

# Focus

## **Competitive Identity: A new model for the brand management of nations, cities and regions**

The image of a nation to the rest of the world is crucial. Here, **Simon Anholt** examines the importance of competitive identity and its relation to globalisation.

### **What is Competitive Identity?**

Today, the world is one market. The rapid advance of globalisation 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 organisations do not 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 are not fully aware of this and do not 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 two hundred 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 have not 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 is nothing anybody can do to change this. It is 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 do not get nearly as much attention, visitors, students, 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 honestly reflects the spirit, the genius and the will of the people. This huge task has become one of the primary skills of governments 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:

- schools, colleges and universities promote their courses to students and researchers at home and abroad
- 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.

... and 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.

Because 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 harmonised 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 are 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 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 is a lot of mistrust about brands and branding these days, and this is not helped by the fact that nobody seems to agree on what the words really mean.

Branding is a topic that is 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 or even propaganda. Marketers and advertisers and other people who work professionally with brands use different and more technical definitions of the word, 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 do not 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 is a vocabulary which, if you are not used to it, sounds cynical, arrogant, even sinister, and politicians would do well not to imitate it too closely, now matter how modern they may think it makes them sound.

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

## **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 is a constantly shifting mixture of the two.

The place may be internationally famous, like 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, like the English Channel Isles or the Crimean Riviera. Or it may be completely unknown to everyone but its closest neighbours, like Fruitful Vale in Jamaica, or Novolokti (a village in the Siberian region of Tyumen, in case you were wondering).

- the place may mean much the same things to most people who are aware of it. This means it has a strong reputation

- 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
- if it is known by a lot of people, it is a famous place.

Of course strong and famous do not 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 is made or done there
- 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?
- if you had two equally qualified candidates for a senior teaching post in economics, would you be more likely to pick the Turk or the Swede?
- if the Mongolian State Circus and the Nigerian State Circus were in town, which one would you expect to be the better show?
- would you rather have your capital city twinned with Sydney or Sarajevo?
- does a holiday on the Albanian Riviera sound more or less luxurious than one on the French Riviera?
- would you build a technology factory just outside Zurich or just outside Kampala?

... and so on. 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 do not 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, educational, social, political and cultural progress. Whether we are thinking about going abroad to study, going somewhere on holiday, buying a product that is 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.

## **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. 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 21<sup>st</sup> century summits like Geneva, Genoa and Seattle, which dominate the world's TV screens for days on end, and where you can not 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.

These days, there is more collaboration and integration between embassies, cultural bodies and trade and tourist offices, and 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 is clear that all the major stakeholders of the country's image need to be fully represented on it – and this full representation is 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 have often 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 as that background reputation can be altered only 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 is 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 only have 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.

## **The population and competitive identity**

The term ‘public diplomacy’ is closer in meaning to Competitive Identity if the word ‘public’ is applied to the messenger as well as the audience – in other words, when a substantial part of the population is motivated and energised through a benign national ambition, and instinctively seizes every opportunity to tell the world about its country. If traditional diplomacy is government-to-government (G2G) and public diplomacy is government-to-people (G2P), then effective nation branding also includes an element of P2P. Some countries, like Italy and America, seem to achieve the P2P spirit quite naturally, while others like Britain and Germany find it much more of a problem.

When the entire population is galvanised into becoming the mouthpiece of a country’s values and qualities, *then* you have an advertising medium that is actually equal to the enormous task of communicating something so complex to so many.

This, it seems to me, is the real power of P2P diplomacy. The ultimate aim towards which Competitive Identity should aspire is creating such a sense of pride and purpose that the entire population begins, almost by instinct, to perform such acts of conversion, every day of their lives: an



impossible target to attain, of course, but the direction in which one should strive could not be clearer.

It is true that each individual ‘branding’ action, and its effect on the whole world’s perceptions of the country, may seem heartbreakingly tiny, hardly even worth doing: a mere drop in the ocean. But the ocean is made of drops, and what is truly heartbreaking is when thousands of people and companies and products and politicians and personalities and cultural artefacts are drop-drop-dropping messages every single day about their country and it does not amount to anything, because there is no method behind it, no guidance, no strategy, no vision, no common purpose.

## **Education and competitive identity**

Education plays an important role in establishing the image of the country for future generations and building future visitors, residents, investors, advocates and supporters.

If, for example, schoolchildren in one country are taught about the history or geography of another country, and if the teaching is successful, then the image and the existence of the place will be firmly established in their minds, quite possibly forever.

When children learn about a particular country in their geography lessons, it is clear that they quickly build up a special feeling about the place that is strong, personal and likely to result in a lifelong loyalty to a place they have never even visited. And one can see that if the subject is well taught and the country winningly presented, it can create more pester-power marketing than years of deliberate efforts by places like Disney World and Legoland to achieve precisely this effect. Children can remain more or less indifferent to endless TV commercials specifically designed to ‘brainwash’ them into forcing their parents to take them to such attractions, yet the impact of a piece of educational promotion by another country is often far greater and certainly more lasting. This clearly has something to do with respect for the messenger – children may well trust what a teacher tells them rather than what an advertisement on the TV sells them – but it probably has just as much to do with the deeper impact of a proper learning process rather than pure one-way entertainment.

Education is also important in the reverse sense: over the coming generations, countries also need to start educating children to be better informed, more enthusiastic and prouder advocates of their own nation. A Competitive Identity is one of the few effective ways of controlling population loss. If teenagers and young adults sense that where they live is at the heart of things, admired and respected by people in other places

around the world, a place they are proud to call their own because of the positive reaction they get from everybody they meet, they are far less likely to succumb to the brand power of somewhere more glamorous and further afield. Like so much that drives the psychology of young adults, it is a question of self respect.

In a more practical way, it is good to work out ways of teaching children from a very young age how to be welcoming to strangers. Any place that depends on outside visitors for its survival is failing in a basic duty of care if it does not provide this kind of training or sensitisation for its young people. Later, the training can of course become even more practical and directly vocational, and much good work continues to be done in training for hospitality, conservation and leisure.

## **Competitive identity and globalisation**

The fundamental driver of Competitive Identity is globalisation: the emergence of 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, educational establishments, 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 is not 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 learning 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.

**Simon Anholt** is the world's leading authority on managing and measuring national identity and reputation. He is a member of the British Government's Public Diplomacy Board, and has advised the governments of the Netherlands, Jamaica, Tanzania, Iceland, Sweden, Botswana, Germany, South Korea, Romania, Scotland, Croatia, Mongolia, the Baltic Sea Region, Bhutan, Ecuador, New Zealand, Switzerland and Slovenia, as well as organisations including the United Nations, the World Economic Forum and the World Bank.

He is a Parliamentarian of the European Cultural Parliament and Founding Editor of the quarterly journal, *Place Branding and Public Diplomacy*. His books include *Another One Bites The Grass; Brand New Justice* (which deals with the role of brands in economic development), and *Brand America*, (which charts the rise and fall of America's reputation). He is also a co-author of *Beyond Branding*, *The Economist's Brands and Branding*, *Heritage and Identity* and *Destination Marketing*. His most recent book is *Competitive Identity*, published by Macmillan. He is the founder of the Anholt Nation Brands Index, City Brands Index and State Brands Index.

For further information, please see: [www.nationbrands.com](http://www.nationbrands.com).