Is Country branding a panacea or poison?

Virimai V. Mugobo¹ and Wilfred I. Ukpere²*

¹Faculty of Business, Cape Peninsula University of Technology (CPUT), Cape Town Campus P. O. Box 652 Cape Town, 8000, South Africa.
²Department of Industrial Psychology and People Management, Faculty of Management, University of Johannesburg, South Africa.

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The momentum towards complete globalisation advocated by proponents of the benefits of one big business village as the answer to the suffering of third world countries, has now been slowed down by the uncertainty resultant from the hitherto unprecedented global meltdown. With the coughing of America, the whole world seems to be catapulting into one big mess due to the global economic quagmire. Consequently, there is a global scramble for the limited and constantly contracting financial and market resources. Third world countries, rich in natural resources but insignificant global players, have been relegated to perpetual recipients of aid, finished products and obsolete or second rate technology. Despite having 53 countries, Africa is painted en bloc as a “dark continent” dogged by civil wars, disease, poverty and famine. This “bad continent” image thus affects all African countries including those that are fairly stable such as South Africa, Botswana, and Egypt. This scenario necessitates country differentiation through individualised or regionalised country branding.

Key words: Brand, competitiveness, globalisation, nation branding.

INTRODUCTION

Country or nation branding seeks to differentiate a particular country by establishing sustainable and difficult to copy competitive advantages. Country branding as a marketing strategy positions the country in an enviable position that creates an attractive identity amongst its internal and external stakeholders. The response would be evaluated inter-alia on the basis of the ability of the country to attract foreign direct investment, increase tourism and boost export trade. According to Florek (2005), “…in order for countries to achieve their national economic goals, one solution that they must consider is nation branding.” As the global economic recession continues to take its toll on individuals, families, companies and countries across the globe, the search for a panacea to this unprecedented economic downturn is gathering momentum as business and political leaders seek quick and sustainable ways to mitigate the impact of this crisis on their economies and also find long-term methods to manage the global financial economy (Ukpere, 2011). True to the adage that ‘when America catches a cold, the whole world sneezes’, the global crunch first emerged in the United States of America (USA) with the collapse of the sub-prime mortgage system which then led to the loss of confidence by investors in the value of securitised mortgages in the USA and across the world (Ukpere, 2010). During the past few years, the USA government and other governments in the developed world have injected substantial amounts of capital into their financial markets as an intervention strategy. Whether these intervention strategies are effective or not are not the subject of this article but surely these financial crises have had a profound effect on economies across the world and South Africa is not an exception. As a result of the economic downturn, in many countries, foreign investment is now difficult to obtain, banks and investors have become wary of lending money to companies, exports are contracting and tourist numbers have dwindled as holidays are now regarded as

*Corresponding author. Email: wilfred@ukperse@gmail.com or pastorwilfred@yahoo.co.uk. Tel: 27-735295587.

Abbreviations: USA, United States of America; IMC, International Marketing Council.
a luxury. A number of solutions to the global crisis have been proffered including the one already alluded to whereby governments are coming up with rescue packages for private and public companies. These incentives include tax holidays, reduced import and export duties and direct financial support. At a corporate level, some companies have resorted to downsizing (optimists would call it right-sizing), cutting down on unnecessary expenditure, shelving new projects and re-negotiating loan repayments with their creditors. One possible solution that has not been considered and which has great potential for developing countries to survive the global crunch is the need for countries to adopt and implement nation or country branding strategies. This article therefore seeks to interrogate the concept of country branding and argue that it is one of the long term solutions to the economic challenges facing the world today. The article will also look at the strategies and tactics that countries can use in order to come up with competitive nation brands. The article will therefore be of much significance to governments across the world by offering one of the solutions to the economic problems currently obtaining in the world. According to Anholt (2006), country branding can be defined as “…the systematic process of aligning the actions, behaviours, investments, innovations and communications of a country around a clear strategy for achieving a strengthened competitive identity.” Effective, efficient and consistent country branding can help countries attract foreign investment, promote tourism and trade and increase exports (Teslik, 2007). Thus country branding is especially needed now when nations are competing for very limited resources as a result of the economic downturn. Anholt (2002) argues that developing countries can increase their competitiveness and therefore reduce economic disparity through effective branding. In this regard, African countries in general and South Africa in particular can implement country branding strategies in order to attract investment, increase tourism, trade and exports. It follows then that country branding is one of the possible solutions to the national economic challenges in South Africa and beyond.

**Research problem**

Country branding, if implemented effectively and efficiently, will position a country on the global market as an attractive destination for investment, knowledge, tourists and also promote exports and technology emanating from that country. This will in turn result in economic development for the country leading to improved quality of life and standard of living of its citizens. Country branding has been successfully implemented in countries such as Spain, USA, and India. However, the concept failed to achieve meaningful results in African nations such as Nigeria, Tanzania, Rwanda, Zimbabwe to mention a few.

**Research question**

The aforementioned problem statement led to the following research questions:

1. Why is nation branding so important to a nation’s economic recovery?
2. What is responsible for the success of nation branding in some First World nations?
3. What are the constraining factors towards the implementation of nation branding in most African countries?

**Research objectives**

The objectives of this paper included the following:

1. To explore the concept of nation branding in order to establish the benefits it has brought to nations that have successfully adopted it.
2. To explore how African countries in general and South Africa in particular can re-brand themselves in order to create competitive country brands that are able to survive and flourish in the current challenging economic times.
3. To suggest ways of overcoming the challenges of nation branding implementation in most African countries.

**CONCEPTUAL FRAMEWORK**

**A Country as a brand**

According to Kotler and Keller (2006), a brand is defined as “…a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.” Kay (2004) posits that a brand has the purpose of separating a product from other competitors and to identify the product or service and to build customer awareness. Branding has thus been traditionally used by organisations to identify their products, differentiate them from those of their competitors and create long-term and mutually beneficial relationships with their customers. During the past two decades, the field of branding has widened from products to services and now nations, cities and towns are now being branded. As globalisation is increasing at an accelerating rate and countries are engaged in ferocious competition for resources and markets, nation branding has gained visibility among academics, business leaders, economists and politicians. Teslik (2007) elucidates that branding efforts have branched out well beyond attracting tourism. Countries now hire firms to help them launch sophisticated branding campaigns aimed at luring foreign investment, facilitating trade, improving private sector competitiveness, or even geopolitical influence. Due to the fact that nations or
countries, as a result of globalisation, are now competing with each other for inward investments, export markets, skilled labour and tourists, the application of commercial branding techniques to countries has thus gathered unstoppable momentum (Alam et al., 2010). In this regard, countries have now become “brands” that can be strategically marketed to a targeted audience in order to achieve desired results.

Many countries have now realised the importance of developing a nation brand as way of achieving their socio-economic and political aspirations. Mihailovich (2006) argues that branding has become a central tool in country competitiveness. According to O’Donovan (2004) “…nation branding applies a brand strategy to the economic, social, political, and cultural development of countries.” Nation branding seeks to help countries to develop and communicate strong brand identities which could help speed up development by attracting foreign investors and tourists (Rendon, 2003). In agreement with Rendon and Anholt (2006) elucidates that nation branding is concerned with planning, governance or the economic development of a nation. Gudjonsson (2005) also notes that nation branding is about influencing and creating an effective environment for a nation’s brands to compete on the global market.

Countries as non brands

Despite the fact that country branding is gaining acceptance worldwide, there are some academics and practitioners who still argue that the concept is not an effective solution for addressing national economic challenges. The proponents of country branding affirm that nations are brands and can therefore be marketed using the same principles as products and services. However, the alternative school of thought argues that the idea of treating nations as brands is not acceptable (O’Shaughnessy and O’Shaughnessy, 2004; Gudjonsson, 2005). According to the opponents of country branding, equating a country to a commercial product or a service to be manipulated and sold to consumers is deceptive and demeaning. Furthermore, managing a nation’s image is too complex because a nation has too many other characteristics that are difficult to control. A nation has a variety of characteristics which lack controllability and therefore it is far much easier to give a unity of purpose and uniqueness to a product than to a nation (O’Shaughnessy and O’Shaughnessy, 2004).

Thirdly, this point of view affirms that product and service brands have clear and distinct owners. On the other hand, countries, with millions of citizens who collectively own them, regarding them as a single brand is a fallacy. In many instances there is conflict of interest between the citizens themselves and at an institutional level, between the public sector and the private sector with regards to the objectives and methods of nation branding and foreign and trade policies in general (Alam, 2009; Alam et al., 2010). It may therefore, according to this argument, be difficult to come up with a consistent nation brand which meets the expectations of the conflicting parties. The proponents of this view further argue that although branding techniques can be applied to nations, their overall impact is minimal unless the efforts are directly linked to particular products and services emanating from those countries. In this regard, governments can use the techniques of branding to add value to their industries and the brands they represent (Gudjonsson, 2005). Although Simon Anholt is one of the key drivers of country branding as a national economic strategy, he points out that country branding is only applicable in developed and developing economies. He further points out that for the least developed countries, their immediate challenges are to provide basic services to their citizens and implementing a country branding strategy will be a misplaced option.

Papadopoulos (2004) believes in the potential of nation branding, but points to a number of significant obstacles to making the technique truly effective. Specifically Papadopoulos notes that the most important challenges currently facing branding are “…lack of unity of purpose, difficulty in establishing actionable and measurable objectives, lack of authority over inputs and control over outputs, restricted flexibility, and relative lack of marketing know-how.” Papadopoulos and Heslop (2002) maintains that effective branding requires a cohesion and expertise that most countries have not yet developed. However, it is more than apparent that much of the criticism against the concept of nation branding stems out of ignorance or lack of understanding of what nation branding really is. Many academics and practitioners look at nation branding from a very narrow perspective and equate it with product advertising. It is imperative to point out that nation branding is more than advertising; rather it is a conscious and deliberate initiative to differentiate a country from its competitors and place it in a competitive position in order to attract investment, tourism, exports, trade and international relations.

Although the aforementioned two schools of thought appear to be divergent, they both agree that nation branding can bring positive results to a country especially its products and services. The author strongly argues that just as products and services can be marketed as brands, the same principles can also be used to market town, cities, regions and ultimately countries. Anholt (2006) sums it all when he asserts that “…branding may be seen more as a technique for nations to distinguish themselves in the increasingly competitive international system. Such branding is especially important for poorer and developing countries as it allows them to carve out a particular niche in the global marketplace.” This therefore supports the author’s argument that country branding is
one of the potential solutions to the economic challenges facing many countries across the world today.

**Benefits of a strong national brand**

In an article on the need for Asian countries to brand themselves, Temporal (2001) listed the benefits of having a robust and positive national brand image, namely increases currency stability; restores international credibility and investor confidence; reverses international ratings downgrades; increases international political influence; leads to export growth of branded products and services; increases inbound tourism and investment; stimulates stronger international partnerships; enhances nation building (confidence, pride, harmony, ambition, national resolve); reverses negative thoughts about environmental and human rights issues; helps diffuse allegations of corruption and cronyism; brings greater access to global markets; leads to an improvement in the ability to win against regional and global business competitors; and the ability of the country to defend its own markets (Anholt, 2002).

From the aforementioned statement, it is an evident that nation branding is a powerful concept that can bring enormous benefits to a country. According to Pantzalis and Rodrigues (1999) in Anholt (2005), the movement of international capital is influenced by perceptions of countries as brands by investors. They claim that positioning and managing the country brand are critical in attracting global capital and affect how and when capital may flee a country in situations such as the 1997 Asian economic crisis. Closer to home, the flight of investors from Zimbabwe as a result of economic mismanagement and crisis. Closer to home, the flight of investors from Zimbabwe as a result of economic mismanagement and crisis. Closer to home, the flight of investors from Zimbabwe as a result of economic mismanagement and crisis. Closer to home, the flight of investors from Zimbabwe as a result of economic mismanagement and crisis. Mselle (2007) proposed a seven step nation branding process beginning with the government, politicians, business leaders and the general public. Cromwell (2006) argues that branding a country successfully requires collaboration of many of the senior-post figures in the country—both in government and the private sector. “...It really requires a partnership on a very-very high level” he argues. Anholt (2006) also affirms that successful brands must have an authentic foundation, with the qualities highlighted by the brand clearly apparent in a nation’s existing qualities. He further points out that any attempt to transplant a positive brand onto a nation that does not have the policy to support and legitimate it will be fruitless. This is especially true of the current attempts by some Zimbabwean politicians to re-brand their country. To a larger extent, this effort is doomed because of the absence of an enabling environment for nation branding. Anholt concludes by saying that “...... Generally, countries get the reputations they deserve, and the surest way to fix that reputation is to address the policies (or absence of policies) that caused the reputation in the first place.”

**The nation branding process**

There is no universally agreed model for nation branding and this is largely due to the novelty and complexity of the concept. However, the following model is gaining recognition among nation branding academics and practitioners across the world.

**Mselle’s seven steps of nation branding**

Mselle (2007) proposed a seven step nation branding process as highlighted in Figure 1. She asserts that these activities are the core issues that must be included in any nation branding initiative.

**Assess perception of the country**

Fan (2005) noted that any Organisation or government embarking on nation branding must evaluate the existing perceptions associated with the country in order to reinforce positive perceptions while filtering out negative aspects. For instance, South Africa would emphasise more on level of infrastructure development, mineral resources and diversity and possibly filter out negative perceptions about crime, xenophobia and so on. Anholt (2006) proposed that a nation’s image can be based on
assessing whether the nation is known; to whom it is known; and in what ways it is known (good or bad).

A country like the Democratic Republic of Congo is known for its abundant natural resources and even more for endless civil wars. Zimbabwe is known for human rights abuses, poor governance, political violence and land grabbing (Ndlela, 2009). Nigeria has a world reputation for its diamond mining, good governance, democracy and economic stability.

**Establish working groups**

The nation branding process must be a private-public sector partnership for it to be effective and the bulk of the funding must be from the government as the major player in the process. The International Marketing Council (IMC) of South Africa is an example of this initiative and the SA government appoints almost half the IMC’s board. Domeisen (2003) also suggests that media, educators and representatives from sports and arts associations should also be part of the nation branding working group. The process must also be supported by the country’s top leadership, for instance the President, in order to encourage multinational corporations to invest in the country. It is clear therefore that nation branding must be as inclusive as possible but the model does not elaborate how many people would constitute an inclusive working group.

**Identify nation’s competitiveness**

According to Vaknin (2008), in designing its “products” and thus, in acquiring a brand name, a country makes use and leverages several factors including the following:

1. Natural endowments – the country’s history, geographical location, tourism sites, climate, national ‘mentality’ (hardworking, forward looking, amicable, peaceful etc.).
2. Acquired endowments – public goods, literacy levels, specialist skills, knowledge of foreign languages, quality of infrastructure, legal, health, banking and other national systems.
3. Risk mitigation – international standing, political risk, favourable international treaties, credit history and insurance available to investors and exporters.
4. Economic prowess – level of economic growth, economic policies, monetary stability, access to international credit and market opportunities.

Porter (1990) to a larger extent agrees with Vaknin and asserts that the determinants of national advantage or competence are factors associated with production such as skilled labour and capital infrastructure; the demand condition of the home industry’s products and services; existence or absence in the nation of supplier industries and related industries that are internally competitive; conditions in the nation that govern how companies are established, organised and managed and the nature of domestic rivalry. According to Porter, it is the fulfilment of

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**Figure 1. The Nation Branding Process (Msele, 2007).**
these conditions that will determine the competitiveness of a nation and its ability to win markets, promote inward investment, tourism and trade in an increasingly competitive global market.

**Identifying the target audience**

According to Anholt (2006), identifying the country’s key audience is another important step in nation branding. He suggests that identification of target audience should be aligned with the intended nation branding objective such as trade partners, export markets, political allies, cultural partners, students and business visitors. However, it is important that the local audience (internal target) be included in nation branding efforts as they will then become the country’s brand ambassadors, for instance during their interactions with tourists, investors and other visitors.

**Define a core message and establishing brand identity**

According to Olins (2000), developing a core message means finding a way to “...articulate value proposition of a nation brand to its target audience.” A nation cannot be everything to everyone and thus it must develop specific messages targeted at specific audiences. The core messages must be clear, consistent and credible. The message must be in line with the national identity and must communicate the nation’s unique selling proposition or its competitive advantage. The core message must also be in line with the aspirations of the internal audience. For example, South Africa’s “Alive with Possibility” proposition is in line with the “Proudly South African Concept” and the idea of the “Rainbow Nation”. Every nation brand must have a clear and distinct identity as its backbone (Fan, 2005). According to Domeisen (2003), national identity is the way nation is perceived by its external audience. National identity rallies the nation together, for example, the Proudly South African campaign, Incredible India, Cool Britannia and so on. A nation can use its history, culture, technological development or any other important milestone to carve a unique identity for itself. For example, the pyramids have worked well for Egypt, the Victoria Falls for Zimbabwe and safety and security for Switzerland. However, a country can have multiple identities and this poses an enormous nation branding challenges due to the fact that multiple identities may create confusion in the target audience, for example, the USA promotes an identity of a stable democracy that promotes peace and harmony but would also want to be identified as a superpower in terms of economic and military prowess. Multiple identities therefore demand careful audience targeting, message alignment and coordination.

**Assessing readiness for the nation branding process**

Nation branding is an expensive and time consuming process and requires a strategic nation vision and detailed long-term planning. Generally nation branding programmes take between five and twenty years to bear fruit. It is also imperative for the nation branding authority to ensure the buy-in of all the economic sectors and the general public in the country in order to garner maximum support. The nation branding authority must ensure that adequate resources are available to fully implement and manage the nation branding campaign.

**Measuring the progress of nation branding**

Just like any process, once you start implementing a nation branding programme, it is imperative to monitor the process to ensure that everything goes according to plan. Because of its complexity and the ever-changing environmental factors, it may be necessary to take corrective action in the form of programme adjustments, alterations and reinforcements. Anholt (2005) developed the nation brand hexagon (Figure 2) highlighted below as a model to measure the appeal of a nation’s brand image and assess how consumers perceive the nation brand.

According to Anholt (2005), the nation brand hexagon (Figure 2) can be used to assess the nation brand across six variables viz: tourism, exports, people, culture and heritage, inward investments and immigration, foreign and domestic policy. This model measures the appeal of a nation’s brand image and tells how consumers see the character and personality of the brand. Respondents are asked questions based on the six variables and their responses are measured on a 7-likert scale with 7 being the highest score and 1 the lowest. The overall strongest nation brand is the one with the highest mark across all six facets of the hexagon.

Anholt (1998) asserts that the above model can be used during the brand strategy development phase as a guideline and the six variables in the hexagon are the major issues that the nation brand developers must take into consideration.

Many academics and practitioners generally agree that the nation branding process described above highlights the major steps in nation branding and breaks down the concept into simple and understandable terms. However, this model is a kind of one-size-fits-concept and does not take into consideration geographic, political, social, economic and economic differences among nations. For instance, can the same model be applied by Mozambique and Japan and achieve the same results? The major weakness of the model however, is the apparent lack of a
clear and concise theoretical framework that can comprehensively support the nation branding process in different scenarios.

CHALLENGES AND LIMITATIONS OF NATION BRANDING

As a concept that is still growing, nation branding as a solution to the current business management challenges has its own limitations and these includes the following: First and foremost, branding a nation is a very complex and time consuming activity that can even take two decades to bring tangible results (Vatahov, 2006). The current economic challenges demand quick solutions and therefore nation branding may not be the immediate panacea. Nation branding is more effective if implemented as one of the longer term solutions to a country’s economic challenges. Some countries also lack the expertise to successfully implement a nation branding programme and in that case it may be necessary to contract international nation branding consultancy firms. However, these firms are very expensive to contract and may African countries cannot afford to hire them. Another challenge is the lack of a theoretical framework. As alluded to earlier on, nation branding is a relatively novel concept and there is very little literature available to guide both academics and practitioners on best practices. In addition to the absence of a theoretical framework, the other limitation of nation branding is the presence of mixed results and lack of consistent benchmarks. Nation branding has been successfully implemented in countries such as Spain, New Zealand, Hong Kong, Singapore, Ghana and Sweden (Szondi, 2007). It has however dismally failed to achieve the desired results in Nigeria, Tanzania, UK, and Rwanda. For countries such as South Africa, Croatia and the USA the benefits have been minimal. Furthermore, nation branding initiatives are very costly and this poses a serious challenge to poor countries. For instance, nation branding initiatives could not be sustained in Tanzania and Rwanda because of funding problems. Also, lack of government support is another impediment to nation branding. Hence, for any nation branding programme to be successful, it must be supported financially, materially and morally by the government. Government policies must be in line with nation brand objectives. Finally, nation branding is a common programme by a common people who want to achieve a common purpose. The programme must therefore have the support of all stakeholders including the government, private sector, non-governmental organisations, religious leaders, academics and the general public. Achieving alignment and coordination among different stakeholders with different interests is an enormous challenge indeed.

ANALYSES AND CONCLUSION

This article interrogated the concept of nation or country branding as a solution to the current economic challenges facing many countries across the world as a result of the global downturn. The global crunch has led to massive job losses in industry, reduced consumer spending and demand, lack of investor confidence, currency volatility, stringent borrowing conditions and increases in interest rates. All these are enormous challenges and problems and they seem insurmountable especially in view of the current solutions being proposed by business
leaders and politicians alike. One possible panacea or remedy to these challenges and problems is a call for countries to implement country branding as a long-term solution not only to the global crunch but also the accelerating global competition.

Country branding enables a country to identify and differentiate itself on the global market place and enables it to create a competitive position in order to attract inward investment and tourists, promote products originating from the country (exports), attract foreign knowledge and skills, and build mutually beneficial bilateral and multilateral relationships with its trading partners and allies. This in turn leads to socio-economic and political development and stability in the country. The author therefore proposes effective country branding as a solution to the economic challenges currently bedevilling many countries across the world.

African countries stand to benefit immensely from this concept by re-branding themselves in order to spruce up their image and carve a niche for themselves on the global market as a way to achieve economic prosperity. Nation branding also presents African countries with the unique opportunity to reverse the brain drain that has hampered so much of their development. However, country branding is a very complex, costly and time consuming exercise. Implementing the concept with a short-term focus has led to so many failures. Furthermore, many governments across the world, especially in Africa do not have and cannot afford to contract the expertise to effectively manage a successful nation branding programme.

Lastly, nation branding challenges governments to align political and economic policies with nation branding objectives and this is an uphill task to climb for many nations because according to them ‘business and politics cannot intertwine’. Surely country branding is a long-term panacea to the current economic challenges but however it becomes poison if it is misconstrued, haphazardly implemented and used as a cover for bad socio-economic and political policies.

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