Product Branding

- A product’s brand is a perception in customers’ minds
  - An association
  - An expectation
Product Branding

• Why do companies invest in brand development?
  – It pays
    • Higher prices
    • More volume

\[ \begin{align*}
  p & \quad \text{Price} \\
  q & \quad \text{Quantity}
\end{align*} \]
Nation Branding

• Just as consumer products have associations in customers' minds known as "brands," so do nations.

• Nation brands are comprised of perceptions that people have of a nation about what people can expect if they:
  – visit an area (tourism)
  – buy goods from the area (foreign trade)
  – invest capital there (foreign direct investment)
Return on Nation Branding

- Based on their perceptions of nations, people might develop generalizations that
  - products from Italy are stylish
  - French wine is superior to all other wines
  - German cars are well engineered
Return on Nation Branding

• Some nation brands are so strong that any association with that nation is worth publicizing
  – Harry’s Razors advertises that their blades are “German Engineered”
Return on Nation Branding

• Location could also have a negative impact
• Companies might try to avoid association with their nation or region of origin
  – Häagen-Dazs uses a name that makes it sound like its ice cream is manufactured in dairy-rich Denmark, but the company originated in the Bronx
  – Lenovo uses a name that sounds European, but the company’s original name was Legend and it was founded in Beijing
• **Case Study: “Israel Inside”**
  – Israel has long been a technology innovator
    • Israel provides tax exemptions and public subsidies to encourage foreign companies to invest in Israeli technology
    • Through such incentives, Israel has successfully transformed its industrial base and strengthened its economy
  – Israel could still be better known globally as one of the top leaders of technological innovation
  – Companies that rely on Israeli technology shy away from publicizing their connection to Israel to avoid association with Israel’s geopolitical conflicts
Best Countries

- The 2016 Best Countries report was created by Prof. Reibstein, U.S. News & World Report, and BAV Consulting
- We released the report at the 2016 World Economic Forum in Davos, Switzerland
- We surveyed 16,000+ participants from around the world, including business experts and informed elites
- We grouped 65 brand attributes into 9 subrankings, which we weighted by their GDP PPP per capita correlation
  - Adventure (3.24%)
  - Citizenship (16.95%)
  - Cultural Influence (12.93%)
  - Entrepreneurship (17.42%)
  - Heritage (3.17%)
  - Movers (11.99%)
  - Open for Business (10.00%)
  - Power (7.42%)
  - Quality of Life (16.89%)
- We ranked 60 top nations based on the 9 subrankings
Best Countries

• Warning!
  – All the data are wrong!!
• Israel was ranked #25 out of 60
  – Higher than Mexico, Malaysia, and Algeria (which came in last) but below India, Brazil, and Japan
• The top-ranked countries:
  – #1 Germany
  – #2 Canada
  – #3 United Kingdom
  – #4 United States
  – #5 Sweden
Best Countries

• Israel ranked #53 for Adventure
• The top countries for Adventure:
  – #1 Brazil
  – #2 Italy
  – #3 Spain
  – #4 Thailand
  – #5 New Zealand
### Adventure

Corr. to GDP per Capita: 3.24%

<table>
<thead>
<tr>
<th>Rank #53</th>
<th>Fun</th>
<th>Scenic</th>
<th>Pleasant climate</th>
<th>Friendly</th>
<th>Sexy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>57</td>
<td>54</td>
<td>45</td>
<td>52</td>
<td>59</td>
</tr>
</tbody>
</table>
Best Countries

- Israel ranked #24 for Citizenship
- Business decision-makers ranked Israel #20
- The top countries for Citizenship:
  - #1 Sweden
  - #2 Canada
  - #3 Denmark
  - #4 Netherlands
  - #5 Australia

<table>
<thead>
<tr>
<th>Citizenship Attribute</th>
<th>Rank</th>
<th>Overall Rank</th>
<th>Business Decision Makers Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respects property rights</td>
<td>24</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Progressive</td>
<td>17</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Trustworthy</td>
<td>20</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Gender equality</td>
<td>24</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Well-distributed political power</td>
<td>18</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Cares about the environment</td>
<td>24</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>Cares about human rights</td>
<td>24</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>Religious freedom</td>
<td>46</td>
<td>57</td>
<td></td>
</tr>
</tbody>
</table>
Best Countries

• Israel ranked #35 for Cultural Influence
• The top countries for Cultural Influence:
  – #1 France
  – #2 Italy
  – #3 United States
  – #4 Spain
  – #5 United Kingdom
Cultural Influence  Corr. to GDP per Capita: 12.93%
Best Countries

• Israel ranked #21 for Entrepreneurship
• The top countries for Entrepreneurship:
  – #1 Germany
  – #2 Japan
  – #3 United States
  – #4 United Kingdom
  – #5 Canada
Entrepreneurship Corr. to GDP per Capita: 17.42%

Rank #21

Provides easy access to capital 42
Well-developed infrastructure 22
Transparent business practices 22
Educated population 17
Skilled labor force 17
Entrepreneurial 13
Connected to the rest of the world 25
Innovative 12
Technological expertise 10
Well-developed legal framework 19
Best Countries

• Israel ranked #27 for Heritage
• The top countries for Heritage:
  – #1 Italy
  – #2 Spain
  – #3 Greece
  – #4 France
  – #5 Mexico
Heritage Corr. to GDP per Capita: 3.17%

Rank #27

- Culturally accessible: 49
- Many cultural attractions: 19
- Has a rich history: 15
- Has great food: 55
Best Countries

- Israel ranked #14 for Movers
- Business decision-makers ranked Israel #7
- The top countries for Movers:
  - #1 India
  - #2 Singapore
  - #3 China
  - #4 Thailand
  - #5 Japan
Movers  Corr. to GDP per Capita: 11.99%

Rank #14

- Distinctive: 13
- Different: 24
- Unique: 10
- Dynamic: 21
Best Countries

- Israel ranked #52 for Open for Business.
- Business decision-makers ranked Israel #36.
- The top countries for Open for Business:
  - #1 Luxembourg
  - #2 Sweden
  - #3 Canada
  - #4 Denmark
  - #5 Panama
Open for Business  Corr. to GDP per Capita: 10.00%

Rank #52

- Corrupt: 21
- Favorable tax: 59
- Bureaucratic: 51
- Transparent: 18
- Cheap manufacturing: 44
Best Countries

• Israel ranked #8 for Power
• The top countries for Power:
  – #1 United States
  – #2 Russia
  – #3 China
  – #4 Germany
  – #5 United Kingdom
Power: Corr. to GDP per Capita: 7.42%

Rank #8

- Strong military: 2
- Strong international: 10
- Economically influential: 16
- Politically influential: 7
- A leader: 10
Best Countries

• Power was Israel’s strongest set of ranks
  – Tied for #2 with China for the attribute of Strong Military, directly ahead of the U.S. and behind only Russia
  – #7 for the attribute of Politically Influential
  – #10 for the attribute of Strong International Alliances
  – #10 for the attribute of a Leader
### Best Countries

- **Israel** ranked #34 for **Quality of Life**.
- Business decision-makers ranked Israel #28.
- The top countries for Quality of Life:
  - #1 **Canada**
  - #2 **Sweden**
  - #3 **Denmark**
  - #4 **Australia**
  - #5 **Netherlands**

#### Quality of Life

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Overall Rank</th>
<th>Business Decision Makers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economically stable</td>
<td>19</td>
<td>18</td>
</tr>
<tr>
<td>A good job market</td>
<td>34</td>
<td>24</td>
</tr>
<tr>
<td>Affordable</td>
<td>58</td>
<td>57</td>
</tr>
<tr>
<td>Safe</td>
<td>56</td>
<td>48</td>
</tr>
<tr>
<td>Politically stable</td>
<td>33</td>
<td>30</td>
</tr>
<tr>
<td>Family friendly</td>
<td>43</td>
<td>51</td>
</tr>
<tr>
<td>Well-developed public education system</td>
<td>18</td>
<td>15</td>
</tr>
<tr>
<td>Well-developed public health system</td>
<td>18</td>
<td>17</td>
</tr>
<tr>
<td>Income equality</td>
<td>21</td>
<td>20</td>
</tr>
</tbody>
</table>

**Corr. to GDP per Capita: 16.89%**

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**Wharton**

**University of Pennsylvania**
Quality of Life  Corr. to GDP per Capita: 16.89%

Rank #34

- Economically stable: 19
- A good job market: 34
- Affordable: 58
- Safe: 56
- Politically stable: 33
- Family friendly: 43
- Well-developed public...: 18
- Well-developed public health...: 18
- Income equality: 21
Best Countries

• What nation has the highest self-evaluation relative to how the rest of the world views it?

— Israel

• Whose fault?
  – Self-deception?
  – Lack of external understanding?
The Best Countries report received significant attention in the media and the public sphere.

- So far, the Best Countries site has earned 4.6 million page views and over 300,000 visitors per month.
- More than 2 million people from over 200 countries have visited the site.

"Germany came in first, Canada was second, the United Kingdom ranked third, and we checked in after that, the United States finished fourth. I tell you what when Donald Trump finds out about this he is going to sell a lot more hats, that's for sure." - Jimmy Kimmel Live!

“Shortly afterward, however, Prime Minister Benjamin Netanyahu responded that Israel’s standing in the world has never been better, citing a US study calling Israel the eighth most powerful country in the world.” - The Jerusalem Post
Summary

• Nations have brands whether they like it or not
• The perception of a nation’s brand has a direct influence on its economy
• There are actions that nations can take to affect their brands
• For a nation to alter perceptions—i.e., to reposition its nation brand—it must make a focused effort to change the perception that other people have of the nation
What Are The Implications?

• If negative perceptions accurately reflect reality:
  – Change policy
• If negative perceptions are inaccurate:
  – Change misperceptions
• Which are the important attributes for Israel to change?
  – The ones that affect Israel’s economy the most
    • 17.42% GDP: Entrepreneurship (#21)
    • 16.95% GDP: Citizenship (#24)
    • 16.89% GDP: Quality of Life (#34)
    • 10% GDP: Openness for Business (#52)
Todah