

29. august 2006

# Denmark's Reputation

## 1. Introduction

Globalisation implies that countries more than ever before compete with each other for attention, investors, tourists, the best minds and a lot more.

How Denmark is perceived abroad is therefore crucial. Questions like "Where shall we locate our company's new development department?", "Where do we want to go on holiday this year?" and "I'd like to be an engineer, but where's the best place to study?" are asked every single day by investors, potential tourists and top minds in many different countries around the world. And the answers to these and many similar questions have a crucial bearing on our ability to attract investments, jobs and tourists to Denmark.

In fact, regardless of whether we choose to do anything about it or not, people abroad will have a perception of what Denmark is like and what we Danes are good at. It could be said that we have a reputation, image or "brand" as a nation for better or worse, regardless of whether we want it or not<sup>1</sup>.

A country's national reputation may be known to many or just a few and it may vary in terms of clarity. But no matter what, it is an important competition parameter in the global economy, in which we as a small country compete together with the largest and most resourceful countries in the world.

The idea that a country's reputation is of great importance has gradually come to be acknowledged by the majority of Western countries, which is why in many places active efforts are being focused on so-called "nation branding" and "public diplomacy".

This does not mean, however, that these concepts are easy to pin down. For instance, while there is consensus that nation branding is important, there is far greater uncertainty about when, for whom and how efforts could be made to influence and develop a nation's reputation.

---

<sup>1</sup> In this paper, the concept 'national reputation' is used as an umbrella term for national "brand", image, reputation, etc. unless it relates to the academic discipline of "nation branding".

This discussion paper therefore includes the following elements:

1. A brief introduction to the central concepts
2. An overview of a step-by-step method for enhancing a national reputation
3. A suggestion for what a good reputation "looks like"
4. Data that show how Denmark is perceived abroad
5. A description of the main characteristics of the current initiatives
6. Questions for further discussion

Promoting Denmark to the outside world is an important part of the Danish Government's Globalisation Strategy.

### **1.1. National reputation and "nation branding"<sup>2</sup>**

"Nation branding" is basically a matter of building, refining and maintaining a country or nation's reputation. As a discipline, "nation branding" attempts to replicate some of the methods from the discipline, "corporate branding", with the aim of using them to influence a country's reputation in a positive direction<sup>3</sup>.

"Nation branding" borrows, among other things, the basic supposition that the reputation or "brand" has great importance for a company's ability to maintain and enhance its market position. For example, Coca Cola has succeeded in building a very strong and profitable global empire on the basis of a product that should be relatively easy to copy or substitute.

However, countries and nations cannot be directly compared with soft drinks and soap powders. The differences are obvious:

- Nations are far more complex and multi-faceted entities than most products, and they are created and influenced by a far greater number of factors. Nations can therefore not meaningfully be bracketed together under one umbrella reputation in the same way as electronics, cars or washing powders.

---

<sup>2</sup> A good introduction to the central concepts, etc. is given in Eugene D. Jaffe and Israels D. Nebenzahl (2006): *National Image and Competitive Advantage: The Theory and Practice of Place Branding*.

<sup>3</sup> Similarly, "nation branding" is closely related to "public diplomacy", which deals with ways in which a country communicates with the inhabitants in other countries in order to achieve certain goals. No sharp distinction is made here between the two concepts, as the goal here is to enhance Denmark's national reputation through global marketing, which can encompass tools, etc. from both "nation branding" and "public diplomacy".

- In contrast to companies, which as a rule have a clear single-stringed decision-making structure, there exist in most countries many different and competing perceptions of what a country is like and how it should be presented to the outside world. And what is important and what is presented is very much the subject of political debate. This means, among other things, that if the picture of a nation is to reflect "reality", it would be so complex that it would be virtually impossible to communicate it to outsiders.
- Nations and countries have greater importance on emotional grounds, and it may therefore seem almost inappropriate to use simple commercial marketing techniques in areas of such huge importance.

Thus, there are a large number of differences between countries and nations on the one hand and products and companies on the other. However:

1. Even though nations are naturally far more complex entities, which are portrayed and influenced by far more actors, this does not exclude the possibility that the outside world's picture of the nation can be influenced through deliberate actions. We can, for instance, strongly influence and build on the reputation we already have, in the same way that a good commercial brand can be adjusted, rejuvenated and enhanced. What is *not* possible is to invent a completely new national reputation from nothing in the same way that it is possible, for example, to "brand" a new commercial product.
2. Countries naturally embrace far more products and nuances, but so do a number of the largest multinational corporations, such as General Electrics, Sony or Siemens. Therefore, even though the challenges are different than for a product launch, the differences in relation to corporate branding in large corporations are perhaps not so large.

The crucial point in this respect, therefore, is that, all other things being equal, countries compete for the same tourists, investments, top minds, etc. And like all other purchases and financial decisions, this type of decision is made on the basis of perceptions, experiences, reputation, etc. *and* on more financially based calculations.

### Feelings and numbers

"The idea that business is just a numbers affair has always struck me as preposterous. For one thing, I've never been particularly good at numbers, but I think I've done a reasonable job with feelings. And I'm convinced that it is feelings – and feelings alone – that account for the success of the Virgin brand in all its myriad forms."

Source: Richard Branson, CEO Virgin

A good reputation gives the owner/nation a number of tangible advantages:

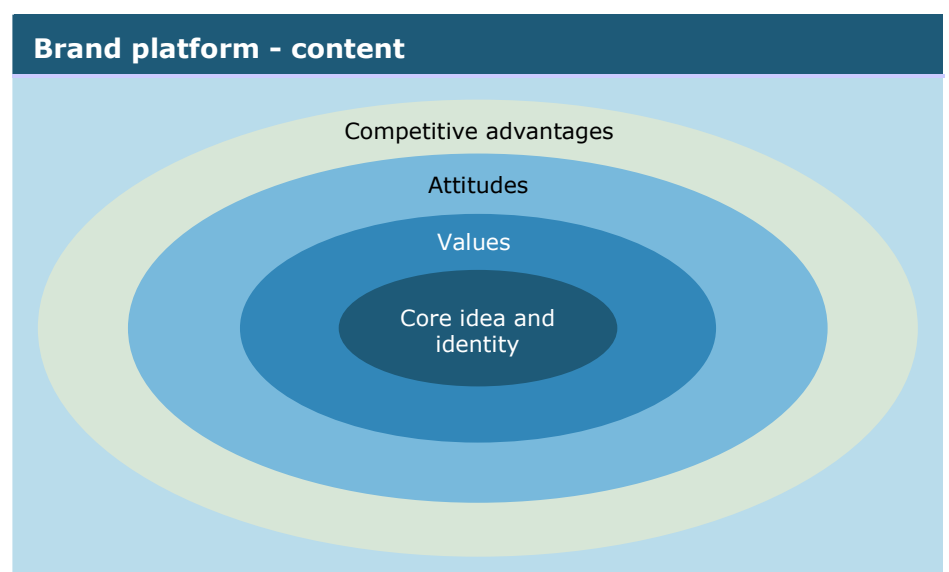
1. A good and strong reputation is unique and difficult to copy, in contrast to the majority of products, which can be copied relatively easily. For example, it is much more valuable for a country's relations with the rest of the world if the country has built up a reputation for being sound and efficient, than if it is associated with crime and corruption.
2. A good reputation in a particular field makes it possible to charge a higher price for certain goods than can be charged for goods from countries without such a reputation. For example, higher prices can be charged for Belgian chocolate, German cars, French wines, etc. than for similar products from other countries. In this way, strong country brands such as being a "high-tech nation", a "creative nation" or a "gourmet nation" are extremely valuable for the specific companies that are associated with the country. Conversely, strong commercial brands can have a very positive influence on a nation's reputation, like Finland's for example; a country which to a large degree can thank Nokia for its relatively new image as a "high-tech nation".
3. A good reputation can have a significant effect on whether a country is considered at all as a tourist destination, investment country, cooperation partner, etc. Many other functional factors such as prices, accessibility, climate, etc. naturally play a major role, but a good reputation is important for whether a country makes it at all onto the list of the countries that are considered.
4. A good reputation can be a significant political resource, for example in connection with conducting international negotiations and filling top international posts.

In addition, reputation has a bearing on how a country's citizens are received when they travel to other countries. Are we, for example, welcomed and invited into the community *because* we are Dan-

ish? If yes, this is probably a sign that we have a relatively good reputation in the eyes of the rest of the world, and this benefits all of us.

## 1.2. A good reputation

There is broad agreement that it is difficult to change a country's reputation. However, this does not mean this cannot be done through long-term and targeted efforts that are built up around a solid brand platform, as graphically illustrated in the figure below<sup>4</sup>:



The idea is that a reputation is built up in a number of closely inter-related layers - often in the same way as a personal or national identity.

The outermost layer represents the competitive advantages that as a rule are linked to the functional advantages that the company or nation has in relation to its competitors – e.g. low production costs, good design, stock control, pricing policy and all other things that can be measured accurately in straight figures.

The next layer consists of the attitude or mood that people sense when encountering the nation. This must harmonise with the competitive advantages in order to be credible, although this layer is

<sup>4</sup> The figure is a modified version of a figure devised by ReD Associates.

not as specific or measurable. It relates more to a mood that can be described using words and concepts.

The second innermost layer in the model relates to the nation's or the company's values, which must be precisely definable, measurable and known to the most important stakeholders. The values are the basis that acts as a moral guidepost in connection with important decisions, internally and externally.

Lastly, the innermost layer is the core idea, which is the overarching unique idea that distinguishes the company or nation from its closest rivals. It is first and foremost this layer that must be unique and difficult for others to copy.

A significant part of the practical work on building up a good reputation involves meeting a number of requirements that relate to what a good reputation should "look like".

Firstly, it must reflect reality. You cannot just buy a new reputation that looks the way you want it to. For example, it is a problem if you market a country as a good place from which to recruit stable and highly skilled labour if at the same time the international media are flooding the world with images of large-scale paralysing strikes, acts of terrorism, etc. A reputation that is not grounded in reality will not be credible, and the target group will see through it sooner or later, after which more harm than good will have been done.

Secondly, it must be possible to present the reputation in a simple manner. Competition for attention is stiff, and the international audience is impatient and will quickly turn their attention elsewhere if the messages are not easily accessible. Regardless of how many good things a country has to offer, these will be wasted if the target group does not see, hear or experience them.

Thirdly, the content must be attractive and appeal strongly to the target group. It is not enough to communicate a credible message in a simple way if the target group does not find the content attractive.

Fourthly, it must be inclusive. It should be more than just a very small section of the population or the foreign target groups who can

recognise what they perceive as reality in the way the reputation is presented.

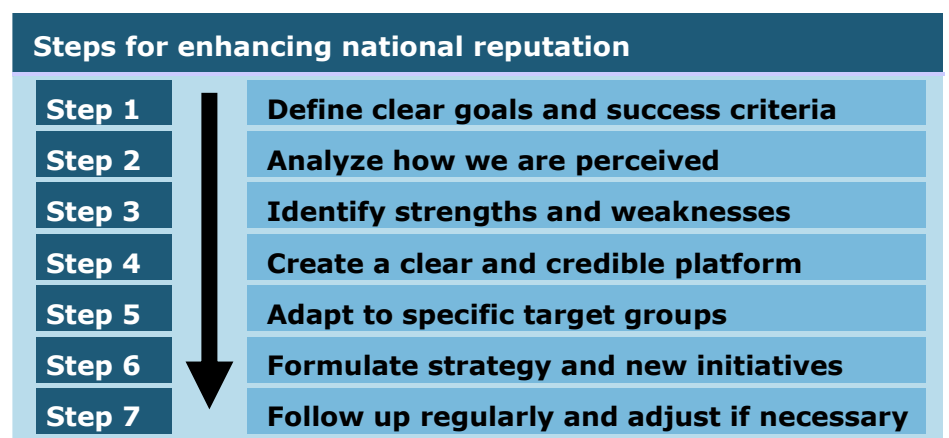
Lastly, the content must be differentiating. In the tourist industry, everyone entices tourists with promises of blue skies and golden sands, while glass facades, modern architecture and men in suits are used to attract investments. The result is that it is very difficult for the audience to distinguish one destination from another, and consequently the impact of the promotion activities is diminished.

Thus, when a decision is taken to “brand” a country or city, the challenge is to get these – often partially conflicting – criteria to synthesise in the best possible way. This requires detailed knowledge about the nation’s self-perception, strengths and values as well as perhaps an even greater degree of knowledge about how the nation is perceived abroad. It is therefore important that the groundwork is done thoroughly.

These requirements are perhaps especially important for a small country such as Denmark, which due to its size or resources is not naturally able to draw international attention.

### 1.3. Steps in the development of a national reputation<sup>5</sup>

The figure below illustrates a number of the most important steps for enhancing a national reputation.

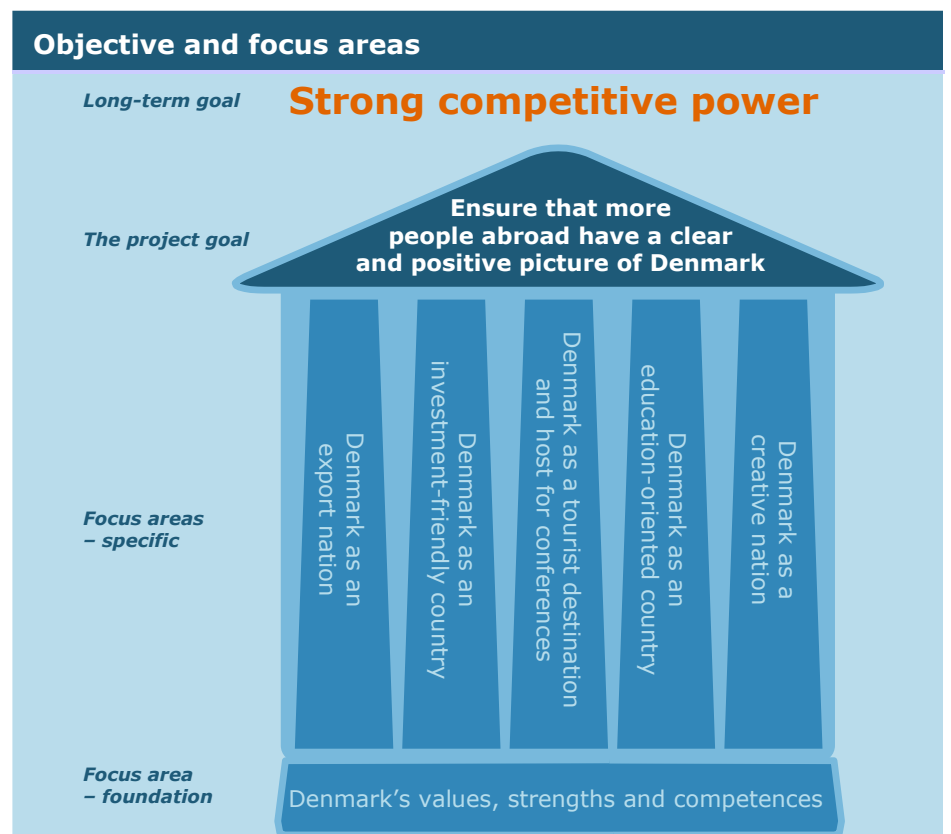


<sup>5</sup> The figure is a slightly modified version of a figure devised by ReD Associates.

The over-arching goals are formulated by the Government. The project must ensure:

1. Enhanced knowledge of Denmark and our strengths and values
2. A clear and positive picture of Denmark

The provisional objective and focus areas for the ongoing work to develop a new strategy for globally promoting Denmark in a proactive way can be illustrated by the following figure.



At the very general level – and in line with the Globalisation Strategy, in which the work is anchored – the aim is to contribute to strengthening competitive power. Research and international experiences indicate that there is a link between a country's general reputation and product image on the one hand and the perception of particular products on the other. This should be understood in the sense that particular products "can borrow value" from a good general image in specific areas, such as Japanese electronics, French foods, German technology, Italian fashion, etc.

The task is thus to give as many people as possible within the relevant target groups in our surrounding world a clearer and stronger

picture of our particular strengths. The final action plan is therefore likely to be heavily inspired by the above figure.

With regard to the step-by-step model presented above, the next step in the process towards formulating the final action plan is to complete the analysis of how we are perceived abroad.

Although the analysis has not yet been completed, the preliminary results are presented below together with an overall picture of current activities. The forthcoming work therefore seeks to a great extent to create a common platform and formulate a new strategy, which can then be implemented – both at the general level and within the particular focus areas.

#### 1.4. How Denmark is perceived abroad

The Anholt Nation Brands Index is the world's most extensive measurement of "nation brands", and thus one of the best existing tools for carrying out a quantitative assessment of Denmark's current reputation.

The survey is conducted four times a year as an Internet survey, with a panel of more than 25,000 representatively selected participants in 35 countries around the world<sup>6</sup>. It comprises a total of 23 questions that are structured around the six elements which make up the so-called brand hexagon which was devised by the nation-branding expert, Simon Anholt, and is illustrated below.



<sup>6</sup> This entire section is based on the *Anholt Nation Brands Index 2006 Quarter 2: Results for the Danish Ministry of Economic and Business Affairs and Special Report: Denmark's International Image Q1 2006*. All tables have been taken from the former report, whereas the brand hexagon has been taken from the *Special Report*.

### Remember....

As always with this type of survey, a few reservations are in order. Firstly, rich Western countries are heavily over-represented. Secondly, the survey is conducted in many countries and in many languages. This sets limitations for how nuanced a picture can be painted of each country, as the analytical framework must be able to incorporate everyone. Finally, the answers of the respondents are treated equally, despite great differences in their level of knowledge of the different countries. This has led, for example, to the quite surprising result that cars are one of the products associated with Denmark.

Denmark is ranked 15th in the index of some of the most well-known countries in the world. This means that Denmark has dropped one place in the list compared to the year before. The countries with the best overall rankings are listed in the table below:

Brand index – country rankings			
Top ten countries, 2006 Q2	Ranking	2006 Q2 total score	2005 Q4 total score
<b>UK</b>	1	128.7	128.8
<b>Canada</b>	2	127.3	127.3
<b>Germany</b>	3	126.9	126.4
<b>Switzerland</b>	4	126.8	127.4
<b>Italy</b>	5	126.4	126.8
<b>France</b>	6	126.3	125.6
<b>Japan</b>	7	125.9	126.3
<b>Sweden</b>	8	125.6	126.6
<b>USA</b>	9	125.4	124.9
<b>Australia</b>	10	124.6	125.0
<b>Denmark</b>	15	120.9	121.7

Denmark's overall ranking as number 15 masks also considerable differences, in that Denmark's strengths are rated very differently for the six variables.

Denmark's ranking for the 6 variables	
<b>Exports</b>	12
<b>Governance</b>	5
<b>Culture and Heritage</b>	17
<b>People</b>	10
<b>Tourism</b>	17
<b>Investment and Immigration</b>	13

The six variables are explained below.

## 1.5. Variable 1: Exports

This variable includes an assessment of each country's contribution to innovation in technology and science as well as an assessment of whether the purchase of products is positively or negatively influenced by whether the products are made in the particular country.

Denmark's overall ranking as 12th spans a ranking as 15th for its contribution to innovation and 11th as a country of origin for attractive products. The products and services that the respondents associate with Denmark are presented in the table below:

Products and services associated with Denmark	
	%
<b>Food</b>	27.3
<b>High technology</b>	18.1
<b>Heavy industry</b>	11.7
<b>Advertising</b>	10.9
<b>Banking</b>	8.9
<b>Automobiles</b>	6.3
<b>Textiles</b>	5.2
<b>Ceramics</b>	5.1
<b>Fashion</b>	3.9
<b>Arms</b>	1.3
<b>Oil</b>	1.3

## 1.6. Variable 2: Governance

The questions concerning governance are measured according to ratings given by respondents in regard to the following questions:

1. The degree to which the country is competently, honestly and fairly governed.
2. The degree to which the country respects the rights of its citizens and treats them with fairness.
3. The degree to which the country behaves responsibly in the areas of international security and peace.
4. The degree to which the country shows responsibility towards concerns over the environment and world poverty.

With regard to this variable, Denmark achieves its best overall ranking, namely 5th. We are thus one of the countries in the index and probably in the world in general that is perceived as being most well-governed and most efficient.

Denmark ranks 5th place overall, with a ranking as 5th for each of the four variables.

### **1.7. Variable 3: Culture and Heritage**

The culture and heritage variable covers the following areas:

1. Sports excellence
2. Rich cultural heritage
3. Vibrant and exciting place for contemporary culture such as music, films, etc.

In this category, Denmark scores its lowest overall ranking, namely 17th.

This overall ranking spans a ranking as 13th for contemporary culture and considerably poorer rankings in regard to the other variables.

There is thus significant international awareness and recognition of our contemporary cultural life, but our cultural history is probably neither especially well-known nor does it impress other countries.

### **1.8. Variable 4: People**

The people variable covers the following questions:

1. To what extent would the country's people make the respondents feel welcome?
2. Which nationalities would the respondents prefer to have as close friends?
3. From which nations would managers choose to employ well-qualified staff?

Denmark scores relatively well on this variable; with an overall ranking as 10th, it is among the best that Denmark achieves in the index.

The citizens in our neighbouring countries are the ones most sure that they would be made to feel welcome. This is particularly true for Germany, the Germans being more certain of being made to feel welcome in Denmark – even more so than the Danes themselves!

There are no great differences between the rankings in regard to the three questions, even though the recruitment-oriented question yields a slightly better result than the others. This indicates that Denmark's labour force is regarded as attractive.

### **1.9. Variable 5: Tourism**

This variable covers responses regarding the extent to which respondents would like to visit the country, and how they rate the country's natural scenery and visible historical heritage.

Tourism, together with culture, is the variable on which Denmark scores lowest, with an overall ranking of 17th in the index.

The overall ranking spans a ranking as 13th on the desirable-to-visit variable, and as 22nd and 18th on natural scenery and cultural heritage, respectively. There are thus other reasons than those measured here that make many people want to visit Denmark, even though neither the country's natural scenery nor its cultural heritage impresses them. Such reasons could, for example, be orderliness, good infrastructure and a strong sense of security.

#### **Example: "Spain – everything under the sun"**

With the campaign, "Spain: Everything under the sun", Spain has succeeded in improving its outward image in a fundamental way, and Spain today is ranked 2nd in the Anholt index's variable for tourism. The campaign positioned Spain as a modern democracy and culture-rich country that is attractive to tourists and investments. Action was thus taken to dispel the picture of a country that continued to stand in the shadow of Franco's dictatorship and was associated with low prices – and low-quality tourism.

There are several reasons for the campaign's success. Firstly, it had a clear vision: to re-position Spain as a modern, democratic and culture-rich nation. Secondly, the campaign had some clear visual and linguistic features that were easy to identify with and which resonated with the

Spanish self-perception: Mirò's famous sun and a clear slogan. Lastly, and perhaps most importantly, there was a clear political strategy for the campaign, which resulted in a large number of closely coordinated initiatives from different actors within the cultural, educational and business world.

### 1.10. Variable 6: Investment and Immigration

The 6th and final variable relates to the country's ability to attract labour and top minds. The variable measures:

1. People's willingness to live and work in the country for a substantial period
2. How people rate the country as a place to study for educational qualifications

Denmark ranks 13th in the index both overall and in regard to the two questions that comprise the variable.

#### Cool Britannia: Remember to "Walk the talk"

The Cool Britannia campaign was the Blair Government's attempt to polish up the UK's image in the eyes of the rest of the world. The goal was to associate the UK with something "cool" and modern. The campaign - according to the subsequent assessment - fell far short of achieving the desired effect. The primary reason was that the campaign lacked credibility: large sections of the British population and the country's business community do not perceive themselves as cool and modern, but instead identify themselves with the classic English virtues of honour and reliability. In addition, the campaign - in contrast to the Spanish campaign - was not backed up by a series of coordinated political measures.

Cool Britannia thus came across more like an empty advertising campaign than a genuine effort to transform the national identity.

### 1.11. The current initiatives

Already today, Denmark is being actively promoted through Danish involvement in formal and informal international fora and networks. The Danish profile thus contributes already today to promoting Danish policies, competences and culture.

A number of the initiatives are significant in terms of enhancing Denmark's reputation abroad, but are primarily targeted at the domestic scene and other areas. Other initiatives are a mix between external promotion and other activities. And lastly, the majority of the initiatives are targeted at external promotion and at fostering interaction with the rest of the world.

The initiatives are thus widely different, both in nature and scope. The figure below shows how the aspects that influence Denmark's nation brand can be separated into layers.

Action plan – focus		
Themes	Included in the action plan?	Examples
<b>Marketing and communication</b> targeted directly at the rest of the world Participation in education fairs abroad	✓	Participation in education fairs abroad
<b>Services and schemes</b> Targeted at promoting interaction with the rest of the world	✓	Danish scholarship scheme for foreign students
<b>Foundation</b> Denmark's fundamental resources and structures	✗	Denmark's education system and basic education programmes

The ongoing work is primarily centred around the two top layers of the pyramid, while no fundamental changes are to be made, for example, to the education system or the business structure in order to make us more interesting to the outside world. Our foundation and basis must be analysed and illuminated thoroughly, so that the efforts continue to be aligned with the underlying conditions.

The analysis of the present initiatives has led to the following conclusions:

1. The activities are being carried out by many different actors. For instance, 14 ministries are involved as well as a significantly longer list of associated institutions. Further support is provided by a large number of regional and local institutions. There are no clear signs of effective coordination, and collaboration across ministries and sectors is not particularly extensive.

2. Many small independent initiatives are being implemented, while there are only a few large-scale coherent initiatives, not including the extensive ongoing work being carried out at the Danish Missions abroad.
3. The number of public-private partnerships is limited, and the vast majority of the initiatives are purely public campaigns, etc.
4. The general impression is that the present initiatives are dominated by relatively traditional methods of promotion: brochures, magazines, websites, delegations/networks and trade fairs, accompanied by a small number of lobby initiatives and events. The list of initiatives contains few "non-conventional" initiatives.

### Japan: Branding without campaigns

Japan is perhaps the best example of how the perception of a country can change without an extensive campaign. Since the Second World War, Japan has gained an image as an innovative producer of top quality products. This image has been achieved through a concentrated national focus on quality, including tight export controls. The policy takes its point of departure in Japanese culture.

The nation brand, Japan, has thus been achieved without major campaigns, but through a consistent political strategy and an image that is linked closely together with the national identity. This presents a uniform and credible picture to the outside world.

## 1.12. Challenges and questions

The action taken to meet the goal of ensuring that the outside world has a true and clear picture of Denmark's strengths and competences raises a number of questions. The answers to these questions will have a crucial bearing on what the action plan and the forward-looking initiatives will come to look like.

Among the vast number of relevant questions that are raised, four central ones have been chosen as the focal point for the workshop on 1 September 2006. The questions are as follows:

1. Developing and strengthening a national reputation is not like designing a new kitchen or writing an information leaflet. However, this does not mean there are not both good and bad ways to do this. The question is what type of approach to adopt, and what kind of products should be focused on in the different phases of a nation brand-building process?

2. The goal of creating a true and clear picture of Denmark cannot be achieved by any single organisation on its own, but requires contributions from the business community, the Government, educational institutions, the media and many other actors. Similarly, an action plan – regardless of how good it might be – will in itself not make any crucial difference unless it is regularly followed up on and updated. Follow-up and effective ownership among the key actors, including the establishment of constructive partnerships across sectors, is therefore the key to long-term success. How do we ensure this?
3. The initiatives today are first and foremost characterised by many small, relatively traditional and separate public *or* private initiatives. There are few major initiatives with powerful clout, and coordination across ministerial areas and sectors is poor. This raises two questions that have a crucial bearing on the quality of the forward-looking work:
  - What do we have in the toolbox besides leaflets and websites? And how do we become better at identifying and exploiting the other opportunities that exist?
  - How do we become better at creating cross-cutting coherence?
4. Denmark is a very small country, which cannot compete with countries such as Germany and the USA in terms of knowledge or the ability to attract attention. How can we as a small country become better at attracting international media attention?