



**ANHOLT NATION BRANDS INDEX  
2007 Q3 REPORT**



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 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:

**Exports**  
**Governance**  
**Culture and Heritage**

**People**  
**Tourism**  
**Immigration and Investment**

Together, these dimensions form the Nation Brand Hexagon.

### **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**

Here, 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 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 the 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 two questions. First, people imagine that they are managers needing to make an important hiring. 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 countries?" 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 the 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 first ask about tourism potential: how likely would people be to visit a country, if money were no obstacle.

Two further questions address two aspects of a country that are usually important attractors of tourists: natural beauty and a rich 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 to 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 were 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 described each country's economic and social condition.

In the NBI, 25,000 people are asked the same questions every quarter. The results are remarkably consistent quarter by quarter. The NBI sees none of the wild fluctuations that often characterise political opinion polls. This tells us two things above all - the survey is a highly reliable indicator of brand perception; and brands change very slowly. Typically, any fluctuations that are apparent correct themselves in the next one or two quarters. In a very small number of cases, the changes are uni-directional. One of these is examined next.

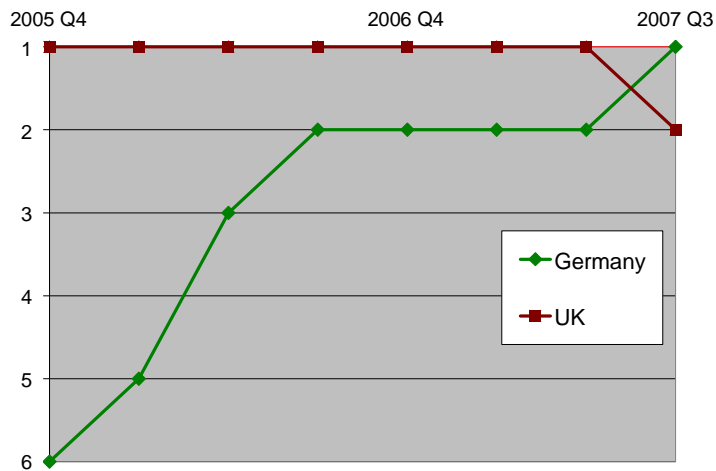
### **GERMANY DISLODGES THE UK FROM THE TOP SPOT**

For 2 years - from the third quarter of 2005 to the second quarter of 2007 - the UK topped the Nation Brands Index quarterly league tables. It achieved this by excelling in two dimensions - Culture and Heritage and Immigration and Investment - where it has been top in more than one quarter, and by having no serious weaknesses. It has consistently been positioned among the top 10 countries for every dimension, with the exception of Governance where it occasionally slipped to 11<sup>th</sup> place.

For the first 4 quarters, there were 4 separate runners-up to the UK in the Brands Index. But since the third quarter of 2006 there has been only one contender: Germany. Finally, in the most recent NBI survey, as the tables below reveal, Germany has beaten the UK to the top spot.



### Germany and UK's overall ranking 2005 Q4 to 207 Q3



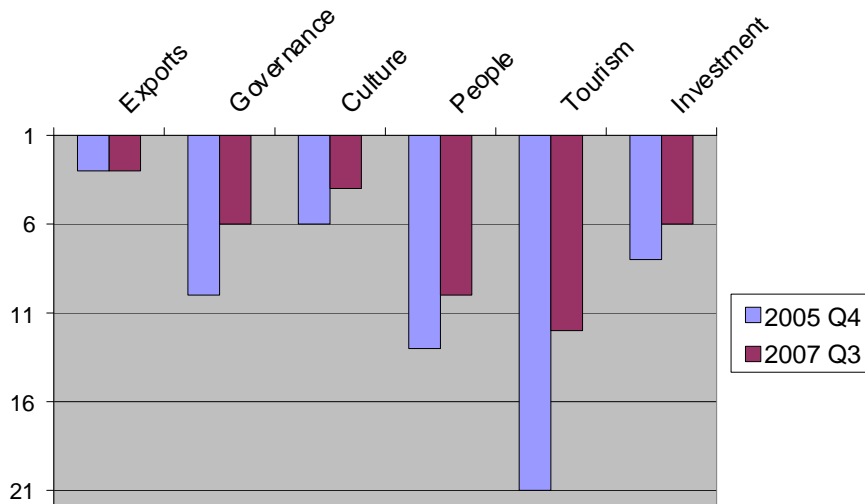
### NBI overall ranking and scores 2007 Q3

Overall rank order	Total scores	Overall rank order	Total scores
1	Germany 127.0	19.0	Wales 113.7
2	UK 126.4	20.0	Portugal 111.2
3	Canada 126.0	21.0	Brazil 107.3
4	France 126.0	22.0	Russia 106.0
5	Switzerland 124.0	23.0	Singapore 104.6
6	Italy 123.8	24.0	China 104.5
7	Sweden 123.7	25.0	Mexico 103.4
8	Australia 123.6	26.0	India 103.1
9	Japan 123.0	27.0	Poland 102.3
10	United States 121.2	28.0	Egypt 102.0
11	Netherlands 119.7	29.0	South Korea 101.8
12	Norway 119.5	30.0	South Africa 99.3
13	Denmark 118.7	31.0	Malaysia 97.8
14	Spain 118.7	32.0	Turkey 96.6
15	New Zealand 118.1	33.0	Estonia 95.7
16	Finland 116.4	34.0	Lithuania 95.4
17	Ireland 115.7	35.0	Latvia 95.3
18	Belgium 114.6		



Germany's progress has been on almost all fronts. In the 4th quarter of 2005, Germany was in 6<sup>th</sup> position overall. It was rated 21<sup>st</sup> for Tourism and its People were placed 13<sup>th</sup>. With its Governance credentials, it just reached the top 10; its Culture and Heritage were rated 6<sup>th</sup> and it was the 8<sup>th</sup> most popular country to live, work or study in. Less than 2 years later it had climbed 9 places in the Tourism table; its People were rated 10<sup>th</sup>, its Governance 6<sup>th</sup>, and it had advanced two places for both Culture and Heritage and Investment and Immigration. It had remained strong – in 3<sup>rd</sup> place – in Exports throughout the period.

### Germany's Brand Dimension rankings 2005 Q4 and 2007 Q3



Germany's rise to first place has been a game of 2 halves. The first half was played out in the first 3 quarters of 2006 when Germany used the opportunity of the Football World Cup to demonstrate that it was not just an efficient manufacturer of sought-after motor cars and a country of highly-educated, highly-employable people. The carefully crafted promotion of Germany throughout 2006 exposed another, lighter, side to the country: a country of ideas in both public and private spheres, and - dare we think it - fun.



There is no absolute proof that the World Cup and Germany's promotional campaign led directly to its advances in the NBI. But they are the most likely, and only plausible, explanation.

The second half – from late 2006 to late 2007 - has been much less of an attacking game for Germany. It has been mainly a question of hanging on to the advances made in the first half and waiting for the opportunity to overtake the UK. In the end it was a UK own-goal that put Germany in the lead.

In fact, Germany's results in 2007 Q3 were not very good. Overall and in most dimensions, it slipped back when compared with the trend for the 35 countries as a whole, and 2 of its larger neighbours: France and Italy. This was part of the almost inevitable adjustment after the World Cup-fuelled gains of 2006.

But the UK's results were much worse as the table below highlights. It slipped nearly 2% in the Nation Brands Index as a whole, and around 4% for Governance and Investment and Immigration. These are significant falls which suggest adverse reactions around the world to the performance and image of the UK under its new Prime Minister. They may of course be temporary – Governance is the most volatile dimension of the Brand

Change in Germany's and UK's scores between 2007 Q2 to 2007 Q3 (net of the 35-country average change)	%	Hexagon. Other high profile countries such
<b>All questions</b>		
Germany	-0.7	
UK	-1.8	
<b>Governance</b>		
Germany	-1.1	

as France and Italy have experienced – and recovered from - this type of change in their NBI results when their governments have been in difficulties. The sharp fall in the Investment and Immigration figure however is more unusual, particularly for a Western country.

UK	-4.1
<b>Investment and immigration</b>	
Germany	-1.3
UK	-3.8



But even if the change at the top of the 2007 Q3 NBI might have been a UK own-goal, we should not detract from Germany's achievement in significantly improving and consolidating its nation brand over the last 2 years, and reaching the No. 1 position.





## BRAND USA STILL APPEALS TO MUSLIMS

The unpopularity of the USA around the World, and especially in countries with large Muslim populations, is well documented. Opinion ratings have slumped, particularly since the USA began its post-9/11 "War on Terror".

But are opinion polls a good guide to brand strength? The evidence from the NBI suggests that they may not be. Despite the misgivings most Muslim people have about the US Government and its behaviour in recent years, those in the 4 "Muslim countries"<sup>1</sup> in the NBI still rank the USA as the strongest overall brand compared with any other of the World's major geo-political groupings.

The table below presents the average ranking by the 4 "Muslim countries" for 10 geo-political groupings, including the USA, China, Russia and India. To increase the reliability of these results, we merged 5 quarters' results from the NBI in 2006 and 2007, thus reducing the margin of error<sup>2</sup> to under 1%.

The consensus in the 4 countries, taken together, is that USA has the strongest brand among these blocs. 5 individual countries - Japan, UK, Germany, France and Italy - are ranked higher than the USA; but when all but the largest countries are placed in geo-political groups, the USA emerges as the strongest in the eyes of the Muslim group, as the table below shows.

Rankings of major blocs by 4 "Muslim" countries	Average NBI position
USA	6
Core EU	9
UK and the "Old Commonwealth"	10
Southern Europe	12
China	13
East Asia (without China)	14
Russia	19
4 "Muslim" countries	22
India	27
Latin America	29

Naturally, there are aspects of the USA's brand that are stronger than others. In fact, in the eyes of most people in the survey – not just Muslims – there

<sup>1</sup> Egypt, Indonesia, Malaysia and Turkey. We use the term "Muslim country" as shorthand for countries with predominantly Muslim populations.

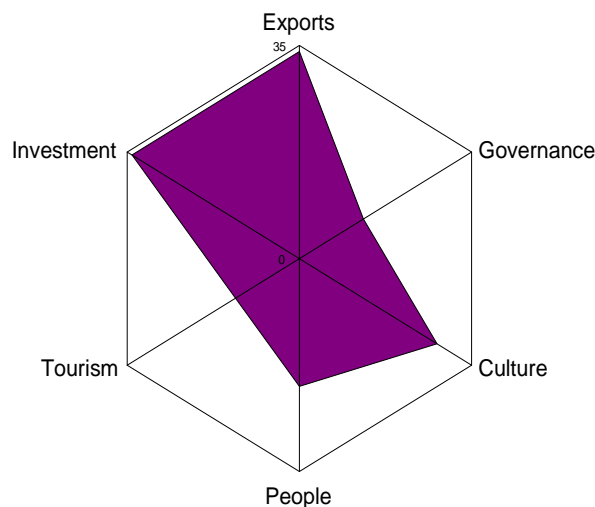
<sup>2</sup> At the 95% confidence interval.



are some that are very weak. Governance is, not unsurprisingly, a weak area, particularly the USA's contribution to international peace and security. USA was rated 23<sup>rd</sup> for Governance by the 4 "Muslim" countries. Tourism was just as weak. One reason why Tourism was a weak dimension for the USA – and why the USA has been prevented from leading the Culture dimension – is that people rate it very low for heritage. This is a universal assessment, not only a Muslim one.

What is abundantly clear – and this is the essence of high-profile, complex brands like the USA's - is that these weak dimensions of the brand have not had a serious dampening effect on the strong dimensions, notably Exports and Investment and Immigration. This is also true of sub-dimension areas such as contemporary culture. USA was 2<sup>nd</sup> in Exports and Investment and Immigration, and in contemporary culture despite many Muslims' misgivings about the morality of Western popular culture.

#### How 4 countries with majority Muslim populations see the USA



Countries with lower profiles like Denmark, or with simpler brands like Italy, are much more vulnerable if one or two of their key brand dimensions are damaged. The collapse of Denmark's brand in Egypt, following the cartoons controversy in early 2006, is an extreme case of this. Denmark's scores in all 6 dimensions plummeted, and in most cases have only partially recovered



after nearly 2 years. Despite what many Muslims regard as greater affronts to their world, the USA's brand has not collapsed in any of the 4 "Muslim countries".

On the contrary, the USA's stronger dimensions – and even the brand as whole - are rewarded more by the 4 "Muslim countries" than by most other panel groupings, as the table below shows.

The USA's brand is weakest in Latin America and the core EU countries of Germany, France, Netherlands and Belgium. It is strongest among the large Asian countries and blocs – including India and China.

USA's overall ranking by 5 major blocs	East Asia	4 "Muslim" countries	Russia	Latin America	Core EU
	5	6	12	15	15

The clear message in these results is that much of the Muslim world wants to engage with the USA in areas that matter in their daily lives.

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