

The Anholt Nation Brands Index **SPECIAL REPORT**

Q2 2007

- **Brand China experiences decline**
- **NBI Guest Nation: Special report on Greece's international image**



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Introduction

The nation brand – how a country is seen by others – is an important concept in today's world. Globalisation means that countries compete with each other for the attention, respect and trust of potential consumers, investors, tourists, immigrants, the media and governments of other nations. A positive and strong nation brand provides a crucial competitive advantage. It is therefore very important for countries to understand how they are seen by publics around the world across key dimensions.

The **Anholt Nation Brands Index (NBI)** is the only analytical ranking of the world's nation brands. Each quarter, we poll our worldwide panel of over 25,000 people on their perceptions of the cultural, political, commercial and human assets, investment potential, and tourist appeal of over 35 developed and developing countries. This adds up to a clear index of national brand

power, a unique barometer of global opinion.

The NBI measures the power and appeal of a nation's brand image, and tells us how people around the world see the character of that brand. The nation brand is the sum of the perceptions of a country and its people across six dimensions of national assets, characteristics and competence.

Together, these dimensions form the Nation Brand Hexagon.

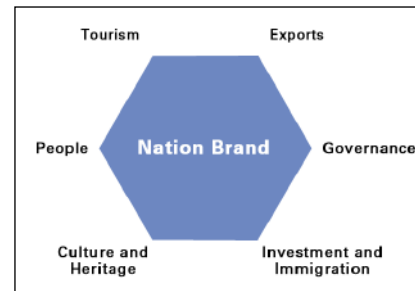


Fig. 1: The Nation Brand Hexagon © Simon Anholt 2002

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Exports

At this point of the Hexagon, we ask consumers about their tendency to actively seek out or avoid products from each country, what marketers call the *country of origin effect*. We also ask what kinds of products people would expect to be produced in each country, and whether they think the country has particular strengths in science and technology.

Governance

In this category, we ask respondents to score countries according to how competently and fairly they believe them to be governed, and how far they would trust their governments to make responsible decisions that uphold international peace and security. We explore people's perceptions of the government's behaviour towards the global environment and the reduction of poverty. We also ask them to choose

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a word that best describes the government in each country.

Culture and Heritage

At this point of the hexagon, we ask questions that are designed to measure perceptions of the country's cultural heritage, as well as people's appreciation of its contemporary culture such as films, music, art and literature. We also ask about the country's sporting excellence. Lastly, we ask respondents to choose what kind of cultural activity they most expect to find in each country.

People

The first question in the people dimension asks survey respondents whether, in their view, people in the country would make them feel welcome. The country's reputation for openness and friendliness will have a bearing on this. So will the negative side of the coin: fear of encountering hostility and discrimination.

To understand how the human capital of each country is viewed, we ask our respondent panel two questions. First, people imagine that they are managers needing to make an important hiring decision. They are asked to score countries according to the value of their people for such a job. Second, to balance this, we ask a non-business

question: "How much would you like to have a close friend from the following country?" We also ask respondents to select the word that best describes the people in each country.

Tourism

Tourism is often the most visibly promoted aspect of a nation brand, and tourism assets have a disproportionate effect on people's perceptions of the country as a whole. At this point of the Hexagon, we ask about tourism potential, and about how likely people would be to visit a country if money were no object.

Two further questions address two aspects of a country that are usually important attractors of tourists: natural beauty and a richly built/historical heritage. Finally, we ask people to choose a word to describe the experience they think they would have when visiting each country.

Immigration and Investment

The final point on the hexagon is about a country's power to attract human capital. Most people at some point in their lives consider living, working or studying in another country. Several aspects of a country's brand will govern these considerations. This is probably the point of the hexagon with the greatest complexity.

The first question asks people to score their willingness to live and work for a substantial period in each country. People's attitudes towards immigration are coloured by a number of factors. Prominent among them are the likelihood of finding a job and the overall attractiveness of the country as a place to live.

The second question tests opinions about a phenomenon that is becoming increasingly relevant in today's world. Respondents are asked to what extent they agree with the proposition, "This country is a good place to study for educational qualifications."

Finally, respondents are asked to pick the word which they think most accurately describes each country's economic and social situation.

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Appeal and visibility tend to go together in national image. Countries that are not well known are not usually viewed very positively. Ireland and Norway, for example, may be two of the world's richest and most successful nations per capita – richer than the UK – but few people know enough about them to see them in very positive brand terms. In the second quarter of 2007, Ireland and Norway were ranked 16th and 14th respectively, compared with the UK's pole position, as the results table reveals.

The opposite is not always true: large, powerful nations such as the USA and China can attract negative perceptions, but the better known a country is, the more people are able to differentiate between the positive and negative aspects of its brand image.

On the whole, people are most attracted to countries that project themselves strongly with clear, consistent messages about qualities that people value, such as competent government, friendly people and economic opportunity.

Overall Q2 2007 Ranking

Rank	Country
1	UK
2	Germany
3	France
4	Canada
5	Switzerland
6	Sweden
7	Italy
8	Australia
9	Japan
10	United States
11	Netherlands
12	Spain
13	Denmark
14	Norway
15	New Zealand
16	Ireland
17	Greece
18	Belgium
19	Wales
20	Portugal
21	Brazil
22	Russia
23	China
24	Argentina
25	Hungary
26	Czech Republic
27	Singapore
28	Poland
29	Mexico
30	Egypt
31	India
32	South Korea
33	South Africa
34	Turkey
35	Malaysia
36	Estonia
37	Israel
38	Indonesia

CHINA



So how is China – one of those big, powerful nations – faring in brand terms as we approach the 2008 Summer Olympics, hosted in its capital city, Beijing? The Olympics are certainly among the biggest opportunities a city and its parent country can have to promote themselves on the world stage. Much of this promotion needs to take place in advance to attract attention to the economic, social and cultural improvements taking place around the Olympics to maximise the leverage of the Games themselves. China is very anxious to put its best foot forward. The Olympics are a golden opportunity to present the country as a modern, internationalising state that people will want to visit, buy from and partner with in business and other spheres.

The results from the Anholt Nation Brands Index do not make comfortable reading for China. If we compare the NBI results for the 35 countries in the survey over the last 18 months, China has experienced the worst trend of any. Its overall score declined between the final quarter of 2005 and the second quarter of 2007 by 4%. While this may not seem like a significant amount, it is nearly double the ground lost by any other country in the NBI – and around 6% below the most improving countries, such as the Czech Republic and Brazil.

What is worse for China is that the

decline is much greater than average in the areas where it most needs traction on the international economic stage. The worst figures are in the Immigration and Investment dimension, in particular for people's willingness to live and work in China – the *talent magnet* question. For Immigration and Investment as a whole, China's score declined by 11.4% between the fourth quarter of 2005 and the second quarter of 2007. For willingness to live and work in China, the figure is nearly 14%. This compares with drops of around 9% for Russia and Indonesia, the countries with the next most negative trends in this area. Now, only Israel is less popular than China as a place to live and work.

By contrast, several West European countries, led by Germany, have improved their standing as talent magnets by over 5%. The talent magnet question is a very important one because its results encapsulate not just perceptions of economic opportunity, but also of the attractiveness of a country as a place to live.

China's bad news is not confined to the Immigration and Investment dimension. For the *country of origin effect* on product purchase, the results were not good either. If people find out that a product is made in China, the majority of people in our survey said they would be less inclined to buy it. What's more, the people who said they had bought

products from China were even more negative than the respondents as a whole.

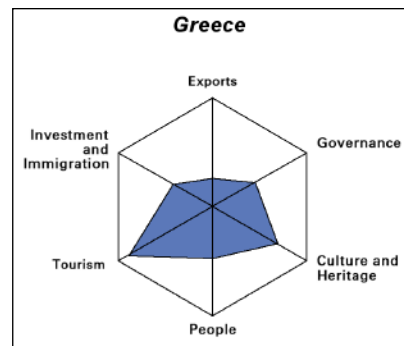
The trend for China's products was also the worst of any of the 35 countries polled. It is now 37th (the second-lowest country) for products, compared with 24th in late 2005. Its score has declined by nearly 6% over an 18-month period, compared with an increase of nearly 6% for Brazil, another member of the quartet of largest-emerging markets.

If China is hoping to emulate or even outstrip Japan's remarkable 40-year rise as a leading global producer of trusted and desirable consumer products, it appears to have taken a wrong turn in the road. The first stage of this process – increasing global familiarity with the Made in China label through wide distribution of its products – has been achieved with remarkable speed and efficiency. However, the second stage – where familiarity turns to trust – looks considerably more elusive. China's current highly publicised quality issues have certainly delayed this stage. The final stage – where trust turns to desire and premium positioning – can only take place when the corporations as well as the products are truly world-class, and can design and brand to world-class standards. This stage appears to be decades away for Chinese products.

Tourism appeal in China is lagging as well. People are showing no increase in their desire to visit China, despite the undoubted fascination of its historical heritage. In fact, the trend in China's results for "likely to visit, money being no object" is the worst of any country – a drop of 5.6% since late 2005. China has sunk to the 27th position in the tourism brand rank, according to our survey.

None of this augurs well for China and its attempts to promote itself as an attractive and trusted member of the international community. China's recent growth may have been stellar, but sooner or later, it will have to base its economy on the sound footing of a comprehensive, robust and improving national brand – as Brazil, for example, appears to be doing. This must include a governmental system that people trust. How far people's perceptions of China's governance spill over into these other areas, we cannot say for sure. China was the country with the worst results by far for governance in the Q2 2007 Anholt Nation Brands Index – well below Israel and Russia for example. This included its results for competence in domestic governance. It is highly likely that if people have little confidence in a country's ability to manage itself, they will not be willing to invest their time and money in it, and the Olympic Games will not be the success they are hoping for.

GREECE



As regular observers of the Anholt Nation Brands Index will know, we usually include a 'guest country' in each quarterly survey. The countries for these single appearances are generally selected because their image is of topical interest. Greece is the 'guest country' of the Q2 2007 NBI: it was chosen because it has long been conspicuous by its absence – it is one of the few longer-standing members of the European Union and one of the few major tourism destinations not to have been included in the NBI.

Greece, of course, also has the Olympics in its bloodstream. Not only was it the birthplace of the Games, but Athens was host to the last Summer Olympics in 2004. In a relatively small country such as Greece, we would expect a successful Olympics to lead to more positive perceptions of the country as a whole, and not just the host city. There are indications that this happened in Spain and Australia after the Barcelona and Sydney Olympics.

Greece was ranked 17th in the Q2 2007 Anholt Nation Brands Index, just behind Ireland and in front of Belgium. As this was Greece's first time in the survey, we cannot tell whether its brand is improving or not, and if it is, whether this is likely to have been influenced by the Athens Olympics. Nevertheless, the results in the latest NBI survey provide a comprehensive picture of Greece's

brand as a nation and some pointers to what may be influencing it.

Greece's dominant brand dimension is tourism. The survey placed it only just behind Italy at the head of the tourism league, with strength in all three areas that make up the dimension. Its people were ranked 6th for the welcome visitors expected to receive.

Greece was the leading European nation for heritage, both built and cultural. Heritage boosted its score in the culture dimension where it was 10th, but it was also seen to have strength in contemporary culture for which it was ranked 8th.

Apart from these areas, Greece languishes in the middle and lower reaches of the brand tables. Considering its identification with sport during the 2004 Olympics, and its victory in the European Soccer Championships in the same year, its 20th position for sporting excellence is a poor result. This suggests that Greece has failed to consolidate and build on its reputation as a successful modern sporting nation. Greece's exports come in at 26th out of 38. In governance, it is the lowest-ranked member of the pre-2003 EU, coming in at 19th place.

Presented visually, Greece's brand profile depicted to the left emphasises Greece's strength in tourism, but also

the contrast with other areas, particularly Immigration/Investment and Governance. Greece is not at present a country many people would be attracted to live or study in, and its government has less credibility than most of its fellow EU members.

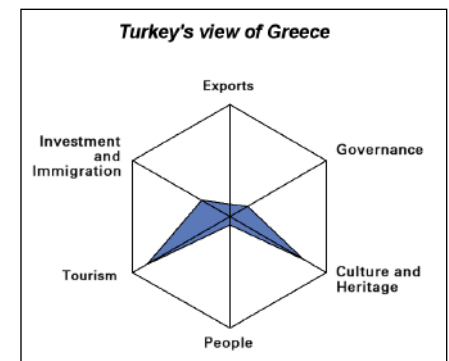
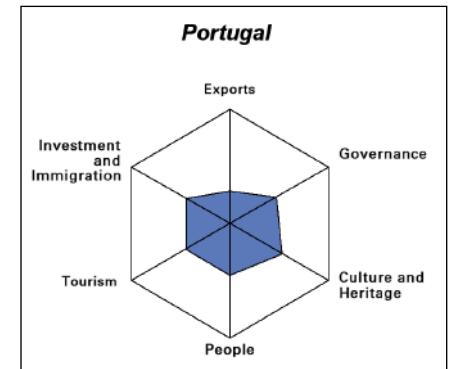
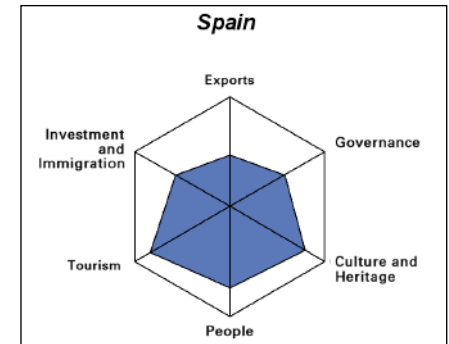
Greece may take comfort from the fact that it is doing better than Portugal in brand terms, as the diagram shows. Portugal joined the EU five years after Greece, and has also not managed to convince the world that its economy and governance are near the level of most members of the Union. What is more, its tourism sector, according to our survey, is built on weaker foundations than Greece's.

On the other hand, Spain, which joined the EU at the same time as Portugal, has built a more robust brand, stronger than or equal to Greece and Portugal in all six dimensions. Spain is a bigger country, which usually helps in brand building. It also hosted a successful Summer Olympics in Barcelona in 1992 and continued to build on that success.

Of course, not every nation has the same view of Greece. The most positive perceptions about Greece came from the Americas, where Mexico ranked Greece 13th. Brazil, Argentina, Canada and the USA also placed it above average. However, what is most

remarkable about the range of positions Greece was given by our panels is how narrow it was compared with most countries. Only eight places separated 90% of its rankings.

The major exception was Turkey. Turkey's view of Greece is summed up in the chart to the right in the shape of a moustache. Turkish panel respondents acknowledged Greece's strengths in tourism and culture, but not to do so would to some extent undermine their own. Aside from these dimensions, however, the Turkish panel were extremely ungenerous in their responses. Overall, they placed Greece at 27th. It seems that intra-regional public diplomacy in the Eastern Mediterranean still has some work to do.



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Reporting by Patrick Spaven
and Simon Anholt.