Editorial

‘Nation Branding’ in Asia

Place Branding and Public Diplomacy (2008) 4, 265–269. doi:10.1057/pb.2008.22

The level of interest in the images and reputations of places continues to grow, and apparently nowhere faster than in Asia. More money is being spent on various kinds of ‘reputation management’ — some of it wisely, but much of it not — by Asian cities, countries and regions than anywhere else in the world. In the rush to stake a claim in the new global economic order, countries from Bhutan to Oman and from Kazakhstan to Korea are talking about their ‘brands’ and attempting to wield some kind of influence over them.

Many of these countries are simply trying to ensure that their international reputations keep pace with the rapid growth of their economic and political power. Others believe that their strongly negative reputations are undeserved, and obstruct their progress. Still others believe that if only they could have *some* kind of image, and escape their current anonymity, they would be able to participate more effectively in the global marketplace.

In Asia, as in every other part of the world, one sees governments falling into the same traps when it comes to national image and reputation: the ‘naïve fallacy’ that national image can somehow be built, reversed or otherwise manipulated through marketing communications; and the confusion between ‘destination branding’, which is a kind of sophisticated tourism promotion, and ‘nation branding’, which is usually understood as the management of the country’s overall reputation.

Destination branding is fairly close to the kind of branding found in the commercial sphere, and makes use of many commercial techniques such as corporate identity, public relations, advertising, graphic design and so forth. This is so because, in the end, one is still attempting to promote a product or service that is on sale to the audience one is targeting. ‘Nation branding’ is rather different, as there is no single product or service for sale, no simple promotional goal, rather the desire to make people see the country in a different light. For this reason, commercial promotional techniques are likely to be inadequate if not entirely inappropriate to the task.

One of the most prominent cases in Asia is Malaysia’s long-running tourism campaign, featuring the slogan ‘Malaysia Truly Asia’, which is often (wrongly) cited as a classic case of successful nation branding. In fact, this is *destination* branding, carried out with the specific intention of increasing visitors to the country. It was never intended, nor could it really aspire, to impact directly on the world’s overall perceptions of the country, although of course there are plenty of opportunities for *indirect* impacts on the country’s ‘brand image’ — not least the simple fact that if more people visit the country and enjoy themselves, they are more likely to spread the word and create a positive ‘vibe’ about the place.

A more rigorous habit of distinguishing between *sectoral promotion* — such as tourism, exports and investment

promotion — and ‘nation branding’ is an urgent need among the community of scholars, commentators and practitioners within this field, in Asia as elsewhere.

The idea of place branding in Asia is commonly associated with tourism today, since many Asian countries are now discovering that a healthy economy depends on a broad spread of risk: the countries that have traditionally relied on exports for their foreign revenues, such as Japan and South Korea, are now urgently attempting to build their visitor numbers, whereas the countries whose economies — and images — have tended to focus on their appeal as a destination, such as Thailand and the Maldives, are equally keen to broaden their image to embrace foreign direct investment, exports and other sectors. Image goes hand-in-hand with economic development: a country that is strongly associated with certain sectors will always trade at a premium in those sectors, whereas a country that is not will always trade at a discount.

India is often cited for the vigour and ambition of its image-enhancing activities. Long known for its tourism promotion, the country has more recently started to branch out into more general national image enhancement, and has had some notable successes in lobbying high-level decision makers — for example at the Davos forum last year, when India almost ‘stole the show’ with its ubiquitous self-promotion.

Most of the big ‘branding stories’ of Asia are, however, associated with exports. The tale of how Japan built its economy and its image after 1945 is frequently cited as an export-led branding miracle, and several other countries — South Korea, Singapore, Malaysia, Taiwan and of course China itself — have quite deliberately set themselves the task of repeating the Japanese miracle. As all of these countries have discovered, this journey is a long one. To develop the capacity to produce world-class consumer goods, to distribute them worldwide, to market them and to build the customer service capability behind them that today’s consumers demand is a decades-long task; even

when the industries are built and the products are selling well around the world, an enhanced national reputation is depressingly slow to follow. Countries like Korea and Taiwan are disappointed to discover that, despite the huge successes of several of their manufacturers in other countries, and the major contribution such exporters have made to their economies, they are still not yet widely associated as a powerful country of origin for such goods.

If ‘nation branding’ is still in its infancy in Asia, the sister field of public diplomacy is equally so. The literature of public diplomacy is poor in Asian examples, and not all Asian ministries of foreign affairs even recognise the existence of such a discipline: Japan is a notable exception, and China — alongside its highly visible expansion into consumer markets overseas and its ever-increasing investment in tourism promotion — has made major advances in cultural diplomacy through the expansion of its Confucius Institutes around the world. Yet the region is hardly short of countries that would amply reward some analysis of their situations through the lens of public diplomacy — the impact on Kazakhstan’s image of the ‘Borat’ movie, the pariah status of Burma and North Korea, the way in which the relationship between Taiwan and the People’s Republic of China is played out in the public sphere and so forth.

CHINA — A REPUTATION AT THE CROSSROADS

China, of course, is a big place branding and public diplomacy topic in its own right. The results from the Nation Brands Index™ (NBI) do not make comfortable reading for China. If we compare the NBI results for the 35 countries in the survey over the 18-month period between its first appearance in the Index in early 2005 and the second quarter of 2007, China experienced the worst trend of any country measured in the survey. Its overall score declined during this period by 4 per cent. This may not seem much, but it is nearly double the ground lost by any other country in the NBI — and around 6 per cent below the most

improving countries like the Czech Republic and Brazil.

What is worse for China is that the decline is much greater than average in areas where it most needs traction in the international economic arena. The worst figures are in the Immigration and Investment dimension and 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 per cent between the final quarter of 2005 and the second quarter of 2007. For willingness to live and work in China, the figure was nearly 14 per cent. This compares with decreases of around 9 per cent for Russia and Indonesia, countries with the next most negative trends in this area. Only Israel is now less popular than China as a place to live and work.

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. If people find out that a product is made in China, the majority of people in the 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. In the 2008 study, China is now 47th (the third lowest country) for products, compared with 24th in late 2005. Its score declined by nearly 6 per cent over the 2005–2007 period, compared for example with an increase of nearly 6 per cent for Brazil, another 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 — familiarity with the 'Made in China' label through wide distribution of its products — has been achieved with remarkable speed and efficiency, but 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, and this stage appears to be decades away for the majority of Chinese products. There are exceptions — Haier and Lenovo being perhaps the most high-profile examples — and of course there is always the option of 'fast tracking' the process through the acquisition of already trusted foreign brands, an approach that both China and India see as part of their strategy.

China's tourism appeal is lagging too. 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 no object' is the worst of any country — a drop of 5.6 per cent since late 2005. China is now down in 21st position in the tourism brand rank, according to the 2008 study.

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.

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 showed one of the worst results for governance in the 2008 survey, outranking only Nigeria and Iran. 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 a successful Olympic Games will certainly not be sufficient to achieve the image turnaround they are hoping for.

Building a reputation, as China will discover, is like filling a bathtub without a plug: no

sooner have you achieved something that makes people feel good about you, than it's down the plughole and forgotten. Governments must plan for the long term, and obsessively ask: 'what can we do next?' A successful Olympics is the start of the process, not the end. And of course it takes more than sporting events to build a national image: policy, products, people, culture, tourism and business have to work together to *earn* the country a better reputation. The globalisation of media has made propaganda virtually impossible, and only real changes, sustained over the very long term, can turn around a national image — especially one as bad as China's.

Yet it's not an impossible task: Japan and Germany both suffered from worse images than China's half a century ago, and are now among the most admired nations on earth. If any country has the patience and the resources to imitate those examples, it is surely China.

THE DOUBLE-EDGED SWORD OF EXOTICISM

China, like India and indeed many countries in Asia, has for many centuries greatly fascinated the imaginations of people in the West, and in some ways this glamour is an important component of their 'brand equity' in this age of globalisation. But exoticism is a double-edged sword, and while such an image may support the tourism industry to a degree, and perhaps certain export sectors — Chinese tea, Indian perfume, Japanese fashion — it can prove rather unhelpful for a country that is trying to build its reputation in financial services, engineering or technology. India is currently straddling these two sides of its image in a way that at times seems almost uncomfortable: a fundamental component of its tourism and cultural image, for example, is its poverty, and yet its more modern commercial image is an image of wealth. By the same token, the 'destination brand' of India is an image of chaos, almost of anarchy — hardly a useful attribute when one is trying to build a service economy based on efficient customer service or reliable motor vehicles.

This is, without question, an interesting stage in the maturity of the West's perception of the East. The facile and comforting clichés of 'the mysterious Orient' are the legacy of a less connected, less tolerant and more ignorant age, where engagement with other civilisations was limited to imperial adventures rather than true collaboration in a global marketplace. The demystification of the Orient is a necessary phase in human development, which implies major shifts in the reputational capital of the world.

Very few countries, in fact, have images that remain entirely consistent between East and West. South Korea is a classic case of a country that enjoys a rather positive reputation in its own 'neighbourhood' — the 'Korean wave' of commercial entertainment has made Korea something of a celebrity in East and even South Asia, but the wave does not reach Europe or the Americas, where — at least according to the NBI — there appears to be substantial confusion between South Korea and its northern neighbour (to the obvious disadvantage of the South).

Most of the 'Asian Tiger' economies of East Asia are generally admired in Europe, yet there is a strong prejudice against them among South American populations, and especially in Brazil. The Brazilians show a remarkable distaste for most Far Eastern countries in the NBI, which is entirely out of kilter with 'global' views. One can only surmise what this antipathy stems from, but it does suggest that the world is still very far from united in a common sense of national reputation and image.

Democracy and place image — as has often been discussed in these pages — do not always go easily or simply together, and it is noticeable that two of the places most widely recognised for the grip they have managed to exert over their international reputations — Dubai and Singapore — are both places that are run on somewhat corporate lines. This is surely no accident: the main reason why building a brand in the corporate sector is so much more straightforward than doing the same for a place is precisely because corporations have a supreme commander in the shape of their CEO, whose

vision tends to form the defining narrative of the place, and deviation from this narrative often results in dismissal. Whatever one might say about North Korea, one has to admit that its brand is clear, simple and consistent — again, the consequence of the entire society being run along the lines of one man's viewpoint.

It remains to be seen whether India, the world's largest democracy, or China, the world's fastest-developing economy and the last major bastion of Communism, will eventually prove

more successful at managing their reputations in the eyes of the world. So far, it looks very much as if democracy is winning the day, but the determination, resources and skill of the Chinese should never be underestimated.

This Special Issue of the Journal will, without doubt, broaden and intensify this and many other debates surrounding Asia's global integration, and it is a theme to which we will frequently return during the years to come.

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