

***How the world
sees the world.***



**The Anholt
Nation Brands Index**

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Fourth Quarter, 2005



Introduction

When we express a preference for French holidays, German cars or Italian opera, when we instinctively trust the policies of the Swedish government, comment on the ambition of the Japanese, the bluntness of the Americans or the courtesy of the British, when we avoid investing in Russia, favour Turkey's entry into Europe or admire the heritage of China and India, we are responding to brand images in exactly the same way as when we're shopping for clothing or food.

But these are far bigger brands than Nike or Nestlé. They are **the brands of nations**.

Nation brand is an important concept in today's world. Globalisation means that countries compete with each other for the attention, respect and trust of investors, tourists, consumers, donors, immigrants, the media, and the governments of other nations: so a powerful and positive nation brand provides a crucial competitive advantage. It is essential for countries to understand how they are seen by publics around the world; how their achievements and failures, their assets and their liabilities, their people and their products are reflected in their brand image.

The **Anholt Nation Brands Index** is the first analytical ranking of the world's nation brands. Each quarter, we poll our worldwide panel of consumers 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.

How it works

The Anholt Nation Brands Index measures the power and appeal of a nation's brand image, and tells us how consumers around the world see the character and personality of the brand.

The nation brand is the sum of people's perceptions of a country across six areas of national competence. Together, these areas make the Nation Brand Hexagon:

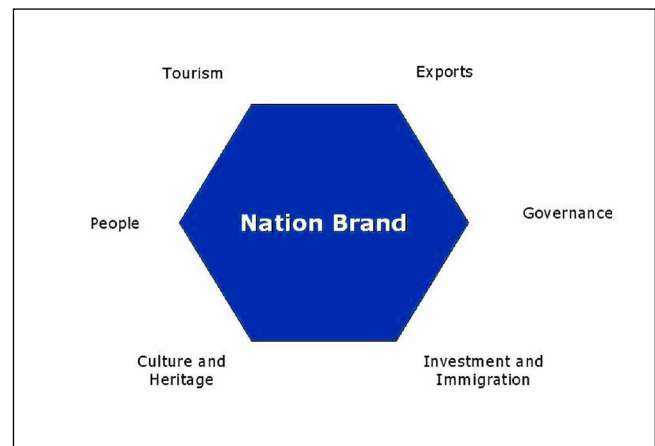


Fig. 1: The Nation Brand Hexagon © Simon Anholt 2002.

Tourism

Tourism is often the most visibly promoted aspect of the nation brand, since most tourist boards spend lots of money on 'selling' the country around the world. Blue skies and golden sands or snow-capped mountains are only a tiny part of the reality of a country, but because these images are often so aggressively promoted, they have a disproportionate effect on people's perceptions of the country as a whole.

Exports

In this point of the hexagon, we ask consumers about their level of satisfaction with products and services produced in each country, and also about their perceptions of each country's contribution to progress in science and technology.

Whether we like it or not, commercial brands are increasingly performing the role of transmitting national culture: they have become one of the primary vectors of national image, and are more and more often the means by which people form their views about national identity.

Governance

Here, we ask respondents to rank countries according to how competently and fairly they are governed, how much they respect the human rights of their own citizens, how far they trust them to make responsible decisions which uphold international peace and security, and what their international contribution is to the environment and poverty reduction. We also ask for an adjective which best described the government in each country.

Investment and immigration

This point of the hexagon looks at the 'human capital' aspect of the nation brand, asking respondents about their personal willingness to live and work in each country for a substantial period, and their views on which country would be the most suitable for obtaining a higher educational qualification. We also ask for an adjective which best describes the country's current economic and social condition.

Culture and heritage

In this point of the hexagon, we ask questions which are designed to measure perceptions of the country's cultural heritage; their appreciation of or intention to consume its popular, more commercial cultural products and activities; and their perceptions of its sporting prowess. In addition, we ask respondents to name what kind of cultural activity they most expect to find in each country, in order to understand how they perceive the country's main cultural strengths.

People

To understand how the 'human capital' of each country is viewed, we ask a 'business-to-business' question ("Imagine you are a manager and need to make an important hiring. Please rank the following countries in order of your preference for the nationality of your candidate") and some 'non-business' questions to probe how welcoming the people of the country are perceived to be, and whether they are the kind of people that respondents would choose to have as a close personal friend. Respondents are also asked to select the adjective which best describes the people in each country.

Introduction

The Anholt Nation Brands Index survey has now completed its first full year, and has grown substantially since the first survey was produced in early 2005.

For the first Index, we reported on a list of 11 countries; this has now expanded to 35. The ‘top end’ of the list – the group of countries with the most powerful and highly-respected international brand images – is nearing completion with the addition of Norway, Denmark and Belgium. A few more pieces of the puzzle are still missing (including Finland, Austria, Luxembourg and Greece) before a complete ranking of the 20 or 30 most powerful nation brands on the planet are ranked and compared.

We are also continuing to add to the number of developing countries we measure – the ‘middle’ of the index – but only a limited number of these have international brand images that are strong enough to be measured. Many haven’t, because almost nobody apart from their near neighbours has any knowledge or opinions about them. The majority of our panelists in, say, Malaysia or Mexico would find it hard to say whether they rated the culture of Tajikistan more highly than that of Kazakhstan, and few Koreans would have strong opinions about whether a DVD player made in Guatemala was more or less desirable than one made in Uruguay. Of course, all those countries are well known and easily distinguished within their own regions – anyone in Paraguay could write volumes about the difference between Uruguay and Guatemala – but the focus of the Nation Brands Index is the global arena of trade, politics, culture and society. A country with little or no international image, reputation or standing is not yet a participant in this difficult, complex and noisy multicultural marketplace.

We have also increased the number of countries where we carry out the research, so it now matches the list of countries in the index: we are now polling panels of 1,000 people in 20 of the 35 countries featured in the Index and 200-500 people in each of the remaining 15 countries. We now include the views of – and views about – four countries with populations that are predominantly Muslim: Egypt, Turkey, Malaysia, and Indonesia, which makes the whole Index much more culturally representative than before. The Index is also more representative in economic terms: less than half of the panel countries in the current edition of the survey have a GDP per capita over \$15,000 (2004 figures), compared with two-thirds of the countries polled in the third edition.

The brand valuations

With the help of Brand Finance, we have also added a new and very exciting dimension to the Nation Brands Index: a financial valuation of 32 of the brands in the list. For the first time, it is now possible for us to put a dollar value on the reputations of the countries in the NBI, giving a sense of the real contribution of the brand to the nation’s economy.

Country	Brand Value (US\$ Bn)	Brand Value/ GDP 2004 (US\$)	BV per head of population	Country	Brand Rating
USA	17,893	152%	60,963	USA	AA-
Japan	6,205	133%	48,566	UK	A
Germany	4,582	167%	55,449	Japan	BBB+
UK	3,475	163%	58,492	Canada	BBB+
France	2,922	143%	48,714	France	BBB+
Italy	2,811	167%	48,821	Italy	BBB+
Spain	1,758	169%	38,566	Germany	BBB+
Canada	1,106	111%	34,669	Spain	BBB
Australia	821	133%	40,785	Switzerland	BBB
Holland	792	137%	48,762	Sweden	BBB
Denmark	772	320%	143,055	Australia	BBB
China	712	43%	549	Holland	BBB-
Russia	663	113%	4,641	Norway	BBB-
Switzerland	558	156%	75,621	Denmark	BBB-
Belgium	456	130%	43,864	New Zealand	BB+
Sweden	398	115%	44,309	Belgium	BB+
Ireland	300	165%	74,658	Ireland	BB+
India	291	46%	270	Portugal	BB
Mexico	281	41%	2,704	China	BB-
Norway	276	110%	60,151	Russia	BB-
South Korea	240	26%	4,986	Singapore	BB-
Turkey	189	63%	2,635	Hungary	B+
Portugal	189	112%	18,067	Brazil	B
Brazil	181	30%	1,013	Mexico	B
Singapore	106	100%	24,761	Argentina	B
New Zealand	102	106%	25,132	Egypt	B
South Africa	94	44%	2,282	Czech Rep.	B
Hungary	78	77%	7,699	South Korea	B
Egypt	67	21%	976	India	B
Czech Republic	55	51%	5,379	Poland	B
Argentina	55	36%	1,432	South Africa	B-
Poland	43	18%	1,138	Turkey	CCC

Fig. 2: Brand Finance’s financial evaluation.

To perform the valuation of each country brand, Brand Finance used the ‘royalty relief’ approach. This approach assumes a country does not own its own brand and calculates how much it would need to pay to license it from a third party. The present value of that stream of (hypothetical) brand contribution payments represents the value of the brand.

The ‘royalty relief’ methodology is used for two reasons – firstly, it is the valuation methodology favoured by tax authorities and courts in many countries because it

calculates brand values by reference to documented, third-party transactions; and secondly, because it can be performed on the basis of publicly available financial information. This method of valuing the top country brands also ensures that the results are directly comparable year on year.

A more detailed explanation of the Brand Finance valuation methodology can be found at <http://www.brandfinance.com/>.

Many of these figures represent a value to the economy of their country well in excess of GDP, just as the brand values of corporations often exceed their tangible assets. The valuations range from the remarkable figure of nearly \$18 trillion for 'Brand America' to \$43 billion for 'Brand Poland'. It certainly adds a new dimension to the observation I made in the first edition of the Anholt Nation Brands Index that "protecting and enhancing the nation brand, this most valuable of assets, is surely one of the primary responsibilities of governments in the 21st century".

The new rankings

In the first editions of the Nation Brands Index, a clear picture of the kind of country that scores well as a brand began to emerge. The core profile was of a wealthy, "westernized", OECD-member country, with liberal-democratic traditions and a high level of social-welfare provision by the state. They were not necessarily the biggest economic powers. Australia, Canada, Switzerland, United Kingdom and Sweden were the first five countries in rank order in the second edition.

The third edition introduced some new questions, most importantly two which tested countries' competitiveness in the international knowledge economy. This changed the overall rank order, mainly to the advantage of larger economies such as the USA, Germany and Japan, which moved into the top five along with Switzerland and the United Kingdom.

The fourth edition retained the same questions but, in almost doubling the number of panel countries, changed the balance to some degree.

Overall rank order		
<i>(3rd edition results in brackets)</i>		
1	(1)	United Kingdom
2	(5)	Switzerland
3	(9)	Canada
4	(6)	Italy
5	(7)	Sweden
6	(2)	Germany
7	(4)	Japan
8	(8)	France
9	(12)	Australia
10	(3)	United States

Fig. 3: Anholt Nation Brands Index Q4 rankings.

Some countries have kept their positions. The UK, for example, was first in both editions. But there have been some significant changes in rank order between the two editions. Some changes, particularly in the middle and lower order, are simply due to the arrival of new target countries that have "pushed into" the rankings. The biggest moves which are not explained by this are in the upper part of the rank order: in particular USA from 3 to 10, Germany from 2 to 6; Canada from 9 to 3.

What has happened here is that countries in the upper rankings have simply been trading places. Analysis shows that this is not due to any countries losing favour in absolute terms. The table below shows that all countries in the top 10 increased their overall scores, even the USA despite its fall from 3rd to 10th place.

Aggregate scores	4th edition	3rd edition	% change
United Kingdom	128.8	126.4	1.8
Switzerland	127.4	121.5	4.8
Canada	127.3	118.0	7.9
Italy	126.8	120.4	5.3
Sweden	126.6	120.3	5.2
Germany	126.4	124.8	1.2
Japan	126.3	123.2	2.5
France	125.6	118.1	6.4
Australia	125.0	115.4	8.3
United States	124.9	123.3	1.3

Fig. 4: Q4 and Q3 aggregate scores.

Even at the more detailed level of the 6 points of the hexagon (exports, culture etc.) there were very few scores lower than in the previous edition – the USA's score for governance being a notable exception.

What has changed is that some countries – Canada and Switzerland for example - have increased their scores enough to push ahead of others whose scores have not increased so fast.

Why should there have been this uplift in the scores? Has the world become a more positive place since the last edition? It would be nice to think so. The analysis suggests however that the main contribution to this change is the survey behaviour of some new arrivals among the panel countries. The new arrivals as a group were more likely to choose the two highest points on the seven-point scale than the older group.

It is well known that people in different countries have differing propensities to give positive and negative responses to the same type of survey questions. People in developing and middle-income countries, for example, tend to be more positive about economic topics. The rich English-speaking and Western European countries gave average scores of about 111; the Asian countries around 113; the Eastern European and Latin American countries around 115; but by far the most generous scores came from the Indian panelists, who gave an average score of 121.

Analysis shows that the scoring habits of the new panels was the most significant factor in the uplift. However, these countries were quite selective in the way they gave their positive scores: countries such as Canada and Australia were rewarded more than the USA and Germany, for example. So in relative terms, this does signify a decline for some, not just because of the sheer number of new target countries, but also because of the small but significant change in the balance of panel countries.

Consistency around the hexagon

If it is true – and our research suggests that it is true – that people tend to think about countries as a complete entity when they are considering whether to visit them, buy their products, or engage with them in some other way, then it is obviously a good thing for countries to have well-rounded brand images with strength on as many points of the hexagon as possible. A nation brand that’s strong in culture, business, politics, people and general attractiveness is more likely to support tourism, investment, exports and international cultural and political relations. Consistency is therefore one of the main assets of the nation brand.

Many nations and regions have brand images that are far from consistent. In the case of developing countries, many of them have brand images that are heavily or even exclusively biased towards tourism: this is often because

tourism has proved to be the only source of revenue which has the potential to lift such places above subsistence levels. In the end, even if a country has nothing to sell people, they can always come and have a look at it.

Such nation brands are seriously unbalanced: if the main relevance of the country for the majority of people is one single industry, then the way that particular product or sector is marketed – or fails to be marketed – becomes the way the whole brand image of the country is built. Such countries are thought of by most outsiders purely as a tourism or leisure destination; they have only ever come across them in this context; tourism information is their only information about the place; and it’s on this basis that they form all their views about it.

This fact makes such countries very vulnerable. If the tourism brand declines, then it is unlikely that anyone from outside the country will be prepared to believe that it is a good place to live and work in, invest in, or buy products from either. They will assume that it has failed as a place. If a catastrophic event, such as the 2004 Indian Ocean tsunami, causes serious damage to the tourism ‘product’, then the brand image of the place can do little to help provide income from other sources apart from charity.

Because this question of all-round brand strength and consistency is such an important one, we have analysed the deviation factor of all the countries in this edition of the NBI, and found some surprising conclusions about consistency, as the chart below shows:

Country	Deviation Score
Singapore	1
Portugal	2
Hungary	3
Belgium	4
Spain	5
Denmark	6
Norway	7
Holland	8
Sweden	9
Italy	10
~ ~	
United States	35

Fig. 5: All-round brand strength and consistency.

Only Italy and Sweden feature both in the top 10 overall ranking and in the top 10 for deviation – in other words, they are the only ones that are both powerful and consistent across the board. Several other high-scoring countries are far less consistent performers: the United Kingdom, France and Japan are all in the bottom ten for

consistency, and the United States is the most inconsistent scorer in the entire index, at 35th position. This really is a country that polarises global opinion, and the majority of our respondents rank it near the top in categories like brands, popular culture, investment, technology, education and sport, and near the bottom for cultural heritage and governance.

Brand America – far from a perfect hexagon:

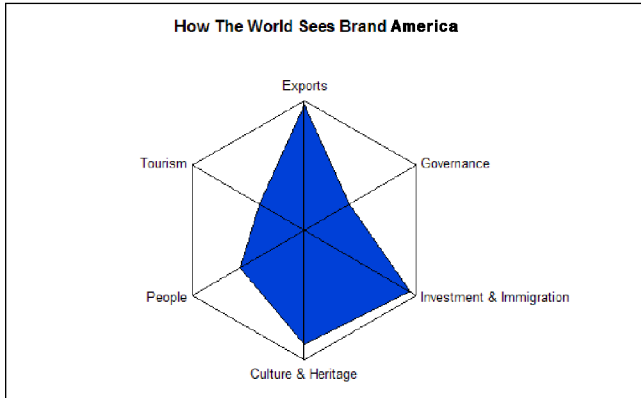


Fig. 6: Brand America.

How countries rate their own brands

In the Q3 report, I commented on the tendency of countries with powerful brands to rate their own brands highly as well, almost as a parallel to the corporate mantra of employees needing to ‘live the brand’ if the brand is to become powerful. In the Q4 results, this phenomenon is clearer than ever: every one of the top 15 nation brands puts itself first, while only two of the bottom 20 do so.

Whether this is cause or effect is a fascinating and probably unanswerable question. Are the much lower self-rankings of the less powerfully branded countries simply a realistic appraisal of the country’s modest assets or are they a kind of self-fulfilling prophecy? It is noticeable that the two countries in the bottom 20 that do buck the trend and rank themselves first are also two of the fastest-growing economies: India and Ireland. Ireland lies only just outside the top 15, but India is still way down the list of nation brands, in 26th place. It’s hard to know whether this is the cool confidence of a country destined for tremendous growth in the coming years, or simply self-delusion.

Country	Q4 Ranking	Self
United Kingdom	1	1
Switzerland	2	1
Canada	3	1
Italy	4	1
Sweden	5	1
Germany	6	1
Japan	7	1
France	8	1
Australia	9	1
United States	10	1
Spain	11	1
Holland	12	1
Norway	13	1
Denmark	14	1
New Zealand	15	1
Belgium	16	3
Ireland	17	1
Portugal	18	5
China	19	N/A
Russia	20	8
Hungary	21	10
Brazil	22	4
Singapore	23	8
Argentina	24	5
South Korea	25	5
India	26	1
Mexico	27	2
Egypt	28	13
Czech Republic	29	4
Poland	30	15
Malaysia	31	4
South Africa	32	6
Estonia	33	7
Indonesia	34	15
Turkey	35	3

Fig. 7: Q4 world-rankings vs. self-rankings.

Sport

Sport is an increasingly important component of the nation brand because people assume so much about a country and its people and their abilities and values from the way its national teams compete in international contests.

Sport can help raise the positive profile of a country that has few other conventional strengths in the global marketplace (think of Ethiopian runners, Croatian tennis players and the Cameroon football team).

Sporting contests can create global ‘storylines’ about countries that can build their brand images almost overnight – especially courageous unknowns beating bigger and better-funded teams – but they will fade almost as quickly if there is no follow-through. The Olympic Games, in particular, has an unparalleled power to brand

cities and even nations, as the case of Australia clearly shows (this phenomenon is measured and described in detail in the 2006 Anholt City Brands Index – see www.citybrandsindex.com).

In the end, the countries that rank highest on sporting prowess are the regular high achievers, and the long-term investment in youth sport of the United States, Russia and China has created enormous branding benefits for them today. Russia, in particular, owes much of its relative brand strength and what qualities of human warmth and positivity there are in its international brand image to its long-term investment in sport.

It should also be noted that excellence in a single sport does not appear to be enough to guarantee a high ranking in this area. Mexico, Brazil and Argentina, for example, are all very well known for their excellence in football, as much as Pakistan and India for cricket and New Zealand for rugby, but this recognition alone isn't enough to get them into the top 10.



Fig. 8: Top-ranked sport nations.

Education

Attracting foreign students into further education is today recognised as something as important to the future prosperity of a country as attracting foreign investment.

Unsurprisingly, the most advanced English-speaking nations feature heavily in this ranking; what is more unexpected and creditable is the presence of Germany in third place on this ranking, a country not especially noted as a multilingual society (unlike, say, Holland or Sweden). France's sixth place, given its almost legendary antipathy towards the English language, is an equally if not more surprising achievement.

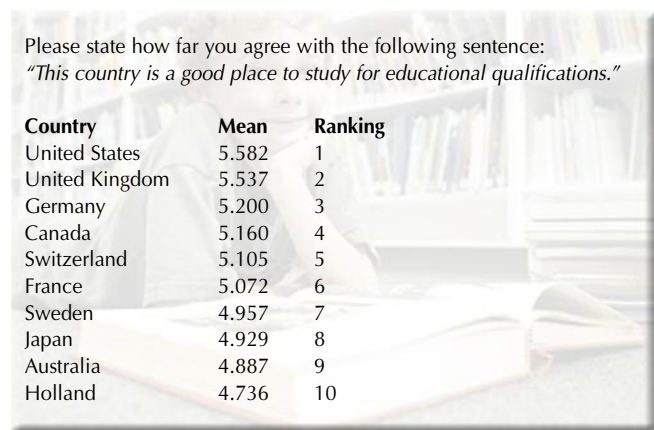


Fig. 9: Top-ranked education nations.

Science and technology

Research by the British Council has shown that a country's perceived strength in science and technology is an important determinant of overall perceptions of that country. Countries with strength in this sector are regarded as modern and competitive, especially by younger, well-educated people. It may be a reinforcing factor in the overall attractiveness of a place – of its must-see status.



Fig. 10: Top-ranked science and technology nations.

Individual country results: some snapshots

For the first time, the United States panel doesn't put its own country at the top of every point of the hexagon: it has now given itself one second place, on governance, and handed the overall first place in this category to Canada.

The detailed picture here shows that American self-esteem appears to have slipped on every aspect of the governance rankings since the last NBI was carried out: the U.S. panel has scored the U.S. slightly lower on the question of international environmental and ethical policy, and substantially more on questions of domestic policy, internal human rights and fairness, and America's contribution to international peace and security. The lower scores have resulted in a considerable drop, from second place on international peace and security, to sixth place. On domestic human rights and fairness, the U.S. has lost first place to Canada.

Please state how far you agree with the following sentence:
"This country is competently, honestly and fairly governed."

	Q3	#	Q4	#
Canada	5.083	1	4.94	1
Switzerland	4.864	5	4.914	2
United Kingdom	5.069	2	4.888	3
Australia	5.037	4	4.846	4
United States	5.050	3	4.83	5
Sweden	4.787	6	4.81	6
Holland	4.681	8	4.716	7
Norway	-	-	4.712	8
Denmark	-	-	4.684	9
New Zealand	4.710	7	4.592	10

Please state how far you agree with the following sentence:
"This country behaves responsibly in the areas of international peace and security."

	Q3	#	Q4	#
Australia	5.022	3	4.98	1
Canada	4.992	4	4.97	2
Switzerland	4.827	5	4.93	3
United Kingdom	5.080	1	4.92	4
Sweden	4.803	6	4.89	5
United States	5.074	2	4.83	6
Denmark	-	-	4.83	7
Norway	-	-	4.81	8
Holland	4.707	8	4.76	9
New Zealand	4.731	7	4.72	10

Please state how far you agree with the following sentence:
"This country respects the human rights of its citizens and treats them with fairness".

	Q3	#	Q4	#
Canada	5.355	2	5.224	1
United States	5.404	1	5.19	2
Switzerland	5.095	5	5.09	3
Australia	5.190	4	5.084	4
United Kingdom	5.258	3	5.072	5
Sweden	5.071	6	5.056	6
Norway	-	-	4.932	7
Holland	4.913	7	4.922	8
Denmark	-	-	4.892	9
New Zealand	4.891	8	4.798	10

Please state how far you agree with the following sentence:
"This country behaves responsibly towards international concerns over the environment and world poverty."

	Q3	#	Q4	#
United States	4.882	1	4.8	1
United Kingdom	4.816	2	4.73	2
Canada	4.780	3	4.72	3
Sweden	4.491	6	4.66	4
Switzerland	4.536	5	4.63	5
Australia	4.641	4	4.61	6
Norway	-	-	4.57	7
Denmark	-	-	4.56	8
Holland	4.427	7	4.54	9
New Zealand	4.419	8	4.46	10

Fig. 11: United States ranks itself 2nd in governance while ranking Canada 1st.

The U.S. panel has also demoted itself from 8th to 18th place on 'rich cultural heritage', from 2nd to 6th place on "this country is rich in built/historical heritage" and from 1st to 2nd place on "the people in this country would make me feel welcome if I were a visitor".

In the area about which Americans are often most proud and most confident – their pre-eminence in manufacturing, export and technology – they still rank themselves top, but the margin between the U.S. and its perceived rivals has narrowed: perceptions that the U.S. is a country "which makes a major contribution to innovation in science and technology" have fallen by 1.8%, while perceptions of Japan's contribution have increased by 0.26% and China's by 3.03%. The sense is clear that even in this area, America's rivals are gaining ground.

This falling self-confidence even appears to be making the American landscape look less appealing to Americans: the U.S. panel's score on the question "this country is rich in natural beauty" has dropped by nearly three-quarters of one percent in the last three months.

I wasn't quite sure what to expect when we added **Denmark** and **Norway** to the Nation Brands Index in this quarter, and I had a suspicion that when respondents from outside Europe answered questions about Sweden in previous editions, they had a kind of pan-Scandinavian composite in their minds. But when our panelists are given the opportunity to score these three countries separately, it turns out that most of them are quite clear about Denmark and Norway being different brands than Sweden – and much weaker ones, too.

Norway and Denmark are in level positions almost throughout the index, suggesting that many people, especially beyond Northern Europe, don't have a strong sense of the differences between these two countries, even when it comes to distinguishing between their exports (this despite the fact that Danish brands like Lego, Bang and Olufsen, Carlsberg and several others are associated with Denmark, while Norway produces no famous global brands). The strongest part of both countries' brands is in governance, where both rank within the top five on every governance question (with Norway consistently a shade ahead of Denmark).

The only area where there is clear water between the two countries is in tourism, where Norway scores very much higher than Denmark for natural beauty (6th place, compared to Denmark's 22nd place), but this is offset by Denmark's higher ranking for built/historical heritage; the consequence is that little separates the two when we ask our panelists about their intention to visit each country, even though Norway scores considerably higher overall on this point of the Hexagon.

Nearer to home, of course, people are better able to distinguish between the two brands, and there are some striking distinctions. The Estonian panel puts Norway (followed by Sweden) as its top country overall, but Denmark only scrapes in at eighth place. The Germans and the Swiss have a distinct preference for Norway, both ranking it seven places above Denmark. However, the true unity of Scandinavia is shown by the fact that these countries' closest neighbour Sweden, despite all manner of regional rivalries, ranks both countries in a pretty even-handed way (apart from the expected higher mark for the beauty of Norway's landscape). The general closeness of

the Scandinavian cluster is such that each of the three countries ranks the other two very high and very close together on most axes.

Turkey is still ranked at the bottom of the table on many categories by many panels, despite the inclusion of ten more countries, although on three points of the hexagon, it has started to pull away from the bottom: it now ranks above South Africa, Russia, Indonesia and China for governance, above Indonesia, Estonia, Singapore and Malaysia for culture (mainly thanks to its high scores for cultural heritage, which is well recognized), and above the Czech Republic, Poland, South Korea and Estonia for tourism (for similar reasons).

The brand rankings for **Holland** are starting to look better now that the European map is filling out – it generally scores better than Belgium, Ireland, Portugal and even Denmark and Norway, both of which score well and consistently. However, its ranking is still mainly due to the lack of negatives and the rather generic positives (which all the wealthy, democratic European countries appear to acquire by default) rather than anything more exciting or positive.

Estonia, despite the rapid economic progress of the Baltic States, scores very poorly indeed throughout the Index. This is a good illustration of what I call 'nation brand lag' – an indication of how slowly an improved reputation follows on from improved conditions unless something is done to accelerate this process. Estonia also faces some particular antipathy: it's noticeable that the Russian panel, for the first time, didn't rank its own governance in last position: it now gives that honor to Estonia. In fact, Estonia is clearly poised between East and West – it is the Russian panel's bête noire at 35th overall, whereas the Estonian panel itself puts Norway top and Sweden second, well above its own scores, and over 20 places above Russia. It would be hard to paint a clearer picture of a state being propelled – and propelling itself – rapidly westwards.

Hungary, another new entrant in the Index, is in pretty good shape, and is clearly perceived as a superior 'product' in every way to its near neighbours, the Czech Republic and Poland; Hungary's brand value of \$78bn confirms this picture, and is comfortably more valuable than either of the others.

Russia is also performing very much better in the longer index than might have been expected from earlier editions: its position just at the tail-end of the developed

nations looks pretty robust, and its brand values are quite clearly not in the 'pariah' league at all; the dollar value of its brand places it firmly among the richest countries.

Indonesia, another new entrant in the Nation Brands Index, shows weak brand attributes in almost all sectors, although there are a few areas of better performance: the perception that the people are welcoming is not as weak as other parts of the brand image, and it doesn't score too badly on natural beauty and heritage. Sadly, the Indonesian panel ranks itself bottom of the table (35th) for domestic human rights, fairness and competence of government, but 15th for its government's contribution to international peace and security. The sense that the government behaves better towards the international community than towards its own people appears to be keenly felt.

Japan's prominence in the Nation Brands Index cannot be ignored. It is now the most valued nation brand for no less than eight developing countries: Hungary, Poland, Russia, Malaysia, Indonesia, Turkey, Singapore and Mexico. No other country achieves anything like this number of top places: even the United Kingdom, despite its top position overall, is only overall top of two countries' lists (South Africa and Portugal). It also has the second most valuable nation brand in financial terms after the United States, with a value of over \$6 trillion, more than 133% its Gross Domestic Product. The reason why Japan doesn't do better in the overall rankings, and why the UK does so well, is because of consistency: the UK is in the top five of 25 out of 35 countries' overall rankings, and never below 15th, whereas Japan gets a punitive 33rd place from the Chinese panel and 18th from South Korea. If these two panels were excluded from the survey, Japan would certainly be ranked within the top 5 nation brands.

Conclusion

The issue of nation brands has been more prominent than usual in the media in recent weeks because of the furore over the allegedly anti-Islamic cartoons run by the Danish newspaper, Jyllands-Posten. The episode clearly illustrates how ordinary consumers (the ones that decide to express their disapproval of foreign countries in non-violent ways) tend to vote with their wallets, in this case exercising immediate 'consumer sanctions' over Danish and other Scandinavian products.

As the Arab News reported on 28 January, 2006:

Many international brands have become targets of the recent boycott of Danish products, thanks to the confusion of consumers caused in part by the misinformation distributed by the proponents of the ban. "The email I received said that NIDO is one of the Danish products, so I stopped buying it," said Saudi teacher Khaled Al-Harhi, who didn't know that NIDO is a product of the Swiss Nestlé Company. A flier obtained by Arab News calls for boycotting Danish and Norwegian products ... the flier listed many items that are not products of Denmark, including Kinder (owned by Italy's Ferrero-Rocher) and New Zealand's Anchor.

... Zakaria Ismail, manager of Al-Malki supermarket, said they would start hanging signs indicating Danish products. They had to do so in order to reduce their loss of sales of products that are mistaken as Danish... He said that all customers now generated the habit of reading the source of each product to make sure of its origin. "Even old people who cannot read, are asking, 'Where is this made?'" he said.

This episode is a stark illustration of the real meaning of globalisation: almost every nation and culture on earth is now sharing elbow-room in a single information space. No conversation is private any longer, no media is domestic, and the audience is always global. And everybody knows what happens when a group of human beings with different backgrounds, habits, values and ambitions are thrown together in the same crowded space: sooner or later, tempers start to fray. Somebody treads on someone else's toes; some say by accident and some say on purpose; insults get traded, a fight breaks out.

The implications for nation branding are profound: internal culture and external reputation are simply two sides of the same coin. All the points of the hexagon are inextricably connected: as far as a distant and angry Muslim is concerned, it is not a Danish newspaper that has offended his religion, but the state of Denmark. Thus, actions by the media impact directly on exporters, the government is held responsible, and the people suffer. Business is simply caught in the crossfire, and no stakeholder is exempt.

This happens because consumer power is at the heart of the global market system; whether we like it or not, this is its inherent democratic power. The only thing that distinguishes democracy from mob rule is ignorance and education – if each side knew more about the culture, values, ways of life of the other, then perhaps such incidents would be less common and less explosive. And this is one more argument too for the role of deliberate nation branding: it presents, and represents, in the truest possible way, the values of each nation to others, so that they can understand each other better, live together in the same space, and choose to forgive.

About the Anholt Nation Brands Index

The Q4 Anholt Nation Brands Index was conducted November 08-19, 2005 on the GMIPoll platform (www.gmipoll.com), which provides integrated solutions for global market intelligence. A 200-1,000 representative sample based on age, gender, and where applicable, geographical region, race and ethnicity was collected in each of 35 countries. For further information about the Anholt Nation Brands Index methodology, please contact GMI (Global Market Insite, Inc.) at info@gmi-mr.com or visit www.nationbrandindex.com.

About Simon Anholt

Anholt developed the concept of the Nation Brands Index in 2005. The first Index was published in May 2005. He is recognized as one of the world's leading authorities on the branding of countries, regions and cities. Anholt advises a number of national governments and United Nations agencies on brand strategy, public diplomacy, cultural relations, investment and export promotion, tourism and economic development. He is the editor of the quarterly journal, *Place Branding and Public Diplomacy*, and the author of *Brand New Justice*, *Brand America* and several other books.

About GMI

GMI (Global Market Insite, Inc.) is the only company that provides comprehensive integrated solutions for global market intelligence for both market research firms and corporate market research departments at Global 2000 companies. Solutions include Net-MR, a suite of software tools to manage and automate research throughout the project lifecycle, desktop analysis tools, 24/7 service bureau capabilities, and one of the world's largest, highly profiled, double opt-in managed panels, spanning across 200 countries. In addition, GMI offers high-value, real-time enterprise feedback solutions for customer, partner and employee programs. Founded in 1999 with world headquarters in Seattle, Wash., GMI has operations on five continents. More information is available at www.gmi-mr.com or email us at info@gmi-mr.com.

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