

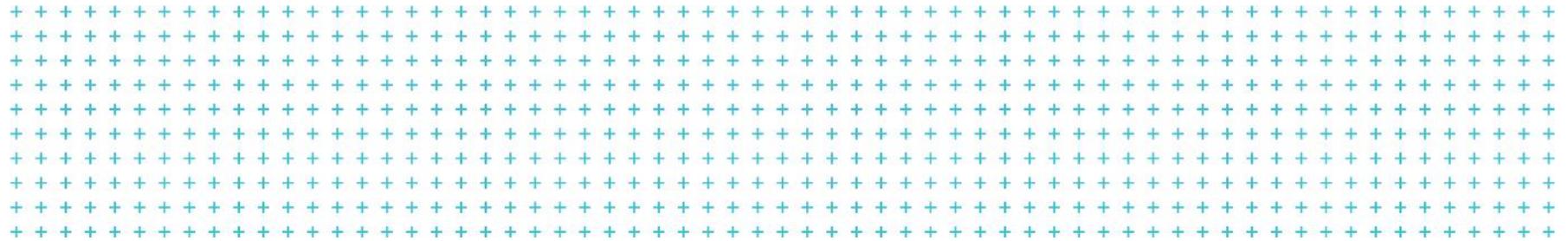


Brand Finance Nation Brands

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SCT Side-Event on The Protection of Country names and Nation Branding

March 2015



1. Introduction to Brand Finance's Nation Brand report



Definition

What is a Nation Brand?

A Nation Brand is the sum of people's perceptions influencing its economic performance in 4 major areas:

- 1) Investment
- 2) Tourism
- 3) Products and Services
- 4) People

Nation Branding is the practice of highlighting, encouraging, reinforcing, communicating and aligning a nation's attributes in order to present the nation in a way that helps it reach defined strategic goals

Examples of Nation Branding at work

	AREA	INTERNAL	EXTERNAL
	Nation Investment	 Canada <i>'MaRS Discover District'</i> to promote internal investment within Canada	 Ireland <i>Industrial Development Authority</i> solicits Foreign Direct Investment in Ireland
	Nation Tourism	 Britain <i>'Holidays at Home are GREAT'</i> campaign encouraging Brits to take more short breaks and holidays at home	 South Africa <i>'It's Possible'</i> campaign promoting South Africa's image abroad
	Nation Products	 France <i>'Origine France Garantie'</i> a industry initiative to promote 'Made in France' goods	 Turkey <i>Turquality</i> state-sponsored branding programme promoting Turkish exports
	Nation Talent	 Qatar <i>'Education City'</i> , a government backed initiative to make Qatar the centre of educational excellence in the region	 Australia Government programs focused on recruiting skills workers nationwide

Becoming the norm

- Promoting Investment



- Adding Value to Exports

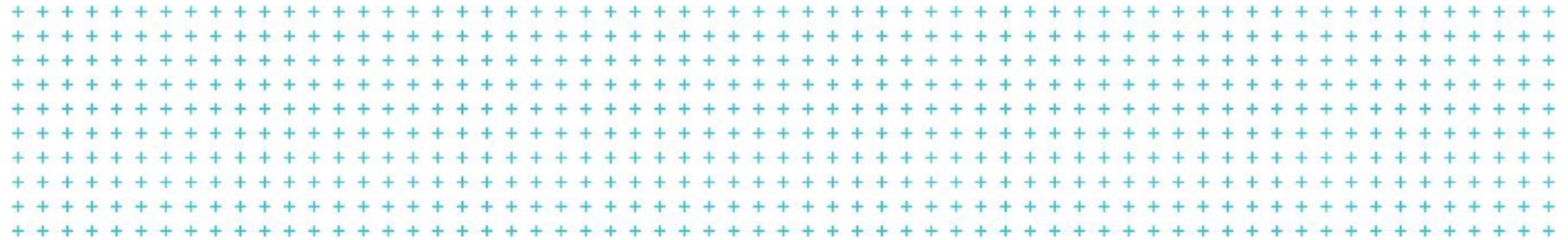


- Encouraging Tourism



- Attracting and Retaining Talent





2. The Importance of a Nation Brand

What difference does a Nation Brand make?

- 1. Differentiates** a nation's economic activity, people and tourism.
- 2. Leverages** both public and private sector economic growth.
- 3. Positive image** and reputation for national products and services.
- 4. Increased GDP** achieved by better Nation Brand management.

What difference does a Nation Brand make?

Brands

- Not just a recognisable image
- Emotionally, a relationship between the buyer and seller
- Economically, a valuable income stream



Nation Brands

- Implied brand on all products that drives sales, FDI, and tourism
- An immense well-spring of trust and support
- An asset that must be managed and evaluated



Impact on economic success

Commercial brands benefit from Nation Brand values



US brands stand for:

- **Service**
- **Innovation**
- **Ambition**



Japanese brands stand for:

- **Respect**
- **Detail**
- **Quality**



Italian brands stand for:

- **Style**
- **Aspiration**
- **Luxury**

How are Nation Brands used?



Scotch beef and lamb is the longest-standing PGI (protected geographical indication) for red meat in the UK and **typically carries a 10% retail premium**



Products labelled “Made in Britain” **triggers a willingness to pay up to 7% more** among customers in new and emerging markets than for products without a declared country of origin



Research shows that Swissness prompts the highest willingness to pay in countries like China, Japan and India:

- Indians are **willing to pay 65 percent more** for a Swiss bar of chocolate than for chocolate of unknown origin.
 - The Japanese are **prepared to pay more than double** for a watch that has been manufactured in Switzerland.
-

Occasionally, people take advantage of a nation's brand to suggest that their products come from a certain place



UK Consumer electronics brand. Contained neither Japanese parts nor labour, but were branded with a Japanese-sounding name, a rising sun symbol and a motto, "***Japanese Technology Made Perfect***"



Range of pasta sauces that is marketed as an Italian product features adverts with Italian stereotypes. However, the brand is manufactured by Mars in one of its factories in Holland



International cosmetics brand marketed as a product of Australia due to its inclusion of certain natural ingredients found from the country. Its logo is a kangaroo, and slogan is "Roo Your 'Do!". However, the brand is manufactured by P&G in its factories in North America and Europe

How are governments reacting?

Great Campaign - United Kingdom

GREAT

**Investment and
Goods & Services**

Tourism

Skills

**Responsible
Department:**



Foreign &
Commonwealth
Office



VisitBritain™

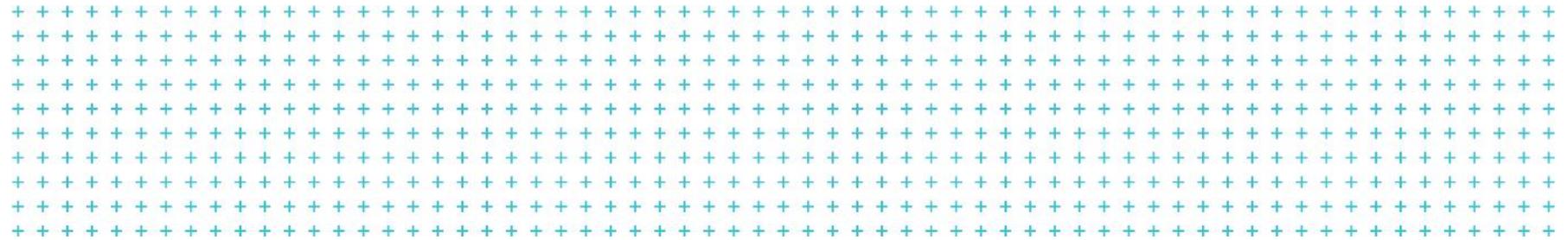


VisitEngland 

How are governments reacting?

Great Campaign - United Kingdom

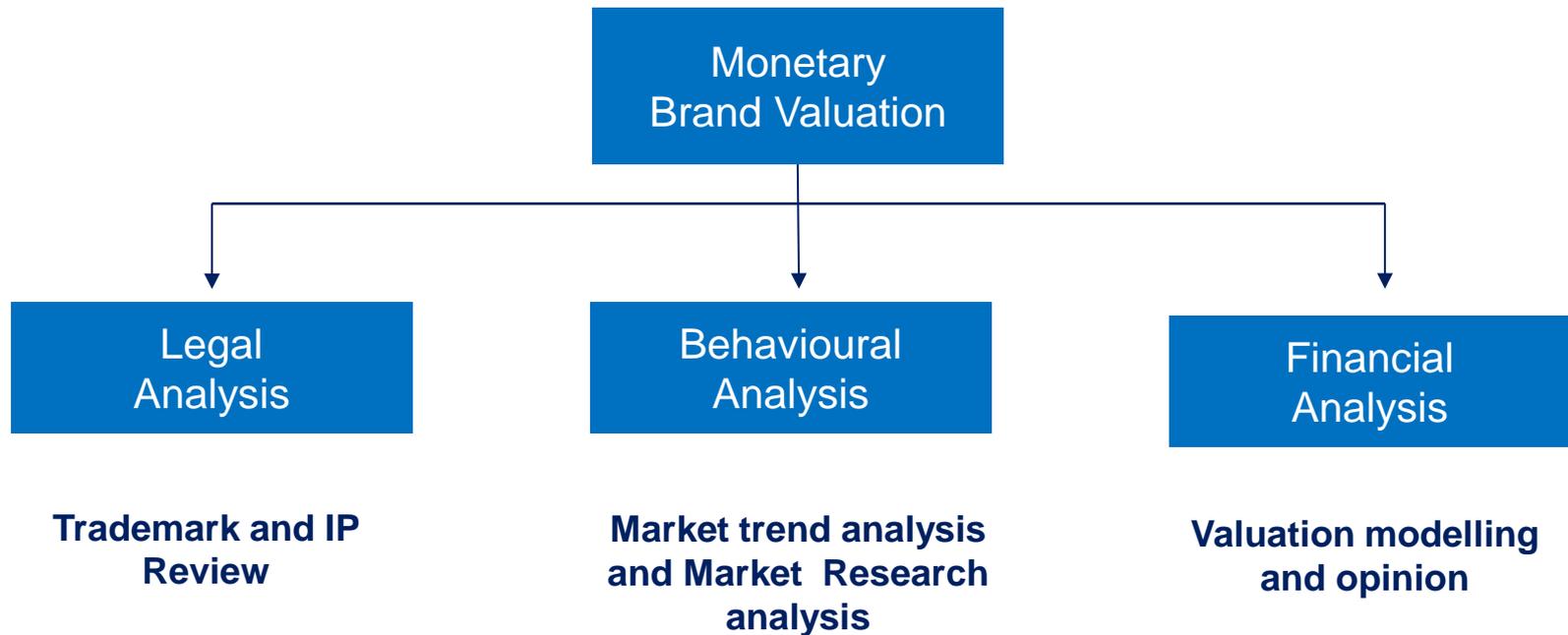




3. Nation Brand valuation methodology

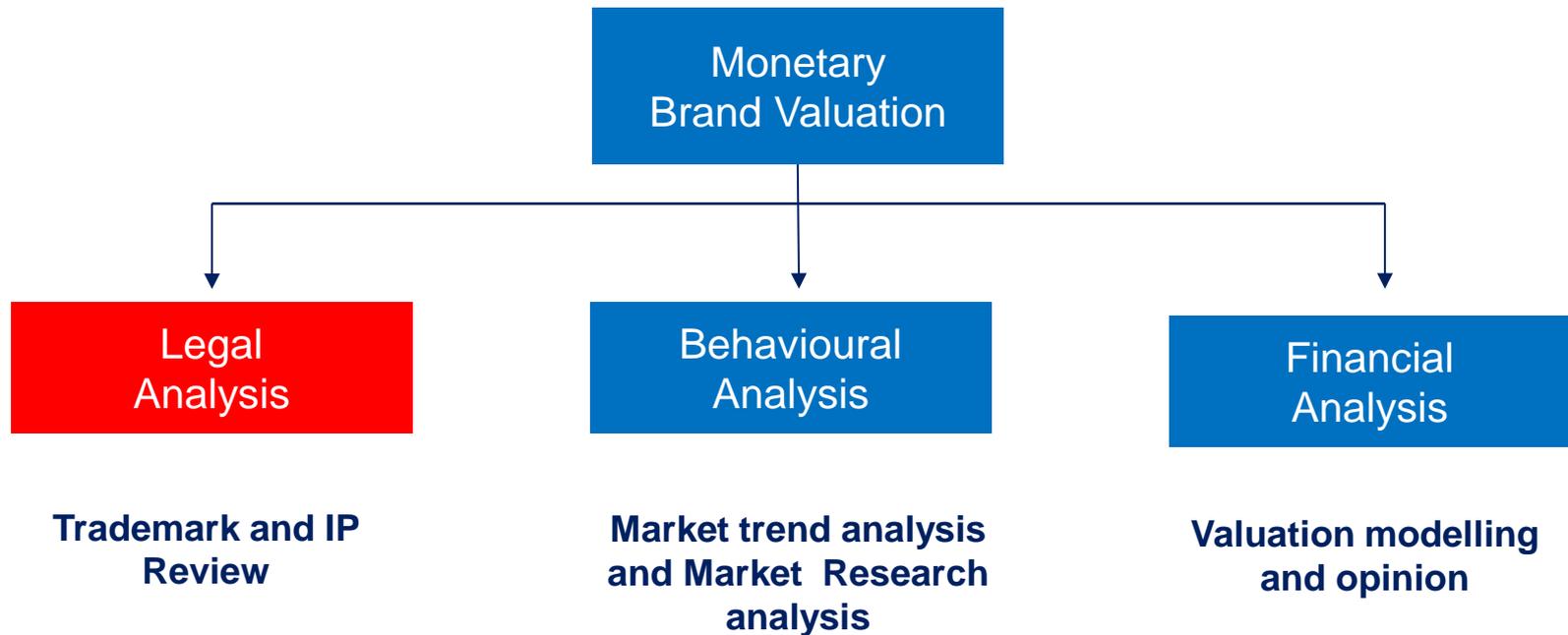
Global Standard for Monetary Brand Valuation

The Brand Finance approach to Nation Brand valuation is an adaptation of ISO 10668



Global Standard for Monetary Brand Valuation

The Brand Finance approach to Nation Brand valuation is an adaptation of ISO 10668



What do we mean by 'brand'?

A bundle of legal rights (common law, copyright, trade marks, design rights etc)

Types of IP	Examples
Trade Name	British Airways
Trade Mark	BA
Certification Mark	One World
Unique Accreditation	By Royal Appointment
Coat of Arms	BA Coat of Arms with 'Supporters'
Motto	'To fly to serve'
Symbol	Blue and red penant
Logo	Jetwing
Typeface	Unique BA typeface
Sound	BA ethereal voice aural signature
Trade Dress	Unique fabric patterns
Colours	Tail plane design
Product Design	Flat bed format
Packaging Design	Uniform and lounge livery
Advertising	'From Manhattan to the City' commercial
Strap lines	'World's favourite airline'
Websites	Ba.com
Social Networking Sites	Ba@twitter
Publications	High Life/Business Life

BRITISH AIRWAYS



What do we mean by 'Nation Brand'?



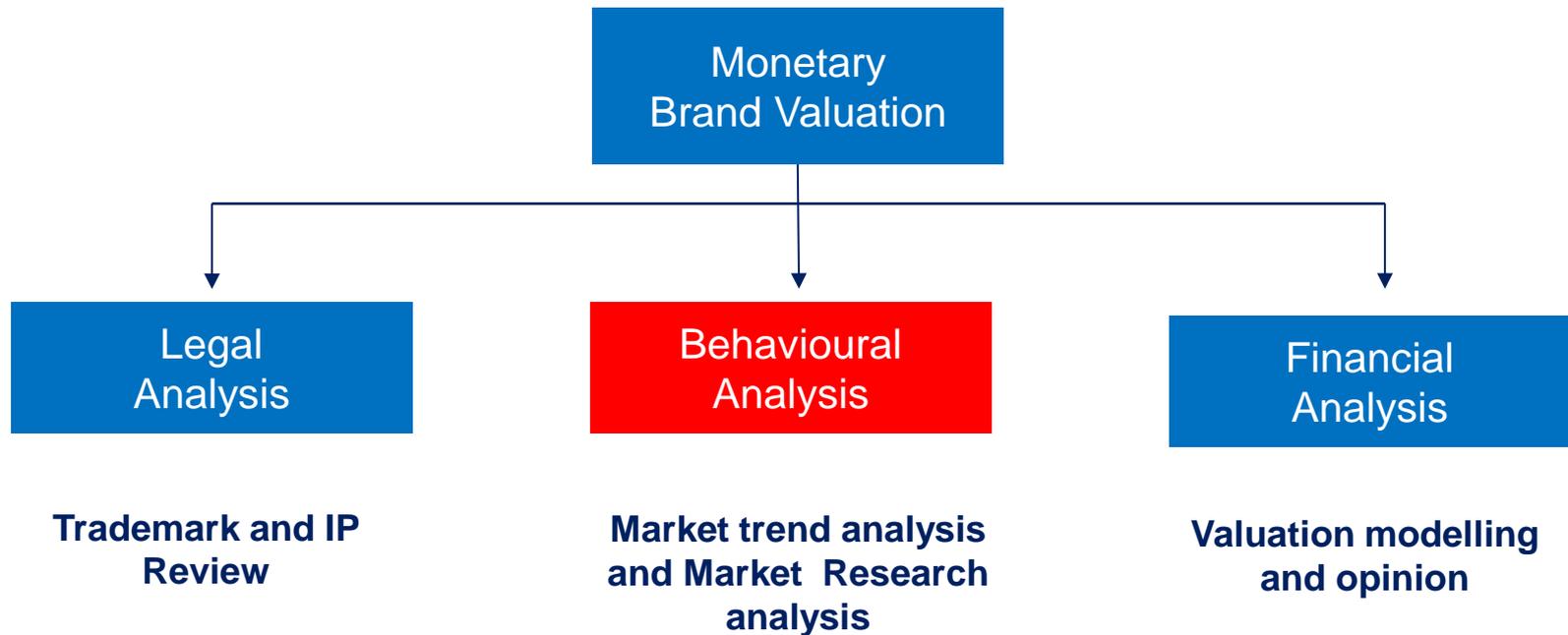
Elements of a Nation Brand*

Types of IP	Examples
Trade Names	United Kingdom, England, Wales, Northern Ireland, Scotland, Great Britain
Trade Marks	VisitBritain, FCO services, GOV.UK
Language	English, Gaelic, Welsh
Trade Dress	Union Jack, Beefeater uniforms, policemen/bobbies,
Songs	National anthems
Logo	Flags
National emblems	Lion, unicorn, dragon, rose, daffodil, shamrock, leek, thistle
Coat of arms	Royal coat of arms
Image rights	Royal Family, Britannia
Protected Geographical Indications	Scottish Beef, Melton Mowbray Pork Pie
Protected Designation of Origin	Orkney beef, Stilton cheese, Jersey Royal potatoes
Traditional Speciality Guaranteed	Traditionally farmed Gloucestershire Old Spots pork
Symbols	Buckingham Palace, Westminster, St. Pauls, Angel of the North, Edinburgh Castle, Holyrood
Event brands	London 2012
Iconic British brands	BBC, BA, BT
Currency	The British Pound
Certification marks	Made in Britain. BSI Kite Mark
Website	.gov.uk



Global Standard for Monetary Brand Valuation

The Brand Finance approach to Nation Brand valuation is an adaptation of ISO 10668



Brand valuation approach

Data Sources



164
measures are
grouped and
benchmarked
for each nation
in our 'nation
impact
framework'

INPUTS

GENERAL
INVESTMENT
GOODS & SERVICES
PEOPLE & SKILLS
TOURISM

BRAND EQUITY

GENERAL
INVESTMENT
GOODS & SERVICES
PEOPLE & SKILLS
TOURISM

ECONOMIC PERFORMANCE

GENERAL
INVESTMENT
GOODS & SERVICES
PEOPLE & SKILLS
TOURISM

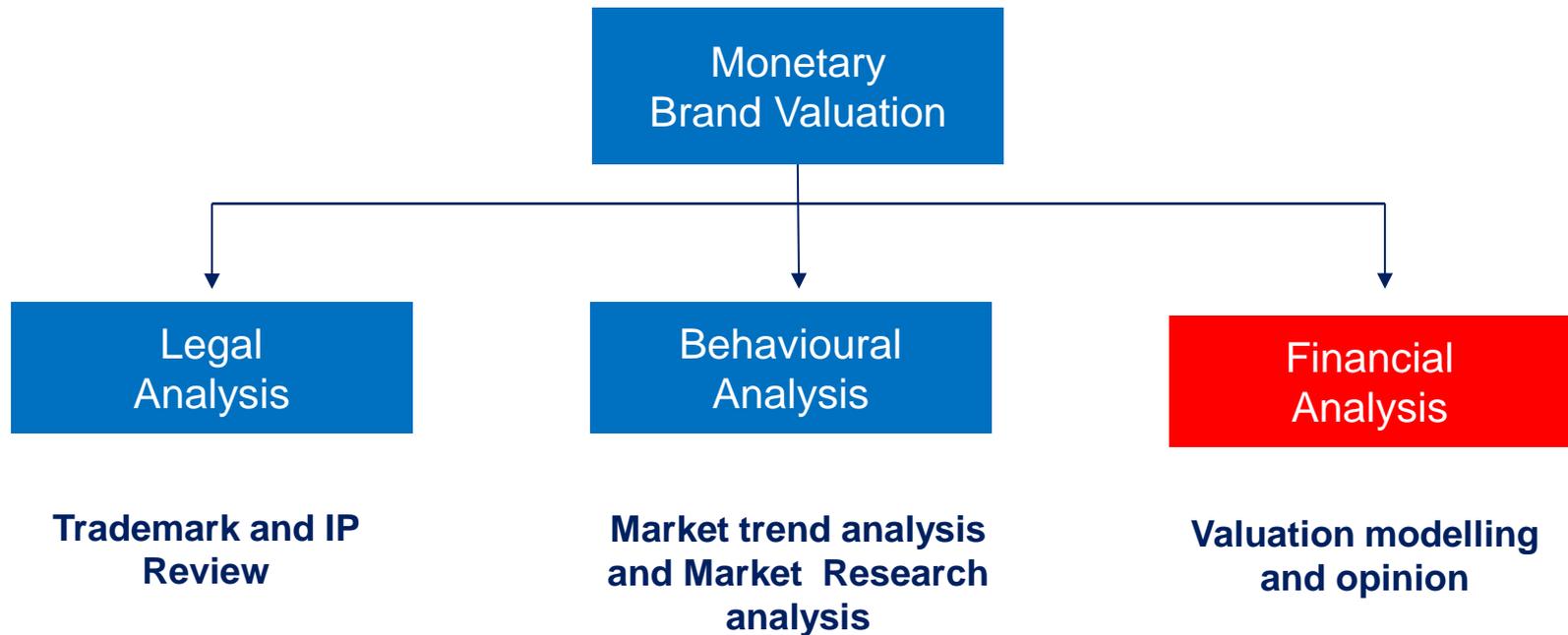
Brand valuation approach

Our Brand Strength Index ('BSI'), captures a range of measures incorporating Inputs, Brand Equity and Economic Performance for the Nation Brand relative to competitor Nation Brands.

Brand Strength Index		
Inputs	Brand Equity	Econ. Perform.
<u>Measures include:</u>	<u>Measures include:</u>	<u>Measures include:</u>
Intellectual property protection	Public trust of politicians	Gross domestic product
Diversion of public funds	Ethical behaviour of firms	GDP per capita
Irregular payments and bribes	Customer Satisfaction	Government budget balance
Judicial independence	Image Abroad	National savings rate
Wastefulness of government spending	National Culture	Inflation
Reliability of police services	Quality of life	Interest rate spread
Efficacy of corporate boards	Value System	Government debt
Quality of overall infrastructure	Flexibility and adaptability	Country credit rating
Quality of roads	Corporate Values	GDP Growth
Quality of railroad infrastructure	Quality of royal leadership	Resilience of economy

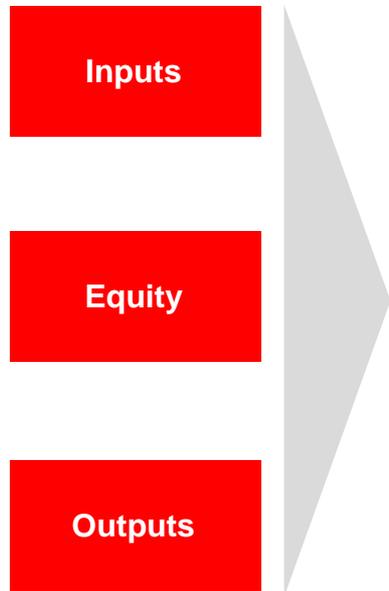
Global Standard for Monetary Brand Valuation

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How brand value is calculated

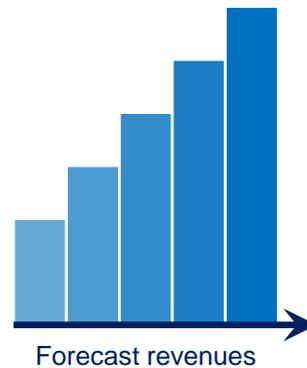
Brand Strength Index (BSI)



Brand 'Royalty Rate'



Brand revenues



Brand value



Brand valuation approach

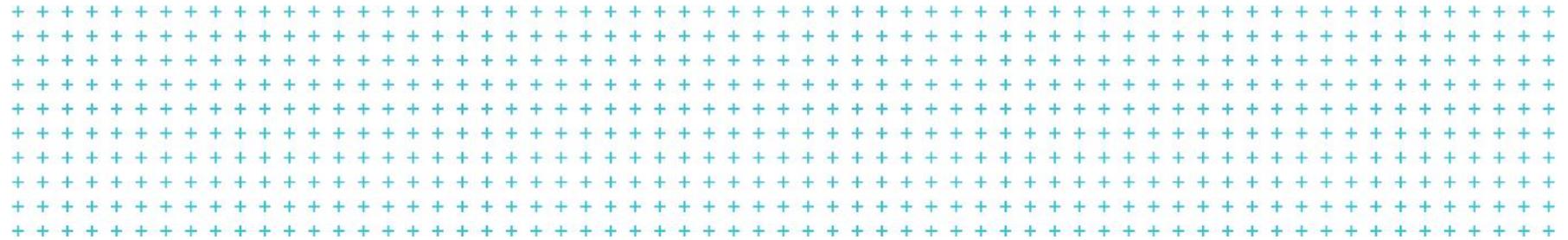
Illustrative



60

Brand Strength Index (100%)					
Inputs	33.3%	Brand Equity	33.3%	Econ. Perform.	33.3%
Measures include:		Measures include:		Measures include:	
Intellectual property protection	0.3%	Public trust of politicians	2.0%	Gross domestic product	1.0%
Diversion of public funds	0.3%	Ethical behaviour of firms	2.0%	GDP per capita	1.0%
Irregular payments and bribes	0.3%	Customer Satisfaction	2.0%	Government budget balance	1.0%
Judicial independence	0.3%	Image Abroad	2.0%	National savings rate	1.0%
Wastefulness of government spending	0.3%	National Culture	2.0%	Inflation	1.0%
Reliability of police services	0.3%	Quality of life	2.0%	Interest rate spread	1.0%
Efficacy of corporate boards	0.3%	Value System	2.0%	Government debt	1.0%
Quality of overall infrastructure	0.3%	Flexibility and adaptability	2.0%	Country credit rating	1.0%
Quality of roads	0.3%	Corporate Values	2.0%	GDP Growth	1.0%
Quality of railroad infrastructure	0.3%	Quality of royal leadership	2.0%	Resilience of economy	1.0%
Quality of port infrastructure	0.3%	Is the nation a sound investment destination	2.0%	Diversification of economy	1.0%

Royalty Range								
Primary	Nation	Secondary	Nation	Tertiary	Nation			
% Influence allocation		25%	20%		15%			
Min	2.0%	0.5%	Min	4.0%	0.8%	Min	6.0%	0.9%
Indonesia	4.4%	1.1%	Indonesia	6.4%	1.6%	Indonesia	8.4%	2.1%
Max	6.0%	1.5%	Max	8.0%	1.8%	Max	10.0%	1.5%



4. Brand Finance Nation Brands 2014: Summary of results

Most Valuable Nation Brands 2014

Total Nation Brand Value = Nation Brand + Corporate Brand

	RANK 2014	RANK 2013		NATION	BRAND VALUE 2014 (\$ bn)	RATING 2014	BRAND VALUE 2013 (\$ bn)	RATING 2013
←	1	1		USA	19,261	AA+	17,990	AA
←	2	2		CHINA	6,352	AA-	6,109	AA-
←	3	3		GERMANY	4,357	AA+	4,002	AA
←	4	4		UNITED KINGDOM	2,833	AA	2,354	AA
←	5	5		JAPAN	2,458	AA-	2,263	AA-
↑	6	7		CANADA	2,212	AA-	1,863	AA
↓	7	6		FRANCE	2,076	AA-	1,938	AA-
↑	8	9		INDIA	1,621	A+	1,366	A+
↑	9	10		AUSTRALIA	1,555	AA	1,257	AA
↓	10	8		BRAZIL	1,403	A	1,478	A+

Most Valuable Nation Brands 2014

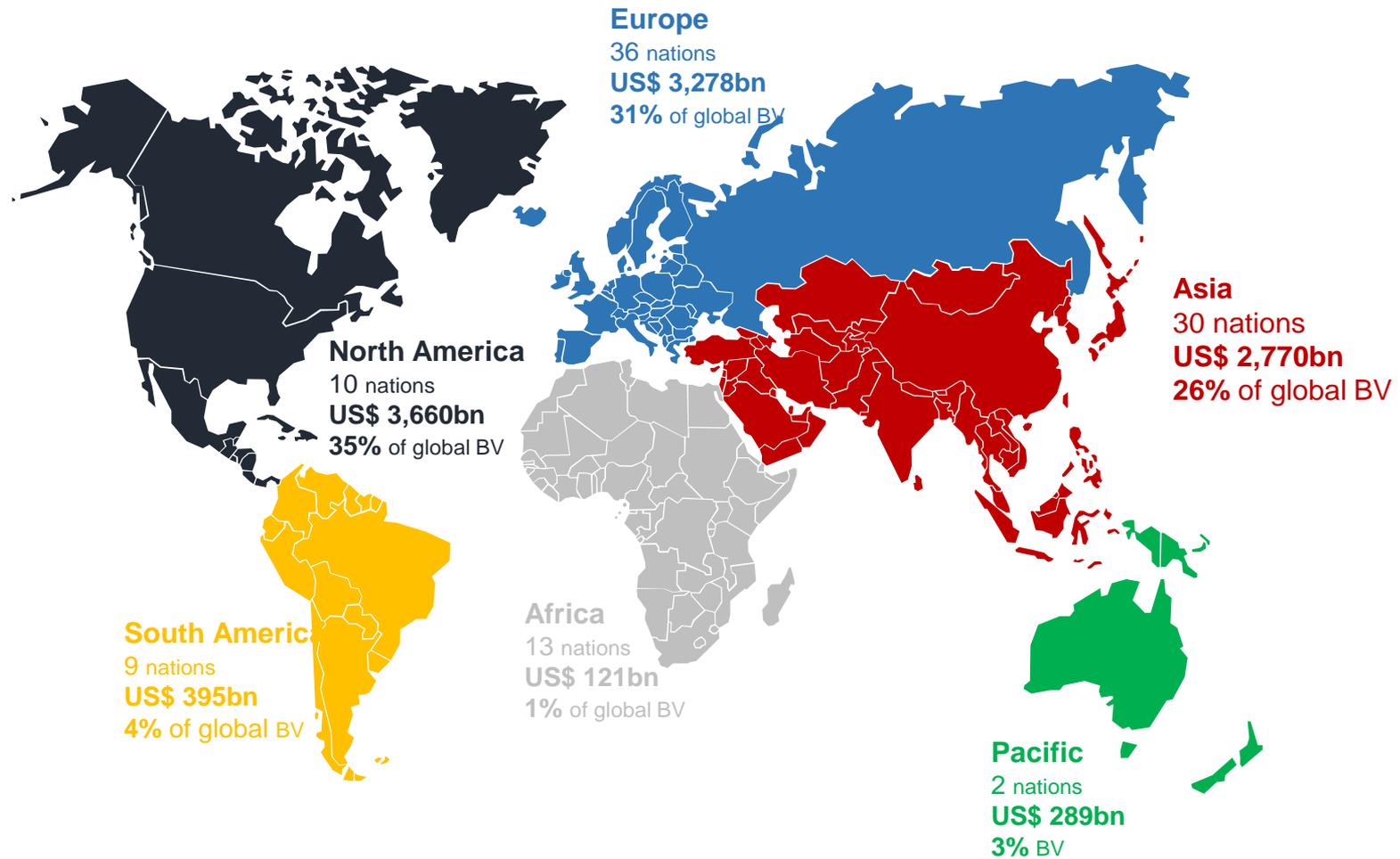
Nation Brand only – word mark and trademark iconography

	RANK 2014	RANK 2013		NATION	BRAND VALUE 2014 (\$ bn)	RATING 2014	BRAND VALUE 2013 (\$ bn)	RATING 2013
←	1	1		USA	3,089	AA+	2,848	AA
←	2	2		CHINA	1,127	AA-	1,081	AA-
←	3	3		GERMANY	709	AA+	649	AA
←	4	4		UNITED KINGDOM	449	AA	375	AA
←	5	5		JAPAN	401	AA-	365	AA-
↑	6	7		CANADA	366	AA-	303	AA
↓	7	6		FRANCE	329	AA-	308	AA-
↑	8	9		INDIA	275	A+	235	A+
↑	9	10		AUSTRALIA	258	AA	206	AA
↓	10	8		BRAZIL	232	A	242	A+

Most Valuable Nation Brands 2014

	RANK 2014	RANK 2013	NATION	TOTAL VALUE (\$ bn)	NATION BRAND VALUE 2014 (\$ bn)	RATING 2014	TOTAL VALUE (\$ bn)	NATION BRAND VALUE 2013 (\$ bn)	RATING 2013
←	1	1	 USA	19,261	3,089	AA+	17,990	2,848	AA
←	2	2	 CHINA	6,352	1,127	AA-	6,109	1,081	AA-
←	3	3	 GERMANY	4,357	709	AA+	4,002	649	AA
←	4	4	 UNITED KINGDOM	2,833	449	AA	2,354	375	AA
←	5	5	 JAPAN	2,458	401	AA-	2,263	365	AA-
↑	6	7	 CANADA	2,212	366	AA-	1,863	303	AA
↓	7	6	 FRANCE	2,076	329	AA-	1,938	308	AA-
↑	8	9	 INDIA	1,621	275	A+	1,366	235	A+
↑	9	10	 AUSTRALIA	1,555	258	AA	1,257	206	AA
↓	10	8	 BRAZIL	1,403	232	A	1,478	242	A+

Brand Finance Nation Brands 2014



Brand Finance Nation Brands 2014

Regional Brand Value Growth 2013 – 2014

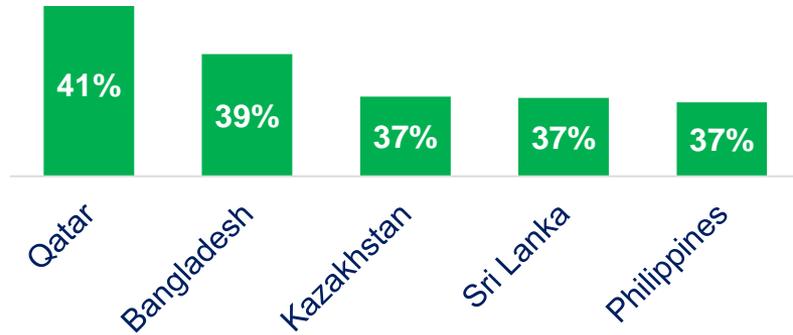


Pacific Nation Brands have seen the highest growth in relative terms whilst North America has seen the largest growth in absolute terms

Brand Finance Nation Brands 2014

Biggest movers

Winners by brand value



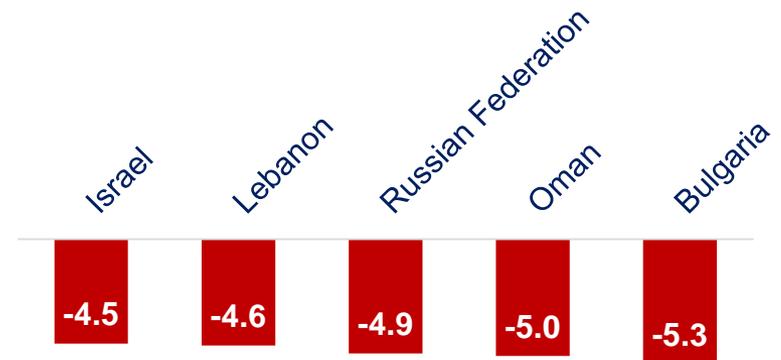
Winners by brand rating



Losers by brand value



Losers by brand rating



Brand Finance Nation Brands 2014

Biggest movers

Investment



Goods & Services



People & Skills



Tourism



Strongest Nation Brands 2014 (by brand strength index)

Germany has become the strongest Nation Brand in 2014

- Singapore:**
- Efficiency
 - Security
 - Safety
 - Confidence

- Germany:**
- Reliable
 - Quality
 - Stability
 - Engineered

- Switzerland:**
- Educated
 - Confident
 - Bilingual
 - Trustworthy

- UK:**
- Royalty
 - Culture
 - Heritage
 - Safe

Investment

Goods&Serv

People&Skills

Tourism

01 Germany
 2013 BSI rank 4
 BSI Score 75.84
 Rating AA+

Rating: AA+

Rating: AAA-

Rating: AA+

Rating: AA-

02 Singapore
 2013 BSI rank 2
 BSI Score 75.80
 Rating AA+

Rating: AA+

Rating: AA

Rating: AAA-

Rating: AA

03 Switzerland
 2013 BSI rank 1
 BSI Score 75.73
 Rating AA+

Rating: AA+

Rating: AA+

Rating: AAA-

Rating: AA-

04 United States
 2013 BSI rank 3
 BSI Score 75.70
 Rating AA+

Rating: AA

Rating: AA+

Rating: AA+

Rating: AA-

05 United Kingdom
 2013 BSI rank 5
 BSI Score 73.67
 Rating AA

Rating: AA

Rating: AA

Rating: AA

Rating: AA

Thoughts and Conclusions

- Germany spends more than €140 million a year promoting its image abroad
- The UK government's budget for GREAT is €60 million a year
- In comparison, Coca Cola's marketing budget is more than €3 billion

Thoughts and Conclusions

“If they come to Singapore they get this quality environment. And it’s part of our brand name; you have to be that quality to be in the play”

Lee Hsien Loong, Prime Minister of Singapore

““Sometimes we can forget just how big our reputation is, that across the world the letters 'UK' stand for unique, brilliant, creative, eccentric, ingenious. We come as a brand – a powerful brand”

David Cameron, Prime Minister of The United Kingdom

Thank you



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Brand Finance plc is the leading brand valuation and strategy firm, helping companies to manage their brands more intelligently for improved business results.

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