

FutureBrand



01 **USA** 02 **CAN** 03 **AUS** 04 **NZL** 05 **FRA** 06 **ITA** 07 **JPN** 08 **GBR** 09 **DEU** 10 **ESP**

**2009 COUNTRY BRAND INDEX / EXECUTIVE SUMMARY**



# FutureBrand Philosophy

## OUR APPROACH: ARE YOU A FUTUREBRAND?

True to our name, FutureBrand is about creating new standards of excellence. We build futurebrands that develop new businesses, reshape business models and reframe opportunities. They also help establish lasting value, forge an emotional bond and deliver measureable results. As a company that thinks ahead to stay ahead, FutureBrand embraces the possibility and potential tomorrow brings, ensuring that our clients' brands are created and designed to stand the test of time. We have been pioneers in country branding for the past 10 years, working with Mexico, Singapore, Australia, St. Lucia and Qatar, to name a few, as well as shaping a number of country branded export products and helping to brand several cities, regions and country icons.

## COUNTRY BRAND METHODOLOGIES

Creating a futurebrand requires global insight, marketplace expertise, best-in-breed disciplines and category superiority. Two tools we use to help us develop strong country brands are our Country Brand Framework and Hierarchical Decision Model.

### FRAMEWORK

Identifying important considerations from essentials to essence and assessing a country's performance today gives us insight into its potential for tomorrow. A country needs to capitalize on its mix of features to succeed, and our Country Brand Framework allows consideration of both a nation's tangible and intangible factors. We look at a range of assets, from governance and infrastructure to culture and ethos, as well as the shifting dynamics of the future (e.g., population changes, spending patterns, macro- and microeconomic factors) to uncover underleveraged opportunities and overleveraged liabilities. Being a futurebrand means promoting all your strengths and determining how to overcome and address key weaknesses.

### DECISION MODEL

We use the Hierarchical Decision Model to identify a country brand's maturity; specifically, to determine how key audiences (residents, investors, tourists, foreign governments) relate to the brand on a continuum from awareness to advocacy. The insights this model provides enable us to consider how well developed the brand is and to identify areas of need to ensure that we address the right challenges. It is also an effective tracking tool to gauge progress and to measure how the country is performing. Creating futurebrands requires understanding a situation well enough to craft a strategic solution and having the tools to track its efficacy and progress.



# Why Country Brands Matter

For the past five years, FutureBrand has rallied around the idea that countries have the potential to become some of the world's strongest brands, rivaling Nike, Sony and IBM. We have documented how well-branded countries can better promote economic value and export products; attract inbound investment, tourists and talent; redress stereotypes or clichés and build competitive advantage. All this remains true. We also see new and innovative ways countries are promoting themselves: using global sports to showcase a nation, creating strong and groundbreaking environmental policies and approaches, electing powerful leaders who inspire global goodwill, and creating icons of culture and the arts.



There are some who say that marketing alone cannot build a country brand and that a strong country brand requires a solid foundation of infrastructure, a stable economy and a secure government. While this is true to some extent, we have certainly all witnessed the powerful role marketing can play in advancing a nation, from its capacity to shift perceptions or introduce a new country to the world to its ability to communicate a destination's focus or superior export. The UAE is a good example of a visionary nation that was able to successfully promote itself while much of its infrastructure and attractions were nowhere near complete. By aggressively identifying itself as a country filled with icons of wonder, luxury accommodations and

modern conveniences amid a cosmopolitan Middle Eastern atmosphere, the UAE was effectively able to capture the attention of global tourists and investors. The brand and the nation were built concurrently. This is one small example of a nation we at FutureBrand are quite familiar with, having worked extensively with the government to brand The Palm and The World. It demonstrates how a powerful country brand, at its best, can stimulate interest, drive behavior and create advocates. We strongly encourage all countries to carefully consider how they market themselves and to candidly assess if they are communicating effectively and with true and relevant messages.



## News & Noteworthy

**3.4% GROWTH** in global GDP was reported, a slowdown from the 4% average growth in global economic output experienced from 2000 to 2007.<sup>1</sup>

**14% DECLINE** in global FDI inflows, from a high of \$2.0 trillion in 2007 to \$1.7 trillion in 2008, when developing and transition economies increased their share of FDI by 43%, primarily at the expense of developed nations.<sup>2</sup>

**\$5.5 TRILLION** in economic activity is forecast for the Travel & Tourism industry, equivalent to 9.4% of the global GDP, and more than 219,810,000 jobs, or 7.6% of total employment.<sup>3</sup>

**3.3% DECLINE** is estimated for the Travel & Tourism Economy in 2009. After four years of growth averaging 3.6% per annum, GDP growth for the industry slowed to just 1.0% in 2008. A third difficult year is now forecast for 2010, with the Travel & Tourism economy expected to expand by only 0.3%.<sup>4</sup>

**924 MILLION** international tourist arrivals for 2008. A total 2% growth compared to 2007 resulted from a 5% increase during the first half of the year and a 1% decline in the second half of the year, compared to the same periods in 2007.<sup>5</sup>

**4% GROWTH** in real GDP is projected on an average annual basis for the global Travel & Tourism Economy over the next 10 years. Following an expected 3.5% decline in 2009, the industry expansion will add 56 million new Travel & Tourism jobs worldwide during the next decade.<sup>6</sup>

# NEAR ZERO

PROJECTED GROWTH IN GLOBAL GDP FOR 2009.<sup>7</sup>

# \$1.2 TRILLION

IN FDI INFLOWS IS PROJECTED FOR 2009, A 29% REDUCTION FROM 2008. MODEST 17% GROWTH IS PROJECTED FOR 2010, WHICH SHOULD ACCELERATE TO 29% GROWTH IN 2011.<sup>8</sup>

# 247 MILLION

INTERNATIONAL TOURIST ARRIVALS FROM JANUARY THROUGH APRIL OF 2009. THIS FIGURE IS AN 8.2% DECLINE COMPARED WITH THE SAME PERIOD IN 2008.<sup>9</sup>

# \$3.0 TRILLION

ESTIMATED EXPENDITURES FOR TOTAL WORLD PERSONAL TRAVEL AND TOURISM IN 2009, WITH BUSINESS TRAVEL ACCOUNTING FOR AN ADDITIONAL \$745 BILLION.<sup>10</sup> THESE FIGURES REPRESENT ANNUAL DECLINES OF 6.3% AND 11.6%, RESPECTIVELY.



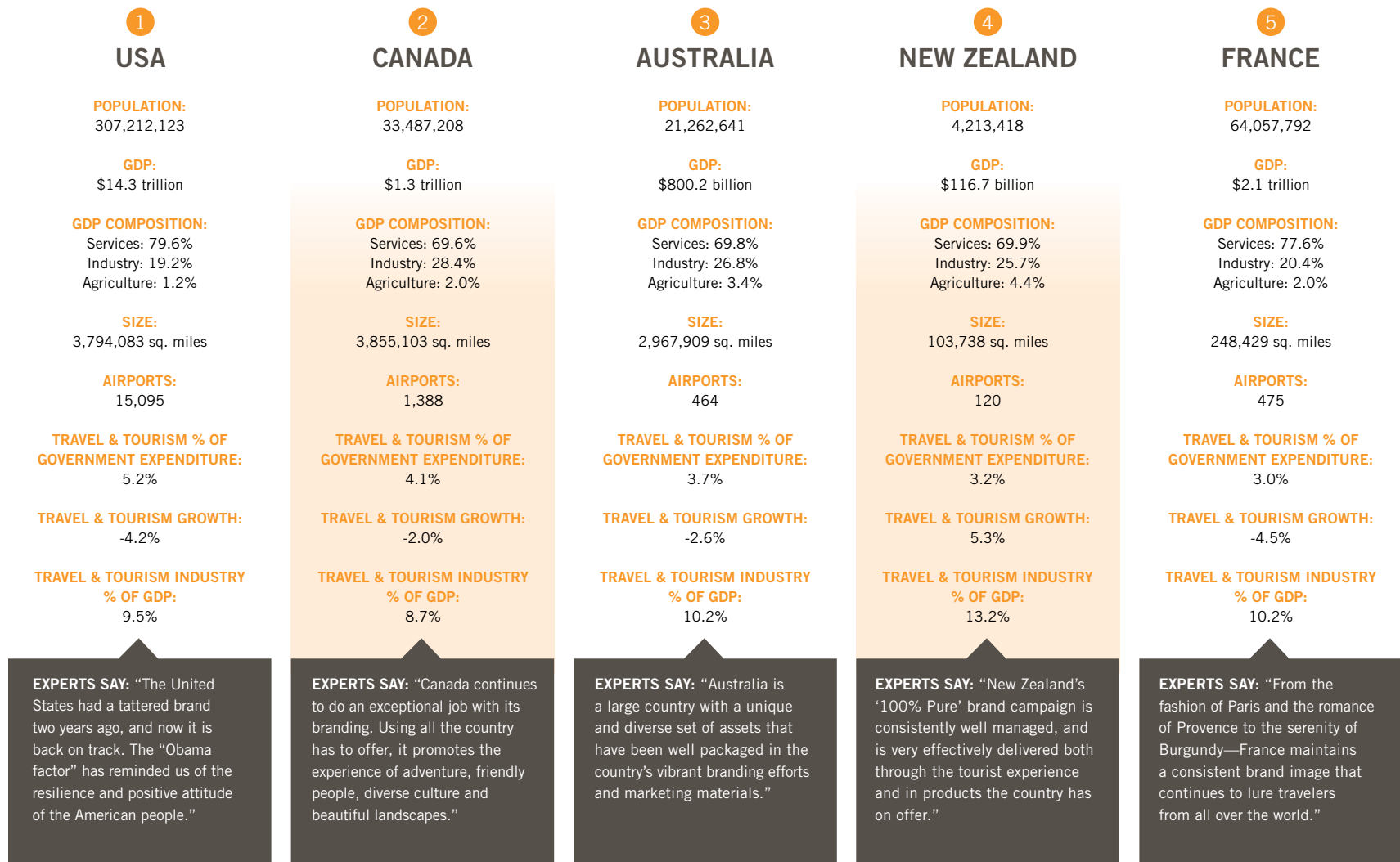
# 2009 Top Country Brand Rankings

01	<b>USA</b>	
02	<b>CANADA</b>	
03	<b>AUSTRALIA</b>	
04	<b>NEW ZEALAND</b>	
05	<b>FRANCE</b>	
06	<b>ITALY</b>	
07	<b>JAPAN</b>	
08	<b>UK</b>	
09	<b>GERMANY</b>	
10	<b>SPAIN</b>	



# Leaders at a Glance

The following chart details key facts of the Top 10 country brands for the past year<sup>11</sup>





## Leaders at a Glance continued

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### ITALY

**POPULATION:**  
58,126,212

**GDP:**  
\$1.8 trillion

**GDP COMPOSITION:**  
Services: 71.0%  
Industry: 27.0%  
Agriculture: 2.0%

**SIZE:**  
116,306 sq. miles

**AIRPORTS:**  
132

**TRAVEL & TOURISM % OF  
GOVERNMENT EXPENDITURE:**  
3.6%

**TRAVEL & TOURISM GROWTH:**  
-4.4%

**TRAVEL & TOURISM INDUSTRY  
% OF GDP:**  
9.6%

**EXPERTS SAY:** "Italy markets the very best of itself well: the cradle of gourmet cuisine and art, the romance of Venice, the history of Rome, the art and culture of Florence, the exclusivity of the south and even the beauty of its people."

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### JAPAN

**POPULATION:**  
127,078,679

**GDP:**  
\$4.3 trillion

**GDP COMPOSITION:**  
Services: 72.2%  
Industry: 26.3%  
Agriculture: 1.5%

**SIZE:**  
145,883 sq. miles

**AIRPORTS:**  
176

**TRAVEL & TOURISM % OF  
GOVERNMENT EXPENDITURE:**  
4.2%

**TRAVEL & TOURISM GROWTH:**  
-3.8%

**TRAVEL & TOURISM INDUSTRY  
% OF GDP:**  
9.1%

**EXPERTS SAY:** "Despite some tough economic times, Japan remains one of the global leaders in manufacturing, technology and business. The country also does an excellent job of packaging its distinctive cultural offerings."

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### UK

**POPULATION:**  
61,113,205

**GDP:**  
\$2.3 trillion

**GDP COMPOSITION:**  
Services: 74.5%  
Industry: 24.2%  
Agriculture: 1.3%

**SIZE:**  
94,526 sq. miles

**AIRPORTS:**  
506

**TRAVEL & TOURISM % OF  
GOVERNMENT EXPENDITURE:**  
2.8%

**TRAVEL & TOURISM GROWTH:**  
-0.6%

**TRAVEL & TOURISM INDUSTRY  
% OF GDP:**  
9.4%

**EXPERTS SAY:** "For its culture and charm, history and diversity, business strength and diplomatic acumen, the UK stands as one of the most visible and admired country brands in the world."

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### GERMANY

**POPULATION:**  
82,329,758

**GDP:**  
\$2.9 trillion

**GDP COMPOSITION:**  
Services: 69.0%  
Industry: 30.1%  
Agriculture: 0.9%

**SIZE:**  
137,846 sq. miles

**AIRPORTS:**  
550

**TRAVEL & TOURISM % OF  
GOVERNMENT EXPENDITURE:**  
2.0%

**TRAVEL & TOURISM GROWTH:**  
-3.9%

**TRAVEL & TOURISM INDUSTRY  
% OF GDP:**  
7.9%

**EXPERTS SAY:** "Brand Germany differentiates itself from other European countries by promoting an image based on having trendy, cutting-edge cities, and this positioning is helping the country to attract a growing number of tourists."

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### SPAIN

**POPULATION:**  
40,525,002

**GDP:**  
\$1.4 trillion

**GDP COMPOSITION:**  
Services: 67.6%  
Industry: 29.0%  
Agriculture: 3.4%

**SIZE:**  
195,124 sq. miles

**AIRPORTS:**  
153

**TRAVEL & TOURISM % OF  
GOVERNMENT EXPENDITURE:**  
6.5%

**TRAVEL & TOURISM GROWTH:**  
-4.9%

**TRAVEL & TOURISM INDUSTRY  
% OF GDP:**  
16.3%

**EXPERTS SAY:** "Spain has already built a powerful name globally—its branding is impressive and is characterized by an ability to quickly adapt to the changing habits of new tourists while still embodying the Spanish way of living and the country's rich cultural diversity."



# Emerging Trends

As part of living up to our name, FutureBrand has continued to track travel and tourism trends. In this collection are trends that are beginning to emerge as well as others that are further off in the future. They center on three themes: value, planning and authenticity.

## A Value-oriented Mindset

The global economic downturn of 2009 has precipitated a financially driven way of thinking that is affecting how trips are planned and inspiring the launch of interesting new products. Through it all, though, the pure concept of value as more for less continues to flourish.

### THE PEOPLE'S RIGHT TO GOOD DEALS

Whatever type of vacation they are able to afford, consumers expect a bargain, and travel and hospitality providers are responding by providing more bang for the buck. Airline fares are down dramatically<sup>12</sup> and hotels from two-star to five-star are offering discounts, packages or flight credits to entice travelers unwilling to pull the trigger without feeling they're getting a deal. More the result of a temporary opportunity to capitalize on the weak travel climate, this mentality isn't likely to create a permanent power shift.

### THE ECONOMIST'S APPROACH TO TRAVEL

The current economy has many thinking like financial analysts, asking questions like "Which destinations or properties are undervalued?" "Where can I buy a vacation home that will appreciate in price?" and

"Where is the exchange rate favorable?" It is clear that many people are treating vacation purchases as investments. This attitude demands labor-intensive efforts such as watching real estate indices, monitoring corporate news to profit from sales that accompany territory expansions, and being vigilant to avoid losing frequent flyer miles to mergers. Born of recession, these behaviors could shape decision making in a lasting way.<sup>13</sup>

### VALUE REINVENTED

Many travelers have developed discerning tastes during boom times that have them seeking solutions beyond the traditional two-star hotel to save money on vacations. Some purchase used RVs and take their food and lodging with them. Others save to splurge, flying with a low-cost carrier but spending on first-class activities once they arrive.<sup>14</sup> Still others are looking for high-style budget accommodations, and the industry is answering consumers' calls with innovative properties like the Yotels inside the terminals at Schiphol and Heathrow airports (capsule hotels offering "as much fun in seven square meters as you'd find in most four-star hotels")<sup>15</sup> and the Jane Hotel in New York (trendy bar scene-type atmosphere but lacking en suite toilets).





## Emerging Trends continued

### Attitudes Toward Travel Planning

Current preferences are divided between those that favor impromptu travel and those that prefer careful organization. Some impulse holidays celebrate the liberty that technology brings, but current lifestyles often dictate that advance preparation is required to experience travel at its most meaningful.

#### MUST-DO TRAVEL

Even in the downturn, people are taking trips centered on events that are impossible to postpone. Destination weddings are the fastest-growing segment in the category,<sup>16</sup> and 2009 attendance at the Kentucky Derby was only 2.7% off 2008's second-largest attendance ever,<sup>17</sup> despite the recession. The urgency/spontaneity spectrum for time-sensitive travel extends from an event-driven short vacation that happens at the last minute (a visit to the Super Bowl to cheer on your local team) to a truly once-in-a-lifetime happening (such as a best friend's wedding or a gap-year backpacking trip).

#### SEMIPERMANENT VACATIONS

In countries where paid time off is short and work often encroaches, some people choose to plan more than just three weeks a year around travel. This ranges from putting normal lifestyles on hold for a while (perhaps teaching abroad while unemployed or taking a company-sponsored recession sabbatical) to embracing travel as a lifestyle (working from the beach, semi-retiring and classic backpacking).

#### OPEN ROAD TRIPS

Lower gas prices and higher vacancy rates in many destinations around the globe, combined with widely available technologies such as GPS devices and cell phone applications, are making it easy to travel without an itinerary. This is the playlist generation's answer to navigation. With devices indicating nearby attractions, hotels, restaurants, traffic patterns and restrooms, vacationers can design trips on the fly, free from the need to make reservations.





## Emerging Trends continued

### The Mystery of Authenticity

The importance of authenticity to travelers is well known—it's a key driver of destination choice. But differing attitudes toward and different definitions of the idea mean that some nations are thriving despite a marked lack of authenticity while other travel experiences are reinventing the concept.

#### **SYNTHETIC DESTINATIONS**

The most popular “classic” tourist destinations of the past—places like France, the UK, Italy and Egypt—are richly endowed with monuments that bear witness to thousands of years of history and culture. The superstar cities and nations of the future may be born of more conscious planning. Government officials and business leaders are spending big to grab a piece of the world tourism pie by upgrading infrastructure, building unique attractions and creating cohesive brand stories with the power to attract both visitors and foreign investment. Examples of buying onto the map already in progress are in the Middle East: the United Arab Emirates' man-made islands, indoor ski slope and starchitected Saadiyat Island, and Qatar's Museum of Islamic Art. Pioneers of build-it-and-they-will-come techniques also include Las Vegas and Singapore.

#### **FAUXTHENTIC TRAVEL**

People who desire authentic travel experiences but prefer not to get dirt under their fingernails are choosing from an increasing number of “faux authentic” hotels and tours. On one end of the scale are attractions offering replicated cultural experiences from afar, such as the Mayan

temple at Atlantis, Paradise Island and the gondola rides at The Venetian, Las Vegas. On the other are places like Molori Safari Lodge in South Africa and Australia's Longitude 131, where tourists can pretend to rough it while staying in five-star “tents” outfitted with amenities like air conditioning, high-end sound systems and bedside switches that raise the blinds for a view of the sunset. These vacationers get a real taste of their destinations through knowledgeable guides, who explain the varied wildlife or lively street scenes as they pass by—albeit from luxury 4x4s.

#### **TOMORROW'S HIDDEN JEWELS**

Some travelers will always be on a quest for new, undiscovered locales that are relatively free from tourists, planned activities and package tours. As yesterday's off-the-beaten-track spots enter the realm of perennial favorites (think Czech Republic, Thailand and Croatia), new unspoiled destinations become more accessible and popular among the cognoscenti. The next places we expect to hit authenticity seekers' radar screens are Azerbaijan, Ghana and the Balkans.

#### **CRADLES OF CIVILIZATION**

Though many travelers thirst to understand our collective past, security is an issue at quite a few of the world's most historic places. The Fertile Crescent in Iraq, the Indus Valley in Pakistan, and the ancient kingdoms of Mali and Songhai in modern-day Mali and Niger all stand to see a boost in tourism as these hot zones become safer for visitors, whether in perception or in reality.



# Future Trends, Tourism and Country Branding

We've brought in renowned futurist Richard Watson to scope out the top ten most important trends for 2009 and beyond.

Given his prognostications, we have developed some interesting implications for tourism and country branding.

TREND	DESCRIPTION	IMPLICATION
FEAR & LOATHING	We are in a new age of anxiety where people are worried about jobs, homes, savings and the planet. It's a general feeling that the world has spun out of control.	As fear typically triggers the "fight-flight" response, there is an opportunity for places people can run away to, escaping their everyday stress and anxiety. Destinations and full-service cruises that comfort people, take care of every detail and eliminate worry should thrive.
DE-LEVERAGING	Tighter regulation and greater uncertainty will lead people and institutions to reduce dependency on debt financing, which could mean a new era of thrift and delayed gratification.	Expect tourists to take shorter, less expensive and more regional or local trips or to save up for a longer period of time for their more extravagant "dream" trips. Countries with modern infrastructures in place should get a boost due to delays in developing nations.
BACK TO BASICS	Simplicity, transparency and products that are not over-engineered are the order of the day. Uncertainty is driving people to what they know, understand and trust.	The trend, exemplified by the big tried and true country brands dominating the Top 10 in 2009, is likely to continue. Smaller nations with simple, basic offerings that are not over-engineered—like authentic culture and friendly locals—should do well too.
DIGITAL DIETS	People are drowning in data and are beginning to feel a need to become less connected. This could mean terminating social network relationships or finding ways to unplug.	The opportunity is for off-the-beaten-track destinations to offer people an oasis from their data-driven lives. Whether it's a high-end spa or river rafting in an isolated location, people will seek out ways to enjoy genuine connection with family, friends or experiences.
ENOUGHISM	Increasingly alarmed about the health of the planet and the influence of materialism, people are beginning to switch off, seeking to reconnect with the simpler pleasures of life.	Ecotourism, voluntourism, family vacations and experiential tourism (e.g., a culinary school at a country tavern) should fare well moving forward as they provide the means for people to enhance their quality of life through non-material means.
IMBY'S	"In My Back Yard" is a reaction to disillusionment over globalization. Keeping it local, whether it's produce or business, helps people feel more in control.	Exotic locations around the world could find it difficult to attract people who feel the draw of localization. For these people, intra-national or regional options would be preferred—shorter distance trips to experience relatively nearby attractions.
SERIOUSNESS	In times of economic upheaval, there are two responses: to bury one's head in the sand or to find out what is going on. For many, this will mean a turning to more serious information sources.	In the more immediate future, this could mean a decline in the importance of social media as a source for destination information with a return to prominence of the "expert" sources. Interest in visiting serious attractions like the United Nations or the Hague could also spike.
THE HUMAN BRAIN	With neuro-enhancement around the corner, the brain is becoming hot. While most implications relate to technology, particularly medical, there are implications in many industries.	In the far future, direct digital interfaces to the brain, and in the more near-term future, augmented reality will provide a means to enhance a visitor's experience of a tourist attraction. Imagine being told what something is and what it means just by looking at it...
ECO-WARS	Global warming is a mega-issue that has polarized fanatics into two camps. The complexity of their debate keeps the majority in the middle uninformed about what they already suspect is happening.	Real, effective carbon offset programs and resorts that have been built and are managed sustainably are likely to become more in demand. Services will arise to help people who desire to travel responsibly choose appropriate options.
FEAR OF THE UNKNOWN	People are increasingly aware that the future is unknowable, that what happens next is almost as likely to be the unexpected as the expected. This leads to uncertainty and anxiety.	People are more likely to control what they can control. This might make it more difficult for newer, less proven destinations, hotels, resorts or attractions. You can't control the future, but you can ensure a more likely outcome by choosing the tried and true.



# 2009 Experts



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## 2009 Experts continued



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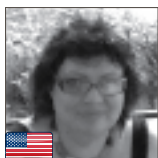
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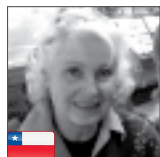
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**DR. JEFF WILKS**  
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**GONZALO ZEGARRA  
MULANOVIC**  
Executive Dir.,  
*Semana Económica* and  
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**LEE KIT PUI**  
Corporate Dir., Brand Marketing  
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**YE XIA**  
Editor,  
*Business Travel Magazine*  
China



# Views from the Experts

## WEB DECLARED MOST IMPORTANT CHANNEL

Continuing to grow in importance and sharing in an increasing portion of country marketing budgets, experts see the web as an imperative platform for delivering key experiences.

“The Internet is the single most powerful and efficient marketing channel for the travel and tourism industry.”

“Marketers will continue to shift their budgets toward emerging digital technologies—these are low cost, have global reach and have the greatest impact on sales.”

“Online marketing offers more of a targeted approach than traditional media, delivering a better return on investment.”

“The Internet is already a major tourism supplier and will replace the traditional travel agent as the preferred choice for booking flights and hotel rooms.”

## THE NEW WORD OF MOUTH

Experts note the significance of social media in building trust, creating dialogue and significantly influencing the decision-making processes of travelers.

“Social networks now have the same influence as word of mouth—not only introducing new ways for consumers to learn about destinations and products, but enabling country brands and destinations to position themselves in a more dynamic way.”

“While social media will not eliminate traditional channels altogether, marketers will need to spend an increasing proportion of their time and resources incorporating them into their strategies and campaigns.”

“In the spirit of transparency, social networking forums offer important spaces for people to access and share information, news and personal opinion—also enabling travel and tourism professionals to manage and shape messages rather than control them.”

## ACCORDING TO THE EXPERTS

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COUNTRIES THAT MARKET THEMSELVES THE BEST: 1. NEW ZEALAND 2. AUSTRALIA (TIE) 2. INDIA (TIE)



## Views from the Experts continued

### THE NEXT BIG THING

Experts point out that an aging population, rising middle class, evolving niche tourism sectors and the wealth of emerging markets are all driving change in the global tourism industry.

“Niche travel will continue to grow in variety and influence, with segments like eco-travel, medical tourism, senior citizen-friendly experiences, and healthy or sustainable living becoming important.”

“Consumers’ discretionary spending is shifting—from the developed to the developing nations, and from younger to older audiences—the industry must evolve to accommodate the needs of these new travelers.”

“We are seeing shifts in travel demographics: the new middle classes are emerging from China and India, and while tourism development and industry is a major priority for mature countries, emerging economies are catching up quickly.”

### THE PRICE OF FAME

Experts note that showcasing countries and destinations in popular films and television is an effective way to add value and increase awareness.

“It is important to recognize the potential value of nontraditional promotional outlets such as film, television or literature when trying to increase the familiarity of a particular destination.”

“Blockbuster movies are just about the best marketing tool you can utilize for a city or country; what *The Lord of the Rings* did for New Zealand or the way the film *Australia* tied in with the country’s latest tourism campaign is invaluable.”

“When destinations are the setting for movies, reality TV, televised or streamed sporting events and festivals, potential visitors get a feel for the personality of the place in a more realistic way compared to the pages of a tourism brochure.”

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#### ACCORDING TO THE EXPERTS

COUNTRIES THAT DO NOT PROMOTE THEMSELVES AS WELL AS THEY COULD: 1. CHINA 2. RUSSIA (TIE) 2. UNITED STATES (TIE)



## Views from the Experts continued

### THE YEAR OF THE DEAL

With value travel at an all-time high, even the most discerning traveler is now demanding more for his or her money.

“After several years of rising prices, 2009 will be remembered for the emergence of ‘value travel.’ While this concept is by no means a new one, rarely have we seen such dramatic cuts across the board, with pricing dropping significantly over the past 12 months and incredible value added to hotels, packages and tours.”

“More passengers than ever are relying on loyalty points earned to purchase flights and pay for hotel rooms.”

“Staying closer to home will be favored over long-haul travel. Last-minute decisions and late bookings are expected to increase. And as price becomes the key issue, countries with favorable exchange rates and value for money will benefit.”

### THE NEW SIGNIFICANCE

Seeing is no longer believing, with travelers now seeking more of an active role in the places they visit, immersing themselves in the culture and looking for emotional value within their travel experiences.

“Travelers are tending to select destinations that offer cultural, historical and natural attractions—people no longer just want to see places and landscapes but understand who the people are who live in the places they visit.”

“Travel is no longer about getting heads on pillows; it is about facilitating the acquisition of knowledge; an exploration of nature, history and culture; and the sense of discovering the true spirit of the destination.”

“People are looking for significance in their experiences (both financial and emotional), authenticity and, perhaps more than ever before, an opportunity to connect with the local people and culture of the destination.”

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#### ACCORDING TO THE EXPERTS

UNDERRATED COUNTRIES ON THE RISE: 1. CHINA 2. INDIA 3. SOUTH AFRICA





## Views from the Experts continued

### COUNTRY BRANDING 2.0

As competition heats up and the category continues to mature, experts agree that an increasingly sophisticated branding effort is required to add value, create differentiation and drive travelers to a specific destination.

“Branding is not a question of importance, it is a necessity—it is the most powerful way to communicate a country’s story, set expectations and drive visitation.”

“Competition among destinations is increasing along with the quality of their branding and marketing efforts. Countries that do not continue to lift their game will fall behind.”

“Brand affects much more than tourism. It can have a hugely positive impact on the business sector, specifically the country’s potential for foreign investment and trade.”

“Brand plays a big part in the decision-making process and destination branding has a big impact on where travelers choose to go.”

### THE DOWNWARD SPIRAL?

While Travel & Tourism has taken a hit over the past 12 months, it’s not all “doom and gloom.” Experts predict that economic challenges will open up a whole new set of possibilities for emerging countries/regions.

“The industry has in general always been resilient. Following an upturn in the economy, the tourism industry will continue to grow, but there will be destinations that will grow much faster, like China, South America, Southeast Asia, and Central and Eastern Europe.”

“We are very optimistic about the prospects for the travel industry over the next five years and beyond. Strong markets such as Australia and Canada will get stronger, but Eastern European countries and African nations will slowly emerge as viable players.”

“With the economy’s decline and slow recovery anticipated, the focus will be on the budget traveler and the reliable luxury crowd but little in between.”

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#### ACCORDING TO THE EXPERTS

**MOST IMPRESSIVE COUNTRIES GIVEN THE CURRENT ECONOMIC CLIMATE:** 1. AUSTRALIA (TIE) 1. CHINA (TIE) 3. UNITED STATES



# Beyond Tourism:

## The Political and Economic Sides of Country Branding

Globalization is redefining the way a country brand is established and maintained. A country's reputation is defined not just by its attractiveness as a travel destination or the efforts of its tourism marketing but also by its governance, its economic policies, its role in global diplomacy and the quality of its export products.

Twenty years ago, countries with the "right" political systems or economic policies enjoyed the best reputations for business and diplomacy. But political and economic reforms in Latin America, Eastern Europe and East Asia in the 1990s resulted in new countries emerging on the global stage. International trade and investment expanded, creating new wealth and middle-income societies. Singapore is one such country. With a global economy that has grown an average of 6.7% per year over the last 20 years<sup>18</sup> and a GDP per capita that ranks in the Top 10 in the world,<sup>19</sup> Singapore is now seen as a leading business destination, ranked in the Top 5 in the 2009 Country Brand Index for Ideal for Business, Easiest to Do Business In and New Country for Business.

Political leaders began to recognize that it was no longer enough simply to adopt free market economic and development policies—they also had to aggressively market the competitiveness of their nations through the tools of modern communications. Many countries developed sophisticated branding strategies and invested heavily in export promotion and inward investment marketing. The result has been increased global competition for business, with high stakes for economic growth, national wealth and employment. "Business Friendly Bahrain" is an excellent example of a brand that has focused on establishing its country as a business

destination. In a short period of time, this small country, with a population of 727,785,<sup>20</sup> has broken into the Top 20 brands for Ideal for Business, Easiest to Do Business In and Advanced Technology.

Country reputation can also be defined by the role a nation's leaders play in advancing international diplomacy and addressing shared global problems such as climate change, poverty, nuclear proliferation, disease, peace and security. Countries such as the US, Germany, France and the UK are expected to contribute to global solutions. But today, many nations—including European Union member states and emerging markets such as Brazil, Mexico, South Africa, India and China—are more visible and engaged in global diplomacy. Because no one country or society has the resources to address today's global challenges on its own, greater participation from the developing world's political leadership and civil societies is needed and welcomed.

Countries seeking to expand their exports or attract inward investment today need to be concerned about a variety of reputational factors beyond geographic location and the quality and cost of their labor forces. These include adopting acceptable labor standards and the rule of law, supporting sound environmental practices, tackling corruption and transnational crime, protecting intellectual property, promoting open trade regimes, and offering transparency and sound political governance.



## Beyond Tourism: The Political and Economic Sides of Country Branding continued



A country's export products also contribute to its brand among both business and consumer audiences: think German automobiles, Italian fashion, Japanese electronics, Indian call centers, American computer software and Swiss watches.

A positive nation brand can also help political leaders attract high-profile world events, such as international summit meetings, the Olympic Games, global conferences and expositions. These can add prestige to a country's diplomacy brand and reinforce the country as an attractive destination. As we will discuss in more detail, the 2008 Beijing Olympics, staged as a massive "coming out party" for Brand China, had a dramatic impact on the country's visibility and stature internationally.

In an increasingly global and interconnected world, the quality of a country's political, diplomatic and business leadership is an integral component of its reputation and image on the world stage. Building a true country brand requires more than a focus on tourism. Effectively addressing the political and economic infrastructures will build a brand platform that enhances a nation's ability to project a positive image, resulting in heightened political power, diplomatic clout, economic prosperity...and tourist arrivals. Interestingly, the Country Brand Index data shows that beyond factors like Authenticity, Natural Beauty and Friendly Locals, perceptions of a country along such characteristics as Political Freedom, Standard of Living and Quality Products also affect the desirability of the country as a tourist destination.





# A New Focus on Value

Economic and financial concerns are cited by approximately 75% of frequent travelers who say they will decrease their leisure travel in 2009 and 2010—more than eight times those who named the next most popular reason, health concerns and pandemics. In response to this, several countries—particularly those for which tourism is a large percentage of GDP—have changed the way they market and, in some cases, the very focus of their country brand. The promise to “provide value” appears to be one that many nations are striving to convey. From actually revising their brand identities to adopting aggressive public relations strategies and relying heavily on promotions, we have seen a variety of countries utilize a multitude of marketing approaches.

## REVISING THE BRAND

Thailand, a country that is ranked #3 in Value for Money—and spent the prior three years at #1—has decided to leverage this quality overtly. In 2009, Thailand more forcefully promoted its price advantages by revising its tagline from “Amazing Thailand” to “Amazing Thailand, Amazing Value” and affixing that line to the country brand logo. In updated marketing materials, the new brand identity communicates the value concept alongside complementary messaging like “amazing experiences at amazing value” and “super deals.” No other country appears to integrate value with its core identity to this degree.



THAILAND VALUE NEWSPAPER PRINT AD

## VALUE CAMPAIGNS

Targeted campaigns, imbuing country brands with clear associations of added value, have become more popular. In a widely run print ad, Greece pronounced itself “a masterpiece you can afford.” VisitBritain, the UK’s national tourism agency, spread the important news that the British pound had fallen against the dollar and euro in the US and Europe via a £1.8 million public relations effort.<sup>21</sup> New Zealand, which has also benefited from changes in exchange rates, employed this same approach as part of a multifaceted PR campaign aimed at spiking travel during its summer season in January and February.<sup>22</sup>



VISIT BRITAIN



## A New Focus on Value continued

### DEALS & PROMOTIONS

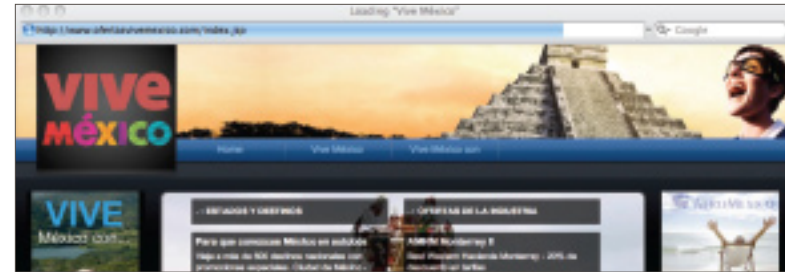
Some destinations have put themselves on sale during the economic downturn. This tactic may leave a country brand's essence intact, but it becomes one of the connections travelers have with the destination and thus has the potential to alter their long-term impressions of the brand. Running online ads with lines such as “Relaxing in paradise is no reason not to get the most out of your vacation dollars,” the Bahamas offered reduced pricing on hotels and all-inclusive packages. In conjunction with its 400th anniversary, Bermuda ran a broad-based series of promotions, including a four-day sale, offers with partners such as JetBlue and a giveaway of 400 plane tickets. Lastly, as part of a comprehensive \$92 million PR program to stimulate travel to and within the country, Mexico launched a new website, [ofertasvivemexico.com](http://ofertasvivemexico.com), to aggregate the plethora of available discounts in one place.<sup>23</sup>

### FOCUS ON ESSENTIALS

Many country brands have chosen not to incorporate a value angle into their tourism marketing, focusing instead on their brand fundamentals. Canada's “Keep Exploring” television commercials, Panama's “It Will Never Leave You” print ads and Turkey's “Unlimited” outdoor advertising are examples. Affluent destinations have also declined to overtly incorporate the notion of value in order to preserve their upscale images. Small countries such as Monaco, the Maldives and St. Bart's fit into this category.

### CONCLUSION

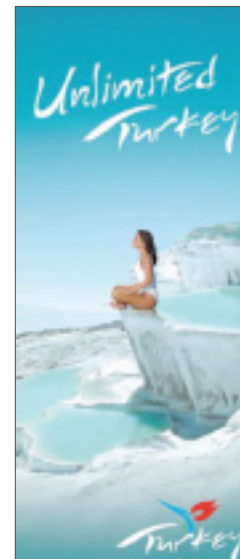
While value is one answer to the very real challenges country brands are facing, only a select few have chosen to aggressively address this on a national level. For many of these, the choice was a matter of survival—tourism receipts comprise a large portion of the national economy. While desperate circumstances call for desperate measures, it will be interesting to see how these short-term approaches affect the country brands in the long term: creating new fans or leaving these nations with affordable, downscale images.



MEXICO'S OFERTAS VIVE MEXICO WEBSITE



BERMUDA ONLINE ADS



TURKEY AD

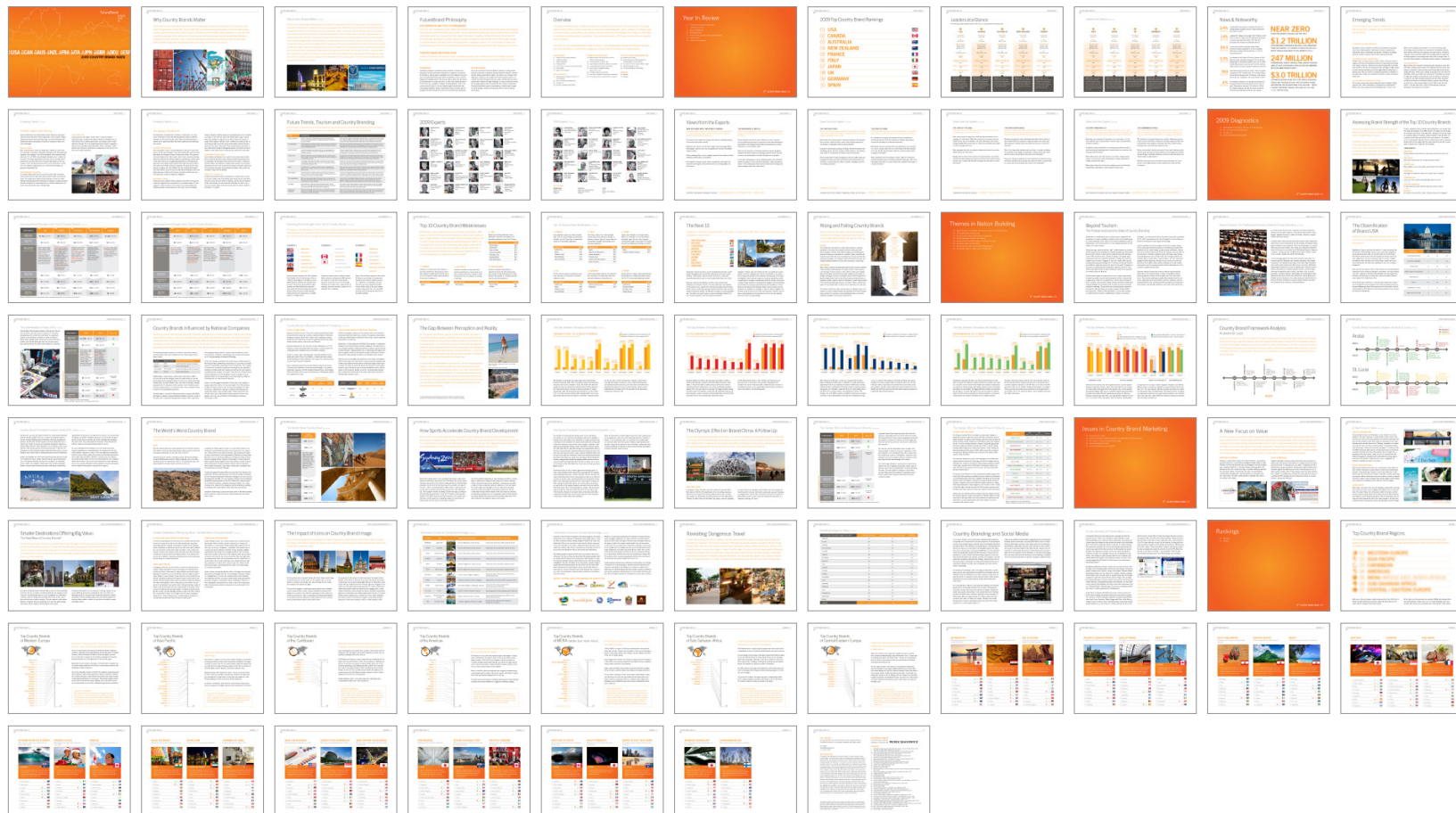


CANADA TELEVISION COMMERCIAL



# Country Brand Index Full Report

To read the complete Country Brand Index, including Regional and Detailed Rankings, and an extensive array of features on Themes in Nation Building and Issues in Country Brand Marketing, please visit [futurebrand.com/cbi](http://futurebrand.com/cbi)





## KEY CONTACT

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## METHODOLOGY

FutureBrand has developed a three-tiered system for examining and ranking country brands. The Country Brand Index incorporates global quantitative research, expert opinions, and relevant secondary sources for statistics that link brand equity to assets, growth and expansion. The result is a unique evaluation system that provides the basis of our rankings and insights about the complexities and dynamics of country brands. The 2009 survey tracks the perceptions of approximately 3,000 international business and leisure travelers from nine countries—the US, the UK, China, Australia, Japan, Brazil, the UAE, Germany and Russia. This sample has a margin of error of  $\pm 1.8\%$  at the 95% confidence level. Participants were screened to include frequent international travelers (who travel internationally more than once a year) between the ages of 21 and 65, with a balanced split between men and women. Respondent perceptions of 102 country brands were quantified through questions about behavior around destination selection; country associations across an array of 29 image attributes; and overall awareness, familiarity, past visits, intent to visit, and willingness to recommend destinations to others. Survey results were aggregated and weighted in proportion to regional volume of travel consumption. This was done in order to minimize potential bias around preferred locations from respondents from regions that may have been over-represented in the sample. Our 2009 expert panel consists of 47 tourism, development, policy and academic professionals who are not associated with one specific destination.

## ACKNOWLEDGEMENT

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