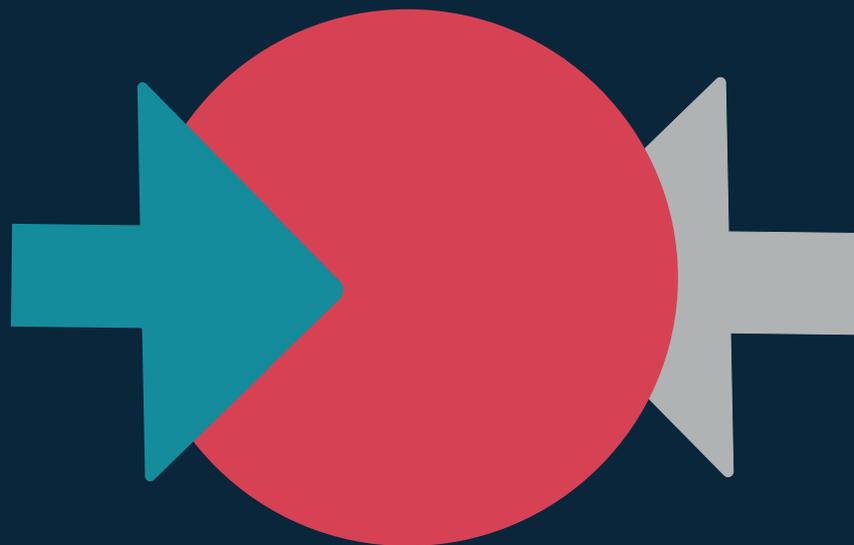


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**ARTICLE**

# **COUNTRY BRAND: A KEY FACTOR FOR FOREIGN INVESTMENT**

Dominican Republic, 30 July 2019

A country is much more than its landscape, culture, products and services; countries are an amalgamation of these elements coming together in the public eye to form a brand. In the hyper-connected world we live in today, where opinionated citizens are capable of influential recommendations or disastrous negative reviews, it is necessary to do more than the typical advertising of showing images and videos of beaches, castles, lakes, mountains, streets, restaurants and hotels on TV, computer or mobile screens, or on bus stops and street billboards. The pillars that shape the reputation of a brand need to be managed so that the country stands out from others and is able to achieve its marketing goals.

**“There are increasingly more investors that prefer not to do business in territories that refuse to move away from polluting energy policies instead of switching to green energy”**

It is no longer enough to cultivate the best peppers if it is the children who toil the land. It is no longer acceptable to mix them with other peppers that do not have the guaranteed quality when delivering to customers. Nor is it enough

to offer the best incentives to build a plant in an industrial area if it is necessary to unofficially line someone's pockets to create the business. Having the most idyllic white sand beaches in the world is useless if, when visiting them, it is likely that you will be robbed, or that a vehicle will run you over because there is no respect for traffic signals, or you may get a disease due to lack of water or food treatment. Additionally, there are increasingly more investors that prefer not to do business in territories that refuse to move away from polluting energy policies instead of switching to green energy.

Countries can't depend on reputational attributes if they do not have tangible proof of results with real **positive impact**. However, it is no longer an option to entrust the success of a brand entirely to its image. The other four factors of LLYC's reputation model, *Reputation Relevance*, are credibility, transparency, integrity and contribution. These must be taken into account to uphold a sustainable reputation plan that allows for not only a positive positioning of nation branding, but also for good crisis management, in case something goes wrong and a buffer is needed to reduce damages.

## REPUTATION OVER IMAGE

Those who affirm that it is “necessary to protect the image” when talking about reputation management, are overlooking other factors central to achieving their goal. Image is uniquely linked to the appearance of the brand. Effectively, it is essential that the brand utilizes its image to appeal to its communities of interest on an emotional level, but it also must manage four other elements of reputation:

1. **Credibility** – the experience consumers have with the product and how it aligns with the product's image and promises. When a brand provides positive experiences, it leads to customer recommendation.
2. **Integrity** – the brand fulfilling its legal and ethical obligations.



take into account other factors of reputation. An investor may be interested in the fruits and vegetables produced in a country, but their decision to buy a plot of land, or install a processing plant to produce them, will not ultimately be decided by the flavor, color or demand. Rather, the key factor lies in integrity and the certainty that the investment is legal. The investor will also ascertain if the country offers the human capital they need for the investment to be successful in terms of capacity, efficiency and responsibility.

Investors do not want to be affected by the reputation of a third party. Thus, there are many factors that impact decisions about investing in, visiting or buying from a country. These factors include human rights issues (e.g. child labor, salary and work conditions, migration and gender equality), public safety, infrastructure quality (e.g. road

maintenance, construction and power supply) environmental impact (e.g. noise contamination, garbage, overcrowding, and power plant or vehicle fumes) and technological development. As a result, these are also factors that should inform brand decision making.

The latest study by the Reputation Institute on nation branding, from spring 2018, states that “a new era is emerging, where reputation intangibles have an impact on political, social and economic changes<sup>1</sup>.” This report includes

3. **Contributions** – the brand having a positive influence in its industry.
4. **Transparency** – communication of accurate information that fulfills user expectations of the brand. This includes information on image, credibility, integrity and contributions.

Although the image is usually a person’s first point of reference with a brand, when deciding whether or not to become a consumer, they also

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<sup>1</sup> [https://cdn2.hubspot.net/hubfs/2963875/\\_PDF/RepTrak/2018\\_Country\\_RepTrak\\_180621.pdf](https://cdn2.hubspot.net/hubfs/2963875/_PDF/RepTrak/2018_Country_RepTrak_180621.pdf)

results collected from almost 50 citizen surveys from different countries, which highlight how human equality, security, lifestyle and ethics define a country's reputation. Sweden currently holds the number one position in the ranking, having moved up from the third position. Sweden holds the leading position due to its ethics, high transparency, low corruption and its progressive social and economic public policies.

Finland rose five ranks to second place due to its progressive gender policy and its renowned education system. Spain's ranking fell from 13<sup>th</sup> to 14<sup>th</sup> place due to the Catalanian crisis. A few months later, a Royal Decree gave rise to "España Global" (Global Spain) a government agency responsible for adopting measures to improve the country's international image. "España Global" was founded on the idea that a nation's branding can, "guarantee a better positioning at the national and international level. A good nation brand appeals to a higher number of productive investments, facilitates the internationalization of companies and strengthens exports of goods and services, appeals to a higher number of researchers, academic representatives and tourists, and it has a more visible presence in the different international decision making forums<sup>2</sup>."

None of the Latin American countries assessed appeared in the top 20 out of 55 countries. Chile and Argentina were the highest ranked among them, in spots 26 and 27 respectively, having improved their ranking compared to the previous year. However, on average, Latin American countries fell in ranking due to insecurity, operational efficiency and ethics. Despite Venezuela's drop of over seven ranks, Colombia is still the lowest ranked out of the seven Latin American countries that were included in the study. The other Latin American countries included in the ranking were Peru, Brazil and Mexico.

## SECTORS AND STAKEHOLDERS FOR BETTER NATION BRANDING

Why is a nation's positive reputation, and not just its brand, important? Firstly, efforts to achieve and maintain that reputation will force the country to consider public policies and programs, the proper execution of which tends to improve the living conditions of the people in that territory, whether or not they are residents.

Additionally, a good reputation makes a country attractive to investors, reduces the price of its currency, and increases trade and tourism. Foreign investment is considered an opportunity for business that allows the country to gain more influence in international forums.

## "Human equality, security, lifestyle and ethics define a country's reputation"

Building a nation brand can be achieved by developing programs in fields such as health (health care, prevention of diseases, access to quality medication, condition of the medical centers, access to drinking water, research); education (teaching quality, school dropout, evolution from curriculum, use of technology); human rights (public safety and security, migration, gender); infrastructure (roads, logistics, mobility, communications and technological connectivity, quality power network); institutions (regarding regulations, separation of power,

<sup>2</sup> <http://www.exteriores.gob.es/Portal/es/PoliticaExteriorCooperacion/MarcaEsp/Paginas/Inicio.aspx>

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compliance with sanctions, information transparency, legal certainty); environmental consciousness (environmental management, preservation plans, use of clean energy, caring for water); or competitiveness (bureaucratic agility, access to quality information, cost of processing, professional quality, financial technology, innovation, support system for entrepreneurship).

Citizens are the ones who ensure positive nation branding. It is up to each one of us to contribute to that reputation, both individually and collectively. In this regard, entrepreneurs have an essential role to play since they are the most involved with a brand, by appealing to tourists, enticing investors or promoting exports. Together with the authorities, they contribute to defining those plans and participate in its execution. Some companies will just be followers; others are protagonists, as in the case of the Dominican Republic with Dominican Week in the U.S. and the U.K. Both are business platforms with direct contact with the authorities, businessmen and citizens who have important investment, tourism and commercial ties to the Dominican Republic. The program calls for the diaspora to participate, and they are possibly the best country ambassadors.

## A SUSTAINABLE PLAN

Beyond what nations do to create and promote their brand, they must think in terms of reputation so that their positioning is based on more than just image, something that plants the seeds for positive beliefs and ideas about a territory to spread and makes it more difficult to underestimate or even discredit those beliefs. This implies having a well-designed from the start, in which the positioning factors play a fundamental role in defining the actions -of communication, of course, and others in terms of public policies, processes, protocols, laws, regulations, etc.- to be executed. Priority should be given to targeted communities when forming this plan - not only in terms of action, but also by listening enough to identify and measure the risks that need to be managed and the opportunities for growth.

This process must be kept up and continuously updated based on the country's evolution so that the nation branding can resist slander from opposing parties and relentlessly add perceived value to visitors and investors.

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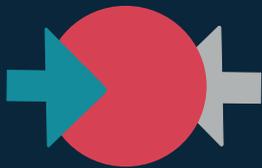
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