identity as much as they like, but whether this affects the brand image is another matter.

Another important concept is what I call *brand purpose*, an idea that is similar to corporate culture; it can be considered as the internal equivalent of brand image. Corporations, and especially the ones with powerful brands, often talk about this internal aspect of brand as "the spirit of the organization", "living the brand", "shared values" or "common purpose".

The idea is that an external promise to the marketplace has little meaning if it isn't shared by the workforce and other stakeholders, and if it isn't lived out in the internal structures, processes and culture of the organization. This is true of all groups of people, whether it's a company, a club, a sports team or a whole country: if most people accept the same values and share the same goals, the group is far more likely to achieve its objectives. And since the service element of companies today is a more and more important part of their competitive edge – most physical products being virtually identical – it makes sense that a strong internal culture, strongly wedded to the external promise of the organization, is likely to build a powerful reputation. This aspect of branding is also important when we're talking about countries, cities or regions.

Finally, the concept of *brand equity*. This phrase sums up the idea that if a company, product or service acquires a positive, powerful and solid reputation, this becomes an asset of enormous value: probably more valuable, in fact, than all the tangible assets of the organization itself, because it represents the company's ability to continue to trade at a healthy margin for as long as its brand image stays intact. Brand equity also represents the "permission" given by the company's loyal consumer base for it to continue producing and developing its product range, innovating, communicating and selling to them. This goodwill, if measured in dollar terms, is often worth many times more than the balance sheet of the company, which is why companies with powerful

brands often change hands at an enormous premium: one isn't simply acquiring real estate, stock and machinery, but a trusting relationship with a segment of the marketplace. Without its brand equity, for example, the market capitalization of a company such as Xerox would be a mere \$481 million rather than \$6.5 billion.<sup>1</sup>

A good brand name is a valuable thing for producers to have: it's the thing that gets their product noticed, and stops it vanishing among the thousands of competing, nearly identical products. It means that when they launch a new product under the same name, people give it a try. It means that people stay loyal to their products, even if, from time to time, they aren't the best, the newest or the easiest to use. The maker's good name reassures us that time, money and expertise have been invested in making it as good as possible; it's also a promise that if something goes wrong in a year's time, they'll still be around to put it right.

The brand name acts as our short cut to an informed buying decision. The more often we are proved right about our choice, and the more often the product or service lives up to the good name of the company that makes it, the more valuable that name becomes in our eyes.

Brand is undoubtedly a dangerous word, charged with many negative and emotive associations, but the concept of brand is a powerful one, and is uniquely important to the management of countries, cities and regions because it captures so well the idea that places need to understand and manage their internal identity and their external reputation.

Brand management uniquely embraces these important ideas of *core meaning* (brand identity), *reputation* (brand image), the *asset value of reputation* (brand equity), and the *power of shared goals* (brand purpose), and this is why it is a valuable source of inspiration for governments. It's unfortunate that most people's primary association with the word is the packaging and promotion of consumer goods, as it's the association that is least relevant to the notion of Competitive Identity, and the most distracting one: but there is simply no other word or concept that effectively links these four ideas into a single, coherent system.

## **Brand management and the nation**

Every inhabited place on earth has a reputation, just as products and companies have brand images. The brand images of products and companies

may be deliberately created through advertising and marketing, while the reputations of places tend to come about in a more complex and more random way, but the comparison is still a useful one, because in both cases the image has a profound impact on the fortunes of its “owner”, and people’s perceptions may have greater consequences than reality.

The reputation of a place may be rich and complex, or simple; it may be mainly negative or mainly positive. For most places, it’s a constantly shifting mixture of the two.

The place may be internationally famous, such as the United States or Rio de Janeiro, which mean something for most of the world’s population. It may be famous in one part of the world but unfamiliar elsewhere, such as the English Channel Isles or the Crimean Riviera. Or it may be completely unknown to everyone but its closest neighbours, such as Fruitful Vale in Jamaica, or Novolokti (a village in the Siberian region of Tyumen, in case you were wondering).

- 1 The place may mean much the same things to most people who are aware of it. This means it has a strong reputation.
- 2 If the place means very little to most people who are aware of it, or widely different things depending on who you ask, it has a weak reputation.
- 3 If it is known by a lot of people, it is a famous place.

Of course strong and famous don’t necessarily mean positive: North Korea, Afghanistan and Iraq, for example, all have strong and famous reputations that are currently not positive.

The country’s reputation powerfully affects the way people inside and outside the place think about it, the way they behave towards it, and the way they respond to everything that’s made or done there. Ask yourself the following questions:

- 1 If you had a choice between two DVD players from unknown makers with identical features, would you expect to pay more for the Japanese brand or the Chinese brand?
- 2 If you had two equally qualified candidates for a senior management role, would you be more likely to pick the Turk or the Swede?
- 3 If the Mongolian State Circus and the Nigerian State Circus were in town, which one would you expect to be the better show?

- 4 Would you rather have your capital city twinned with Sydney or Sarajevo?
- 5 Does a holiday on the Albanian Riviera sound more or less luxurious than one on the French Riviera?
- 6 Would you build a technology factory just outside Zurich or just outside Kampala?

For each of these questions, there might be very good reasons for picking either option, but most people have a clear idea which they would pick, even when they don't know very much about either country.

The reputation of a country has a direct and measurable impact on just about every aspect of its engagement with other countries, and plays a critical role in its economic, social, political and cultural progress. Whether we're thinking about going somewhere on holiday, buying a product that's made in a certain country, applying for a job overseas, moving to a new town, donating money to a war-torn or famine-struck region, or choosing between films or plays or CDs made by artists in different countries, we rely on our perception of those places to make the decision-making process a bit easier, a bit faster, a bit more efficient.

Just like commercial brands, some of the glamour of that nation brand also reflects back on us for choosing it. It makes you feel stylish when you become the owner of something by Alessi or Gucci, and you get a similar feeling when you go to the Amalfi coast for your holiday, cook *penne all'arrabbiata*, take Italian lessons, listen to Pavarotti or name your children Lucia and Stefano.

## Country of origin effect

Some countries – and Italy is a good example of this – add appeal to their exports in a way that seems completely effortless. Even very good products from other places, such as Guatemala or Belgium or Lithuania, somehow don't work the same magic.

Marketing academics call this the *country of origin effect*, and people have known for centuries that a “Made In ...” label is just as powerful and just as valuable as a “Made By ...” label. German engineering, French chic, Japanese miniaturization, Italian flair, Swedish design, British

class, Swiss precision: these are brand values that rub off onto the products that come from those countries, and they count for a lot.

Country of origin effect is part of the reason why, in the early 1990s, Americans bought lots of Toyota Corollas (which were quite expensive) and not very many Geo Prizms (which were quite cheap), even though they were exactly the same car, made in the same factory. American consumers believed that Japanese cars offered greater value than American cars, so they bought the Toyota.

Consumers prefer to make informed buying decisions but they are short of time (and in the end, short of patience too: after all, even in the profoundly consumerist societies of Western Europe, Asia-Pacific or North America, people still don't want to spend *too* long worrying about products), and the country of origin of a product, just like a brand name, is believed to be a short cut to an informed buying decision. If the information is too complex, we will simply discard any part of it that we feel is of secondary importance, and revert to a simple belief: that's why most people, for example, still think of Range Rover, Aston Martin, Rolls-Royce, Bentley, Mini and Jaguar as being British cars, even though it is well known that they are all now owned by German or American companies.

In reality, that reassurance of value or quality we get from a "made in" label is only symbolic. Governments can't impose the same quality standards throughout their entire manufacturing sector, even in very rich (or totalitarian) countries. But faith is often more potent than logic, and perception often stronger than reality: that's just the way people are.

Country of origin effect is only one part of the picture, however, and countries depend on their reputations in many other ways. A country's good name doesn't just help consumers make millions of everyday purchasing choices, it affects much bigger decisions too: companies deciding where to build their factories, set up their overseas operations, market their products or outsource their industrial processes and customer service centres; governments deciding where to spend their foreign aid budgets; international sporting bodies, entertainment, talent or beauty contests deciding which country or city will host their next event; opera and theatre companies deciding where to tour; film studios deciding where to go on location; even governments picking their allies in times of international conflict.

This is because the organizations that make these big decisions are staffed by people who are still people. They are still consumers in their spare time, they still think like consumers and, even if they're usually anxious to deny it, their choices are affected partly by their expert knowledge and partly by their perceptions and prejudices. Even though these professional decision-makers go through exhaustive comparison and analysis of candidate countries, they still need ways to help make their initial short-list, and ways to eliminate the identical contenders. In some cases, a bribe will do the trick, but the reputations of countries are equally good at "unsticking" these difficult decisions. In their hearts, the decision makers *know* which candidate they hope will win through.

Moreover, they also realize that their decision has to be the right one for an end user. Using facts alone to pick the host country for an international sporting event, for example, is fine up to a point, but in the end it has to be a location that the television audience finds exciting and appealing; athletes and spectators have to feel happy about travelling and staying there, and their perceptions or prejudices about the place can carry just as much weight as practical considerations such as cost, transport links and facilities.

The same applies when multinational companies are deciding where to build their overseas offices or factories: the management may choose a country on the basis of its infrastructure, climate, location, security, transport links, quality and location of supplier firms, business-friendly government, skilled workforce, tax breaks and incentive packages, but it's still the wrong decision if the managers who actually have to relocate there don't fancy the sound of that particular country. And even if they can be persuaded, can their families?

Perhaps it's not so surprising that such a big part is played by "mere image" or "mere reputation" in these decisions: as the economist Maurice Allais showed in 1953,<sup>2</sup> the more important and consequential a decision becomes, the more people are likely to rely on their feelings and intuition rather than logic to make the decision. There comes a point when decisions are just too critical for us to rely on our brains, and so we refer to our hearts. As the American banker J.P. Morgan wisely said: "A man always buys something for two reasons: a good reason, and the *real* reason."

Even people can suffer from country of origin effect, as is suggested by my earlier question about the nationality of candidates for a senior

management role. People in the United Kingdom are now familiar with the idea of plumbers being Polish, which may be a good thing for Polish plumbers, but it could make life in the UK rather difficult for Polish pilots, chefs and surgeons.

It's no exaggeration to say that the reputation of a country has a profound impact on its social, cultural, economic and political destiny, but there's nothing very surprising or controversial about this. We are simply creatures who can only experience the world through our perceptions of it. The distinction between "perception" and "reality" is not a sharply-drawn line at all when you start to think about it, but a rather hazy philosophical notion.

## **Public diplomacy**

Of the various ways in which countries and their governments represent themselves to the rest of the world, the area that has most in common with the brand management of companies is public diplomacy. It is public diplomacy, twinned with brand management, that underpins the idea of Competitive Identity.

The term "public diplomacy" was first used by the United States Information Agency in the early 1960s in an attempt to communicate what is meant when a modern state manages its reputation abroad.<sup>3</sup> The full definition of the term at the time was:

the influence of public attitudes on the formation and execution of foreign policies. It encompasses dimensions of international relations beyond traditional diplomacy; the cultivation by governments of public opinion in other countries; the interaction of private groups and interests in one country with those of another; the reporting of foreign affairs and its impact on policy; communication between those whose job is communication, as between diplomats and foreign correspondents; and the processes of inter-cultural communications.

Jan Melissen of the Dutch foreign policy think-tank, Clingendael, uses the famous 1945 photograph of Roosevelt, Stalin and Churchill at the Yalta conference to illustrate how diplomacy has changed since the

Second World War, and how the concept of public diplomacy has emerged. All three leaders travelled, slowly and privately, by steamer to Yalta, where they sorted out the reconstruction of Europe and the new world order. Having done this, they sailed slowly back to their respective countries, after which the public was duly informed of their decisions. Melissen contrasts this staid and exclusive affair with twenty-first-century summits such as Geneva, Genoa and Seattle, which dominate the world's television screens for days on end, and where you can't move for journalists and protesters. Instant communications and widespread democracy are squeezing out old-fashioned private diplomacy: like it or not, international relations now take place in real time, before a global audience.

Modern public diplomacy often embraces much more than just the communications of government policies, and in some cases is virtually synonymous with Competitive Identity: for example, the US State Department and the UK Foreign and Commonwealth Office both use the term to describe the process by which they attempt to manage the entire national reputation.

These days, there is more collaboration and integration between embassies, cultural bodies and trade and tourist offices: modern diplomats see promoting trade, tourism, investment and culture as an important part of their job. But countries generally get the biggest improvement in their overall reputation when all the main sectors of the country are aligned to a common strategy. The Ministry of Foreign Affairs may or may not be the right body to lead this process in every case but, whatever the administrative structure, it's clear that all the major stakeholders of the country's image need to be fully represented on it; and this full representation is, as I will explain later, one of the basic principles for building Competitive Identity.

If the purpose of public diplomacy is simply to promote government policies, it is likely to be superfluous or futile, depending on the good name of the country or its government at that particular time: if the country is in favour, then unless the policy is patently wrong-headed, it is likely to be well received and simply needs to be communicated. Little art or skill are required to do this. If, on the other hand, the country suffers from a poor or weak reputation, then almost no amount of promotional skill or expenditure can cause the policy to be received with enthusiasm, and it will either be ignored or taken as further proof

of whatever evil is currently ascribed to the country. This is why I earlier defined brand image as the *context in which messages are received*, not the messages themselves.

Wise people have always understood that people's perceptions of the messenger can be more important than the message. The English novelist Anthony Trollope makes exactly the same point in his 1881 novel, *Dr Wortle's School*:

So much in this world depends on character that attention has to be paid to bad character even when it is not deserved. In dealing with men and women, we have to consider what they believe, as well as what we believe ourselves. The utility of a sermon depends much on the idea that the audience has of the piety of the man who preaches it. Though the words of God should never have come with greater power from the mouth of man, they will come in vain if they be uttered by one who is known as a breaker of the Commandments; they will come in vain from the mouth of one who is even suspected to be so.

For this reason, public diplomacy is virtually useless unless it has some power to affect the background reputation of the country whose policies it attempts to represent; and since that background reputation can only be altered by policies, not by communications, the critical success factor for public diplomacy is whether its connection to policy making is one-way or two-way. If there is a two-way mechanism that allows the public diplomacy function to pass back recommendations for policy making, and these recommendations are taken seriously and properly valued by government as critical "market feedback", then public diplomacy has a chance of enhancing the good name of the country, thus ensuring that future policy decisions are received in a more favourable light. It's a virtuous circle, because of course under these circumstances the policies need far less "selling".

Simply ensuring that the public diplomacy function has an influence over government policies, however, can have only a limited impact on the background reputation of countries. It is only when public diplomacy is carried out in coordination with the full complement of national stakeholders as well as the main policy makers, and all are linked through effective brand management to a single, long-term national strategy,

that the country has a real chance of affecting its image and making it into a competitive asset rather than an impediment or a liability.

## Marketing and governance

The leaders of countries have been trying to find ways of capturing the force of public opinion since the beginning of time, both domestically and internationally, so in that sense there is nothing very new about the idea of Competitive Identity, even if the expression is a new one in this context. Ever since there have been leaders, there has been an awareness of the power of a strong reputation as an aid to achieving one's political, social, economic and cultural aims.

There is nothing very new either about the idea of using techniques from the commercial sector to promote the good name of countries and cities and their governments: it has been the habit of American administrations for more than a century to call in the advertising men, the PR gurus, the speechwriters and the spin doctors whenever there's a job of mass persuasion to be done. And it's not just America: the reputations of many places have been deliberately built and managed by their leaders over the centuries, and those leaders have often borrowed expertise from others to augment their political skills: from poets, orators, philosophers, movie-makers, artists and writers.

Only recently, though, has the discipline of marketing been judged to have something useful to contribute to policy making, economic or social development and international relations: in other words, not just to promotion, but to strategy. Marketing is coming of age in many ways, and as the developed world has become organized more and more along commercial lines, it has become clear that a science which shows you how to persuade large numbers of people to change their minds about things has all kinds of interesting applications.

So it's no longer just businesses that recognize the usefulness of marketing: political parties, governments, charities, good causes, state bodies and NGOs are turning to marketing as they begin to understand that profound truth that marketers always knew: being in possession of the truth is not enough: the truth has to be *sold*.

However, the elevation of commercial marketing disciplines to the dizzying heights of national strategy does create tensions. At the heart

of the issue is the old question of whether marketing is merely about selling things, or something altogether more strategic. It doesn't help that so many politicians – just like most ordinary consumers – think that building a brand is simply a matter of designing a new logo for their country and a slogan to go underneath it.

Building Competitive Identity is a much bigger and more complex task than this, as this book will attempt to show. There is no area of commercial marketing that approaches the depth and breadth of a true CI strategy, with its agenda of imposing creativity, consistency, truthfulness and effectiveness onto a wide range of difficult fields including the development and promotion of national and regional tourism, inward investment, recruitment and trade; the branding of exports; international relations and foreign policy; social and cultural policy; urban and environmental planning; economic development; membership of supranational bodies; diasporas; sport; media management; and much else besides.

In fact, I would claim that the first and most important component of any national CI strategy is creating a spirit of benign nationalism amongst the populace, notwithstanding its cultural, social, ethnic, linguistic, economic, political, territorial and historical divisions. This is a very long way from the kind of challenge that product marketers usually have to face on a Monday morning; and yet at the same time, it is a challenge that would remind most of them strongly of their own need to make stakeholders in the corporation “live the brand”.

It does seem an odd place for brand management, a humble commercial service, to find itself: almost, in a sense, teaching governments how to govern more effectively. But the fact is that governments now find themselves competing in ways that they are scarcely prepared to deal with, and inhabiting a world of global competition and mobile consumers where few of their traditional approaches really work. This is a world that companies know well, and where they have learned how to survive and prosper.

For this and many other reasons, I have become convinced that the disciplines of marketing and branding can, if wisely and responsibly adapted, bring value to pretty much any area of human endeavour, including national government and international relations.

I don't know of any other disciplines which – at their best – so fully explain and allow for the management of human enterprise: this unique

marriage of empirical observation with visionary strategy. Marketing and branding combine scientific clarity of thought and rigorous observation of human psychology, culture and society with the more elusive factor of creativity. They combine advanced knowledge management (as is found in the way the better brands are handled in all their complex variants) with sensitive intercultural management (as is found in the way the better brands are communicated worldwide). They form a clear set of universally-applicable rules for building successful endeavours. They bring commerce and culture together as a potent force for creating prosperity. They can harness the power of language and images to bring about widespread social change (think of the hundreds of social campaigns around the world that have successfully taught people over the decades to wear safety belts in cars, to smoke less, to immunize their children, to pick up litter, to give to charity, to donate organs).

Good marketing and brand management have the humanity and wisdom to know that there is a difference between what makes sense on paper and how people actually behave: they have the intelligence of academia combined with the worldliness of practice.

Marketing and branding, in short, are among the notable achievements of the developed world, even if they have usually been used for more trivial ends, only increasing wealth where more wealth is least needed. But that's another discussion that really needs a whole book to explore,<sup>4</sup> although I'll touch on it in Chapter 6.

Competitive Identity is certainly one of the ways in which brand management can begin to realize its broader potential, and provides an opportunity to demonstrate that the discipline has something to contribute above and beyond that tired old litany of "increasing shareholder value".

Since the most commonly held understanding of branding outside sophisticated marketing departments tends to be "logos and slogans", it is hardly surprising that serious policy makers have in the past been reluctant to accept that this approach can bring anything of truly central importance to their work. Yet there is undoubtedly a growing acceptance in public affairs that a familiarity with the techniques of commercial marketing is increasingly relevant, and this may be something to do with the fact that the newer generations of politicians and civil servants now in their forties and fifties were raised in the age of the brand, and accept the importance of brand image and brand management as a matter of course.

That ministries of foreign affairs and their foreign services must practise something called public diplomacy – a discipline closely related to public relations – is now a commonplace; likewise the fact that public affairs has become an international affair, and that investment promotion and tourist promotion must be as sophisticated as the most sophisticated commercial marketing, since both are competing for consumer mind-share in the same space.

For a long time, however, the debate never seemed to go beyond the not very challenging truism that some lessons from the private sector can bring benefits to the ways in which countries and cities are marketed: a bit of public relations or media training can sharpen up diplomacy in the “media age”; a knowledge of Internet marketing and online media planning can make tourist boards more competitive; some attractive design can help investment promotion agencies in their work; and so forth.

If the usefulness of modern commercial practice to statecraft really did amount to this and nothing more, it would be difficult to justify the existence of this book. No, the reason why the convergence of advanced brand theory and statecraft is important is because brand management is a vital component of a new model for how places should be run in the future: it is the glue that binds together a range of different tools for national promotion and reputation management; tools that until now have only produced a fraction of their potential effect because they have been operating in a fragmented and inefficient way. Governments are just beginning to realize this, and to understand the competitive advantage that a nationally coordinated identity strategy can unlock.

The objection that the commercial model is associated with profits rather than people does not stand up to scrutiny. Brand management, when properly understood, is primarily about people, purpose and reputation, and only secondarily about money, although there is little question that organizations which are clear about their brand values and brand strategies ultimately stand a better chance of sustainable profitability than those which are not.

When I first began to write about “nation as brand”, my observations were mainly focused on the country of origin effect. One of my first articles on the subject, “Nation Brands of the Twenty-First Century”, argued that the countries in which certain products were manufactured (or were believed by consumers to be manufactured) functioned like brands in

their own right. In the ten years since then, the arguments, the academic study around them, and the practitioner field itself have developed beyond recognition. Governments are beginning to wake up to the fact that cities, countries and regions all need a new way of looking at identity, strategy, development, competitiveness and purpose if they are to survive and prosper in a very new world order.

As Victor Hugo said, “There is one thing stronger than all the armies in the world, and that is an idea whose time has come” (*Histoire d’un Crime*: 1877).

## **Why the age of Competitive Identity has come**

Big changes in the social and political fabric of modern society make the more “public-oriented” approach of Competitive Identity a necessity. This is not a question of governments “playing to the gallery” or a strategy for legitimizing state propaganda, just a growing acknowledgment of the influence of global public opinion and market forces on international affairs.

Below are listed a few of the conditions that now make a brand-oriented approach to competitiveness not just desirable but necessary.

- 1 The spread of democracy and democratic-type governance in many parts of the world, an increasing tendency towards transparency of government and open relationships between state players, as well as a growing interest and awareness of international affairs among publics, drives the need for a more “public-aware” approach to politics, diplomacy and international relations.
- 2 The growing power of the international media, driven by a more informed and news-hungry audience and more influential non-governmental organizations, makes it harder for states to persist in secretive, unethical or authoritarian behaviours.
- 3 The falling cost of international travel, the rising spending power of a growing international middle class and its constant search for new experiences compels more and more places to market themselves as tourist destinations; at the same time, the threat of “product parity” amongst such destinations makes a clear, distinctive and economically sustainable brand strategy essential so that they can compete effectively in the international marketplace.

- 4 An ever more tightly linked global economic system, and a limited pool of international investors being chased by a growing number of industrial and service locations, applies similar pressures to the business of foreign direct investment promotion; again, the tendency towards parity between the offerings, and the need for a competitive strategy that is sustainable in the long term against the threat of highly mobile global capital, drives places towards an ever more sophisticated and brand-led approach to developing, managing, positioning and promoting themselves in the marketplace.
- 5 A range of consumer products sourced from an ever wider pool of countries increases the need to build trust in both company and country of origin; at the same time, a growing interest, reflected in the international media, in the ethical and ecological credentials of manufacturers and service providers creates a situation where it is even more critical for places to pursue a long-term strategy for building and managing positive country of origin effect.
- 6 For poor and developing places, the intense competition for international funds, technology and skills transfer, inward investment, export markets and trade makes a clear positioning, a well-defined sense of national economic, social and political purpose, and a degree of influence over national reputation, more and more essential.
- 7 Countries, regions and cities are also competing more intensely and more widely than ever before for talented immigrants, whether these are foreign nationals in search of ideal social, cultural, fiscal and living conditions, or returning members of the diaspora looking to reinvest in their home country. Again, a clear positioning, a believable and attainable set of promises in these areas, and a well-maintained and well-deserved reputation become essential attributes of the competitive nation.
- 8 A growing demand on the part of consumers for an ever wider, richer and more diverse cultural diet, enabled and stimulated by the rapid growth of low-cost global digital communications means that the global marketplace is open as never before for places with unusual and distinctive traditional or invented cultural products to “punch above their weight” in world affairs, and use their culture to communicate more of the real richness of their society to ever more distant audiences.

- 9 The currently depressed popularity of American culture, policies, products and services will create a vacuum in the global marketplace for clearly positioned and consistently presented places to build real competitive advantage.

The list could continue for page after page. The common driver of all these changes is globalization: a series of regional marketplaces (and by marketplaces I mean not just markets for products or funds, but for ideas, for influence, for culture, for reputation, for trust and for attention) which is rapidly fusing into a single, global community. Here, only those global players – whether they are countries, cities, regions, corporations, organizations, religions, NGOs, charities, political parties or individuals – with the ability to approach a wide and diverse global marketplace with a clear, credible, appealing, distinctive and thoroughly planned vision, identity and strategy can compete.

Some people claim that such a situation unfairly favours places with the funds to promote themselves more loudly than others, but that is assuming that Competitive Identity can be built in the same way as commercial brands, and that success ultimately depends on how much money you have to spend on media. I argue that this isn't so, and that a powerful and imaginative CI strategy, which is more the product of intellectual than of financial capital, can prove to be a greater asset than huge amounts of money used to thrust uninspiring messages onto an unwilling audience.

For places to achieve the benefits that the better-run companies derive from marketing and branding, the whole edifice of statecraft needs to be jacked up and underpinned with some of the lessons and techniques that commerce, over the last century and more, has acquired. Much of what has served so well to build shareholder value can, with care, build citizen value too; and citizen value is the basis of good governance today.

## **The need for standards**

If we were speaking of nothing more than the effect of the application of marketing techniques on policy making and economic development, we would be sure of adding a much needed dose of practical, rigorous, egalitarian, good-humoured and quick-witted humanism to an area where

such qualities are all too often entirely absent; but we are talking of brand management, and the consequences are far more significant. It is the creation and management of brand equity that has so changed and accelerated business during the last hundred years, and it is the creation and management of brand equity that will utterly change the way in which places develop and compete during the next hundred.

Since the combination of brand theory, public diplomacy and other forms of national promotion is such a potent tool for competitive advantage, it is essential to establish through debate and discussion the core issues of good practice, ethics and standards in the field.

Standards are urgently required because the idea that nations can be “branded”, as I mentioned in the Introduction, is being taken far too literally in many places, and you don’t need to speak to many national, regional or civic administrations before a pattern begins to emerge. The politicians or civil servants hear that “having a brand” is the latest thing; but they are forgivably confused about the distinction between its outward signs in the commercial context (such as slogans and logos) and the complex underlying strategy and long-term behavioural change which ought to underpin such ephemera; they start to believe that if only they could raise a Nike-sized marketing budget, then their country could have a Nike-sized brand within months.

In this way, they fall easily into the hands of the media sales people and the marketing firms. These firms, perhaps despairing of selling difficult, invisible, long-term strategic advice to politicians with a four-year event horizon, all too often revert to “selling the client what s/he wants”. So what the client gets is a slogan and a logo, or a series of television spots, with nothing much behind it, and probably very little connection between it and the nation’s long-term development plans. There is usually too little political will or clout for it to be sustained or taken seriously, too little investment for it to become properly established in the minds of the “audience”, little understanding of who this audience actually is, or what its current perceptions of the nation brand are, and very little real coordination or common purpose between the nation’s stakeholders. The list of common failings could go on, but the fact is that undertaking a national strategy that will actually make a positive difference to the way in which the place is perceived – even internally, let alone by the rest of the world – is a major long-term undertaking, and there are no short cuts to it.

The consequences of these superficial transactions between places and marketing and media firms are more serious than just another country or city or region wasting money it cannot readily afford, or creating slightly more confusion about what the place actually stands for: it is reinforcing the popular notion that brand management is synonymous with creating a visual identity or a promotional campaign, and swells the numbers of disappointed administrations that have “tried branding” and, after spending money without seeing any results, reach the conclusion that it doesn’t work.

This is a great pity, because an understanding of how brand management works can create significant improvements in the way that nations develop and how they relate to each other. It is important that people properly understand what brand management is, and what it can and can’t achieve for countries, cities and regions.

Most importantly, the message needs to be clearly communicated that “brand” is really just a metaphor for how countries can compete more effectively in the modern age, and that only a tiny handful of the principles of commercial branding actually apply to places. The rest is entirely new: an emerging synthesis of public and private sector theory and practice that could, and should, revolutionize the way that places are run in the future.

# INDEX

---

- Africa 120–3
- Allais, Maurice 11
- Australia 46, 89, 109–10
  - Sydney 61, 108–10
- Bhutan 124–6
- Botswana 121, 123
- brand 91–5
  - definition 4
  - identity 5, 7
  - see also* nation brands
- brand equity 6–7, 22, 81
- Brand Finance 44
- brand image 5–7
  - analysis of 43
  - definition 14
- brand management 12
  - core ideas of 7
  - mistrusted 3–4
  - in national policy 33
  - private sector 81–2
  - standards 22
  - and tools for promotion 18
- brand power, distribution of 127
- brand purpose 6–7
- brand theory 22
- branding 17
  - belligerent 42
  - continent effect 122
  - definition 4
- British Airways 93
- Bush, George W. 42
- business 25
- Canada 46, 58, 70
- care 74–5
- ceremony and ritual 111–12
- China 48
- Churchill, Winston 12–13
- cities 20
- City Brands Index 108–9, 121
  - components of 59–62
  - safety 55
- Clinton, Bill 42
- cognitive dissonance 4
- collaboration 3, 13, 26–7, 31, 73–5, 87, 90
- Communism 118
- Competitive Identity
  - basic theory 26
  - benefits of 28–30
  - and brand management 12
  - building 16
  - definition 3
  - mottos 34
  - a necessity 19–21
  - properties 29
  - as self-defence 125
  - task analysis 66–71
  - team-building 73–5
  - virtuous circle 34–7
- Competitive Identity strategy
  - evaluation 76–8
  - selection criteria 76
  - spaceship of state 87–8
  - team 88
- consumers
  - behaviour 96
  - demand 20
  - economic power 113–14
- continent branding effect 122
- country
  - audience map 68
  - of origin 9–12, 18, 93–6
  - stereotypes 91
- crabs in a basket 26
- creativity 76, 102
- cultural life 102
- cultural tourism 101
- culture 25, 87, 97–102
  - mature pulling power or born great 102
  - old and new 98, 102
  - unique qualities 97
- decision-making and reputation 10–11
- democracy 19, 39
- Denmark 49–51, 53

- developing countries 20, 28
- diplomacy
  - people-to-people 105–7
  - public 12–15, 18, 22, 105
- distributed leadership 85
- Dubai 82
  
- economic development 114
- economic growth questioned 123–5
- Ecuador, Galapagos Islands 121
- Eddington, Rod 93
- education 107–8
- Egypt 50–1
- Einstein, Albert 35
- Ethiopia 122
- European Union 118–20
- Evoked Set 81
- exports 25, 87, 92–3
  
- face-to-face contact 85
- feelings and intuition 11
- Finland 92
- Fitch 41
- Fortuyn, Pim 54
- France 58, 99
  - Paris 61, 109
  - Tour de France 109
- Friedman, Benjamin 124
  
- Germany 58, 69–71, 98
- Giuliani, Rudolph 116
- Global Market Insite 43
- globalization 20–1, 39, 52
- Gogh, Theo van 54
- governance, and marketing 15–19
  
- happiness 124
- hard equity 93–4
- Homer Simpson effect 56
- Hong Kong 104
- Hugo, Victor 19
  
- image
  - incorrect 67–8
  - lack of 120–1
  - outdated 63, 80
  - self- 56–8
  - see also* brand image
- imagination 74
- imaginative power 126
- Indian Ocean tsunami 56
  
- information 65–6
- innovation 32–3, 35–7
- innovation groups 36
- internal communication 87
- international image, lack of 120–1
- investment
  - decisions 89–90
  - opportunities 87
- Ireland 47
- Italy 71, 98
  - Rome 61
  
- Jamaica 115–17
- Japan 47–8, 91, 97–8
- Jigme Singye Wangchuck, H. M. 124
  
- Lindh, Anna 54
- logos and slogans 17, 22, 29
  
- magnets 29
- Mandela, Nelson 47
- marketing
  - as adult education 65
  - as chat-up 72
  - coming of age 15
  - and governance 15–19
  - language 4
  - nature of 17
  - word of mouth 103–4
- Maslow, A. H. 63
- media, international 19, 39
- megabrands 79
- Melissen, Jan 12–13
- messenger and the message 14
- Mexico, Isla Mujeres 103
- Miller, Arthur 42
- Moody's 41
- morality 37, 39
- Morgan, J. P. 11, 43
- motivating 77–8
- multinational companies 11
- Murrow, Edward R. 40
- Muslim countries 50
  
- nation brands
  - financial valuation 45
  - and national identity 75
  - see also* brands
- Nation Brands Index 43–6, 56–8, 64, 69, 119, 127
- high value 45–6

- reasons for change 47–8
- stability 46–56
- national character 71
  - see also* people
- national identity 75
- national reputation
  - source of 25–7, 31
  - see also* reputation
- nationalism 16
- Netherlands 54–5
  - Amsterdam 54–5
- networks 84–5
- New Zealand 46, 89
- Nigeria, Lagos 121–2
- Nokia 92
- Norway 49
- Nye, Joseph 127
  
- objectivity 71–2
- Olympic Games 108–9
  - Summer Olympics 110
- ownability 76–7
  
- Palme, Olof 54
- patience 74
- people 25, 75
  - see also* national character
- people-to-people diplomacy 105–7
- perceptions 30–1
  - and reality 12, 37–8
- poetry 111–12
- Poland 58
- policy decisions 25
- policy making
  - publicity value 38–9
  - style 33
- power
  - soft and hard 83–4, 127
  - structures 81–5
- product source 94–5
- propaganda 37, 39
- public diplomacy 12–15, 18, 22, 105
- public service advertising 89
  
- race 99
- Reagan, Ronald 41–2
- reality and perception 12, 37–8
- regions 20
- relevance 78
- reputation
  - and decision-making 10–11
  - deserved 64
  - effect on people 8–9
  - management 3
  - national 25–7, 31
  - persistence of 27–8, 40
  - of a place 7–9
  - strategy for 30
  - see also* national reputation
- reputational value, capture and accumulation 27
- Romania 117
- Roosevelt, President 12–13
- royal families 84
- royalty relief 44
- Russia 58
- Rwanda 122
  
- self-image 56–8
- self-organization 85
- sharpness 77
- short-termism 83–4
- Singapore 82
- Slovenia 117, 119–20
- South Africa 47
- South Korea 48
- Sovereign Ratings 41
- Soviet Union 118
- Spain 118
  - Barcelona 61
  - Madrid 54
- sport 104, 108–10
- Sri Lanka 106
- Stalin 12–13
- Standard & Poor's 41
- Stiglitz, Joseph 124
- Sudan 122
- Sweden 46, 54–5, 70
  - Ice Hotel 103
  - Stockholm 54–5
- Switzerland 46, 70, 91
  
- teaching 85–6
- terrorism 54–5
- tourism 19, 25, 69, 87–91
  - cultural 101
  - magnetic ideas 103–5
  - promotion 89
  - visiting 90
- tourist boards 88
- transition economies 117–20
- Trollope, Anthony 14
- truth 40–1
- Turkey 119

- United Kingdom 46, 64, 71, 84
  - Foreign and Commonwealth Office 13
  - London 54, 61
- United Nations 121
  - World Tourism Organization 90
- United States 46, 58
  - belligerent branding 41–2
  - Coordinator of Inter-American Affairs 100
  - culture 21, 100–2
  - Department of State's Division of Cultural Relations 100
  - New York 54–5: Marathon 109
  - Seattle, Pike Place Fish Market 103–5
  - State Department 13; Consular Information Sheet 115
  - truthful 40–1
  - Washington 55
- wisdom 74
- World Cup 109
- Yalta conference 12–13