

Brand Finance[®]



Nation Brands 2015

The annual report on the world's most valuable nation brands

October 2015

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Foreword



David Haigh, CEO
Brand Finance

“In a global marketplace, a nation brand is one of the most important assets of any state, encouraging inward investment, adding value to exports and attracting tourists.

The results of this year’s Brand Finance Nation Brands report show the advantages that a strong nation brand can confer. They also show some of the pitfalls that can beset nation brands.

Governments, trade bodies and businesses must take steps to ensure that their nation brand is strategically appropriate, well-managed and regularly monitored and understand how to respond in a crisis, in order to maximise the benefits and minimise damage.”

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World Economic Outlook



About Brand Finance

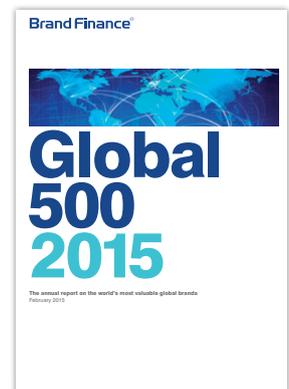
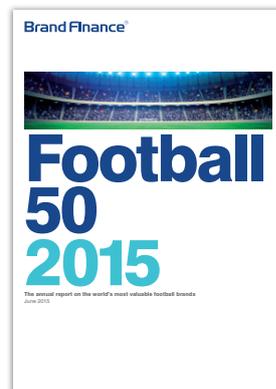
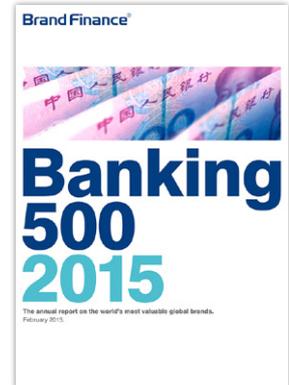
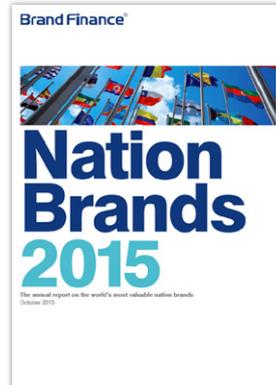
Brand Finance is the world's leading independent brand valuation and strategy consultancy. Brand Finance was set up in 1996 with the aim of 'bridging the gap between marketing and finance'. For almost 20 years we have helped companies and organisations of all types (including government institutions, trade associations and nation branding agencies) to connect their brands to the bottom line.

We pride ourselves on four key strengths:

- Independence
- Technical Credibility
- Transparency
- Expertise

Brand Finance puts thousands of the world's biggest brands to the test every year, evaluating which are the most powerful and most valuable, including nation brands.

For more information, please visit our website:
brandfinance.com



Nation Branding Services

Measure

- Macro Brand Contribution Appraisal (all sectors)
- Micro Brand Contribution Appraisal (single sector)

Monitor

- Nation Brands Scorecard
- KPI setting & tracking



Manage

- Market Research
- Return on Marketing Investment

Maximise

- Brand Architecture
- Brand Positioning

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Executive Summary - Brand Value

Nation Brands



Stars and Stripes Forever?

The US remains the world's most valuable nation brand. The USA is undoubtedly a powerful brand with an inviting business climate. However its value comes in large part from the country's sheer economic scale. Not only is there a large, wealthy market predisposed to 'buy American' but also an unrivalled group of established companies and organisations exporting worldwide whose American heritage forms (to a lesser or greater extent) part of their appeal. The US' world-leading higher education system and the soft power arising from its dominance of the music and entertainment industries are significant contributors too. This soft power will help the US to retain the most valuable nation brand for some time after China's seemingly imminent rise to become the world's biggest economy.

Commodity Crisis

China's recent stock market turbulence and slowing

growth will also extend the US' tenure of the top spot. The recent economic wobble is reflected in its stalling nation brand value, down 1% on 2014. The slump in commodity prices brought about by China's slowdown has affected the nation brand values of commodity exporters even more significantly than China. Though commodities benefit less than manufactured goods or services from the nation brand uplift effect, the money-earning potential of countries such as Australia and the brands based there has decreased as a consequence. This is a critical factor in determining brand value, hence Australia's 10% fall to US\$1.4 billion. Canada has suffered similarly, dropping 8% to US\$2 trillion.

The Bribes from Brazil

Brazil too is down. Growth has been a lowly 2% since 2011 but the collapse of commodity prices has seen it fall further. GDP is now in reverse dropping 1.9% from Q1 to Q2, while 500,000 jobs have been lost in the first half of the year. Its economic woes go beyond the impact of commodity prices though. Dilma Rousseff's

Executive Summary - Brand Value

Top 20 Most Valuable Nation Brands



1 Rank 2015: **1** 2014: **1** →
 BV 2015: **\$19,703bn** +2%
 BV 2014: **\$19,261bn**
 Brand Rating: **AAA-**



2 Rank 2015: **2** 2014: **2** →
 BV 2015: **\$6,314bn** -1%
 BV 2014: **\$6,352bn**
 Brand Rating: **AA-**



3 Rank 2015: **3** 2014: **3** →
 BV 2015: **\$4,166bn** -4%
 BV 2014: **\$4,357bn**
 Brand Rating: **AAA-**



4 Rank 2015: **4** 2014: **4** →
 BV 2015: **\$3,010bn** +6%
 BV 2014: **\$2,833bn**
 Brand Rating: **AAA-**



5 Rank 2015: **5** 2014: **5** →
 BV 2015: **\$2,541bn** +3%
 BV 2014: **\$2,458bn**
 Brand Rating: **AAA-**



6 Rank 2015: **6** 2014: **7** ↑
 BV 2015: **\$2,158bn** +4%
 BV 2014: **\$2,076bn**
 Brand Rating: **AA**



7 Rank 2015: **7** 2014: **8** ↑
 BV 2015: **\$2,137bn** +32%
 BV 2014: **\$1,621bn**
 Brand Rating: **A+**



8 Rank 2015: **8** 2014: **11** ↑
 BV 2015: **\$2,040bn** -8%
 BV 2014: **\$2,212bn**
 Brand Rating: **AAA-**



9 Rank 2015: **9** 2014: **9** →
 BV 2015: **\$1,445bn** +12%
 BV 2014: **\$1,289bn**
 Brand Rating: **A**



10 Rank 2015: **10** 2014: **10** →
 BV 2015: **\$1,403bn** -10%
 BV 2014: **\$1,555bn**
 Brand Rating: **AA+**



11 Rank 2015: **1** 2014: **10** ↓
 BV 2015: **\$1,171bn** -17%
 BV 2014: **\$1,403bn**
 Brand Rating: **A**



12 Rank 2015: **2** 2014: **15** ↑
 BV 2015: **\$1,092bn** +10%
 BV 2014: **\$997bn**
 Brand Rating: **AA-**



13 Rank 2015: **3** 2014: **13** →
 BV 2015: **\$1,091bn** +6%
 BV 2014: **\$1,027bn**
 Brand Rating: **A**



14 Rank 2015: **4** 2014: **16** ↑
 BV 2015: **\$1,024bn** +6%
 BV 2014: **\$970bn**
 Brand Rating: **AAA**



15 Rank 2015: **5** 2014: **14** ↓
 BV 2015: **\$1,000bn** -3%
 BV 2014: **\$1,026bn**
 Brand Rating: **AAA-**



16 Rank 2015: **6** 2014: **18** ↑
 BV 2015: **\$872bn** +9%
 BV 2014: **\$801bn**
 Brand Rating: **AA-**



17 Rank 2015: **7** 2014: **17** →
 BV 2015: **\$814bn** +2%
 BV 2014: **\$802bn**
 Brand Rating: **AAA-**



18 Rank 2015: **8** 2014: **12** ↓
 BV 2015: **\$810bn** -31%
 BV 2014: **\$1,167bn**
 Brand Rating: **A**



19 Rank 2015: **9** 2014: **19** →
 BV 2015: **\$668bn** -11%
 BV 2014: **\$751bn**
 Brand Rating: **A+**



20 Rank 2015: **10** 2014: **20** →
 BV 2015: **\$566bn** -6%
 BV 2014: **\$602bn**
 Brand Rating: **A+**

Executive Summary - Brand Value

limited mandate and unprecedented unpopularity have made the implementation of a plan to repair Brazil's nation brand and economy all the more difficult. The unravelling of the Petrobras bribery scandal has done particular damage to Brazil's nation brand; it is a strategic, high-profile industry, some of the country's leading figures have been heavily involved (including Ms Rousseff) and most significantly Petrobras employs the country's name. Harnessing a country's positive attributes in this way can confer many benefits for firms, whether private or state owned. However in this case the negative associations arising from the crisis could have a widespread impact on the nation as a whole. At present it looks as though the opportunity to showcase the best of Brazil and bolster nation brand value afforded by the Rio Olympics in 2016 will be underexploited, a repeat of 2014 where the World Cup failed to boost Brazil's nation brand value.

Syria's Sinister Spread

The situation in Syria has been a wide-reaching source of turbulence in the last year. What started as a civil war has grown first into a regional conflict and now a political crisis of global proportions. Few major countries in the Middle East or Europe have been unaffected, with an inevitable impact on their nation brands.



Jordan and Lebanon have taken thousands if not millions of refugees, presenting severe challenges that require international assistance and investment but also a potential demographic dividend. Their nation brands appear to be withstanding the strain for now; Jordan's nation brand value has fallen just slightly to US\$37.3 billion while Lebanon's is actually up 1% to US\$21.7 billion.

Turkey in Trouble

Whether by chance or design, Turkey, Iran and the Gulf states are widely seen to be engaged in a proxy war in Syria, and the conduct and outcome of the conflict could have significant effects on their international reputations. Indeed the escalation of the conflict on Turkey's border and increased tension with the PKK could account for part of the 11% drop in Turkey's brand value this year. This represents an unwelcome and unfortunate setback for a country that has a clear understanding of both the substance and delivery of nation branding, the Turquality program being just one example.

TURQUALITY[®]

Executive Summary - Brand Value

Russia is another country increasingly heavily involved in the conflict, not to mention one on its doorstep in Ukraine. Both Russia and Ukraine saw their nation brands suffer heavy losses between 2013 and 2014 thanks to the detrimental impact of the conflict on investor and consumer perceptions. This year is no different. Russia is down 31% to US\$810 billion and Ukraine 45% to US\$44 billion.

Brand Refresh for Cuba

As Russia creates more problems for itself, some international pariahs appear to be coming in from the cold. Both Iran and Cuba have taken tentative steps to compromise with the international community, the US in particular, exciting exporters and investors alike. Their nation brand values are soaring as a result. Cuba has yet to enter the top 100 of the Brand Finance Nation Brands, though it is almost certain to have increased enough to enter the table in 2016, promising a unique opportunity to quantify the commercial capabilities of Pope Francis, widely credited with brokering the détente.



5 Best Performing Nation Brands

| | |
|---|--|
|  | 1 Rank 2015: 46 2014: new BV 2015: \$159bn BV 2014: \$100bn +59% Brand Rating: A- |
|  | 2 Rank 2015: 87 2014: 96 ↑ BV 2015: \$14bn BV 2014: \$10bn +50% Brand Rating: A- |
|  | 3 Rank 2015: 81 2014: 85 ↑ BV 2015: \$23bn BV 2014: \$16bn +44% Brand Rating: BBB |
|  | 4 Rank 2015: 77 2014: 79 ↑ BV 2015: \$31bn BV 2014: \$22bn +43% Brand Rating: A |
|  | 5 Rank 2015: 89 2014: 98 ↑ BV 2015: \$13bn BV 2014: \$10bn +39% Brand Rating: A |

5 Worst Performing Nation Brands

| | |
|---|--|
|  | 1 Rank 2015: 68 2014: 53 ↓ BV 2015: \$44bn BV 2014: \$80bn -45% Brand Rating: A- |
|  | 2 Rank 2015: 52 2014: 44 ↓ BV 2015: \$114bn BV 2014: \$171bn -33% Brand Rating: A |
|  | 3 Rank 2015: 18 2014: 12 ↓ BV 2015: \$810bn BV 2014: \$1,167bn -31% Brand Rating: A |
|  | 4 Rank 2015: 94 2014: 90 ↓ BV 2015: \$11bn BV 2014: \$14bn -26% Brand Rating: A- |
|  | 5 Rank 2015: 39 2014: 34 ↓ BV 2015: \$208bn BV 2014: \$265bn -22% Brand Rating: BB |

Executive Summary - Brand Value

Reinvigorating Iran

Iran meanwhile is the fastest growing nation brand this year. Its brand value is up 59% to US\$159 billion as Hassan Rouhani's moderate approach slowly shifts international perceptions of the country's potential. The conflict on its doorstep and the Sunni / Shia divide will remain an impediment to trade and investment locally but with a market of 77 million people, vast hydrocarbon reserves and a highly educated population, Iran certainly has a receptive audience globally. It will need to assiduously manage its communications with its newfound suitors making a carefully assessed nation branding strategy almost as important as traditional diplomacy. Managed correctly, Iran's ancient treasures, sophisticated population, strategic location and natural assets could be used to transform its reputation.

Iran's re-emergence focusses attention on nation brands other than just its own however. Though the US is by far and away the most valuable nation brand, its image as the 'Great Satan' in the Islamic Republic will affect, even if to a minor degree, the ability of its firms to export into Iran. Those with a neutral, internationalist branding such as Apple should be largely unaffected though more 'all-American' brands such as Coca-Cola may struggle to overcome negative perceptions.

The United Kingdom has arguably even stronger negative associations with Iranians, many of whom resent Britain's historic political interference in the country. The UK has also been relatively slow off the mark in developing trade links over the last few months.

Germany and France by contrast have been faster to reach out and had a more established presence in Iran prior to sanctions being imposed, France's Peugeot was the market leader in the Iranian auto market for example. However its perceived abandonment of the country may mean other European firms are better placed to profit.



Top: America is still seen as 'The Great Satan' in Iran, which will affect the ability of its firms to export there even after sanctions are fully lifted. Above and below: Iran's sophisticated population and ancient treasures could transform its reputation.



Executive Summary - Brand Value

Volkswagen. Crass Auto.

The strength of the German nation brand is derived in large part from its manufacturing prowess so automotive brands such as Volkswagen might have been expected to do well. However recent revelations that, at the time of writing, as many as 11 million diesel vehicles may have been fitted with software designed to deceive emissions testers, has dealt a hammer blow not just to Volkswagen's reputation but potentially to the entire German nation brand.

German industry is lauded for its efficiency and reliability while Germans as a whole are seen as hard-working, honest and law abiding, a perception that the Merkel government's approach to the Greek debt crisis has only intensified, even if it has antagonised the Greeks. This scandal threatens to undo decades of accumulated goodwill and cast aspersions over the practices of German industry, making the Siemens bribery scandal appear less a one-off bad apple than evidence of a broader malaise. Despite the vast scale of the deception, other firms will need to be implicated before the damage to Germany's nation brand become critical. Nevertheless, Germany has lost its status as the world's most powerful nation brand to Singapore and its nation brand value is down 4% to US\$4.2 trillion.



Until this episode, 2015 had actually been a fairly positive year for Germany's international reputation and the prospects of its nation brand, with the common theme of Syria again the cause. Germany has garnered worldwide admiration for its sympathetic stance and receptivity to migrants. However this will generate more than just goodwill for Germany's nation brand. The country's birth rate has been flagging and this influx of generally young people and families will provide a fillip for Germany's labour force, encouraging investment in an already attractive economy. The desire of migrants to reach Germany and to a lesser extent Sweden speaks to the existing strength of these powerful nation brands.



Executive Summary - Brand Strength

Lee Kuan Yew's Legacy

Singapore is the world's strongest nation brand in 2015. Nation Brand *value* is reliant upon GDP, ie revenues associated with the brand. Singapore's small size means it will never be able to challenge for the top spot in brand value terms, because its brand simply cannot be applied extensively enough to generate the same economic uplift as 'brand USA' for example. However in terms of its underlying nation brand *strength*, Singapore comes out on top.

As the city-state celebrates its 50th anniversary its citizens can be rightly proud of the nation they have created. In some ways Singapore's is an unlikely success story. Thrust out on its own by Malaysia in 1965, its racially mixed population have had to forge a nation from scratch, coming to terms with cultural and ethnic differences, an absence of natural resources and severe shortage of land. Perhaps this 'clean slate' is partly responsible for the distinctiveness and success of Singapore's nation brand, it has been able to forge an identity for itself of its own choosing. The chief architect was of course Lee Kuan Yew. The vision, pragmatism, longevity, intolerance of corruption and relative benevolence of the country's first prime minister and elder statesman are widely seen as the number key reasons for its success.

Unfortunately for nations looking to replicate Singapore's success, finding the next Lee Kuan Yew is no easy task and may be a foolhardy one. Long-term



Top 10 Strongest Nation Brands

| | | |
|---|-----------|---|
|  | 1 | BSI Score /100 88.0 Brand Value 2015: \$412bn Brand Rating: AAA |
|  | 2 | BSI Score /100 85.9 Brand Value 2015: \$1,024bn Brand Rating: AAA |
|  | 3 | BSI Score /100 85.9 Brand Value 2015: \$403bn Brand Rating: AAA |
|  | 4 | BSI Score /100 85.7 Brand Value 2015: \$289bn Brand Rating: AAA |
|  | 5 | BSI Score /100 85.6 Brand Value 2015: \$200bn Brand Rating: AAA |
|  | 6 | BSI Score /100 85.4 Brand Value 2015: \$325bn Brand Rating: AAA |
|  | 7 | BSI Score /100 84.5 Brand Value 2015: \$1,000bn Brand Rating: AAA |
|  | 8 | BSI Score /100 83.5 Brand Value 2015: \$60bn Brand Rating: AAA |
|  | 9 | BSI Score /100 82.7 Brand Value 2015: \$235bn Brand Rating: AAA |
|  | 10 | BSI Score /100 82.6 Brand Value 2015: \$388bn Brand Rating: AAA |

Executive Summary - Brand Strength

leaders are often correctly regarded as more concerned about their own power than the interests of the nation, with Lee Kuan Yew being the exception that proves the rule. There are many lessons that can be drawn from Singapore however. Intolerance of corruption combined with generous wages for public officials to discourage graft make Singapore the 'cleanest' country in Asia according to the Corruption Perceptions Index and 7th globally. Heavy taxes on cars control congestion and have funded the development of a superb public transportation system. Finally a high quality education system based in English makes Singapore a very easy place for ex-pats to settle. With such governmental competence, Singapore's international reputation has spread by word of mouth as much as it has by active promotion.

Singapore's most concerted attempts at external communication have come in the tourism sector. In some ways this has been a victim of its success in other areas. It is often difficult to reconcile the things that excite affluent tourists (unspoilt landscapes, unusual cultures and contrast with home) with those that entice investors or encourage consumer confidence. Tourism is the weakest point of Singapore's brand strength score. However it still manages a highly commendable 7th place in this part of our analysis, a position being steadily improved upon by the 'Your Singapore' campaign, which seeks to showcase Singapore's variety by allowing people to craft a personalised experience.

Though the passing of Lee Kuan Yew in March this year is a sad loss, he leaves a legacy that few can hope to better. Singapore is now seen as modern, innovative, industrious, welcoming to outsiders and increasingly culturally rich and has left its neighbours (including Malaysia) far behind it.

UAE in the Top Three

By developing a clear vision for their brands, backed by determination and heavy investment, many of the Gulf States have followed Singapore's lead. The cities of the UAE and Qatar were relatively unheralded until two decades ago but Dubai, Abu Dhabi and increasingly Doha now share many of the traits Singapore is lauded for.

They are international transportation hubs with large, modern airports, that serve as the base world lead-

ing airlines; Emirates, Etihad and Qatar Airlines. These act as flag carriers for their national and sub-national brands, just as Singapore Airlines and Changi Airport have been so crucial to Singapore's image.

Despite conflict in the wider region, like Singapore they are trouble free with very low levels of crime and disorder. Though some may contend this has been achieved at the expense of civil society, there is no doubt that Dubai, Abu Dhabi and increasingly Doha have vast appeal for investors, highly skilled ex-patriate workers and tourists from Europe, Asia and the Middle East.

As a consequence both the UAE and Qatar now feature in the top ten for nation brand strength, a remarkable achievement for such small and young nations. Qatar is 9th, with an overall BSI score of 83. Its appeal as an investment destination is its biggest strength at present, the investment pillar of its BSI has a score of 86, putting Qatar 5th. Tourism is somewhat weaker, at 73/100, though that will improve as the 2022 World Cup approaches (assuming it goes ahead).

The UAE is an even more remarkable third place with an overall score of 86. The highly favourable tax regime, for which it is the top ranked country on the BSI, make investment its strong suit too. Its scores for Goods & Services is not far behind however. The UAE's tourism score is on a regular upwards trajectory. Like Singapore, the emirates have woken up to the risk of perceptions of sterility. Waterparks an upmarket resorts have been followed by unique attractions such as Ferrari world at Yas Island and latterly by cultural attractions such as Abu Dhabi's Louvre. Meanwhile the broader Goods & Services pillar will see accelerating benefits over the next five years thanks to Dubai Expo 2020.



Brand Finance Nation Brands 2015 Full Results

Most valuable Nation Brands USD 1-50

| Rank 2015 | Rank 2014 | Nation | National Brand Value 2015 (USDbn) | Change (%) | National Brand Value 2014 (USDbn) | Brand Strength 2015 (Rating) | Brand Strength 2014 (Rating) (Rebased) |
|-----------|-----------|----------------------|-----------------------------------|------------|-----------------------------------|------------------------------|--|
| 1 | 1 | United States | 19,703 | 2% | 19,261 | AAA- | AAA- |
| 2 | 2 | China | 6,314 | -1% | 6,352 | AA- | A+ |
| 3 | 3 | Germany | 4,166 | -4% | 4,357 | AAA- | AAA- |
| 4 | 4 | United Kingdom | 3,010 | 6% | 2,833 | AAA- | AAA- |
| 5 | 5 | Japan | 2,541 | 3% | 2,458 | AAA- | AA+ |
| 6 | 7 | France | 2,158 | 4% | 2,076 | AA | AA |
| 7 | 8 | India | 2,137 | 32% | 1,621 | A+ | A+ |
| 8 | 6 | Canada | 2,040 | -8% | 2,212 | AAA- | AAA- |
| 9 | 11 | Italy | 1,445 | 12% | 1,289 | A | A |
| 10 | 9 | Australia | 1,404 | -10% | 1,555 | AA+ | AA+ |
| 11 | 10 | Brazil | 1,171 | -17% | 1,403 | A- | A |
| 12 | 15 | South Korea | 1,092 | 10% | 997 | AA- | AA- |
| 13 | 13 | Mexico | 1,091 | 6% | 1,027 | A | A |
| 14 | 16 | Switzerland | 1,024 | 6% | 970* | AAA | AAA |
| 15 | 14 | Netherlands | 1,000 | -3% | 1,026 | AAA- | AAA- |
| 16 | 18 | Spain | 872 | 9% | 801 | AA- | AA- |
| 17 | 17 | Sweden | 814 | 2% | 802 | AAA- | AAA- |
| 18 | 12 | Russia | 810 | -31% | 1,167 | A | A- |
| 19 | 19 | Turkey | 668 | -11% | 751 | A+ | A+ |
| 20 | 20 | Poland | 566 | -6% | 602 | A+ | A |
| 21 | 21 | Indonesia | 564 | 10% | 511* | A+ | A+ |
| 22 | 23 | Saudi Arabia | 506 | 9% | 463 | AA | AA |
| 23 | 24 | Belgium | 500 | 11% | 452 | AA+ | AA+ |
| 24 | 25 | Taiwan | 450 | 9% | 414 | AA+ | AA+ |
| 25 | 22 | Austria | 438 | -7% | 471 | AA+ | AA+ |
| 26 | 31 | Singapore | 412 | 10% | 374* | AAA | AAA |
| 27 | 28 | Denmark | 410 | 4% | 394 | AAA- | AA+ |
| 28 | 29 | Malaysia | 407 | 5% | 385 | AAA- | AA+ |
| 29 | 30 | United Arab Emirates | 403 | 7% | 376* | AAA | AAA- |
| 30 | 27 | Norway | 388 | -2% | 396 | AAA- | AAA- |
| 31 | 26 | Thailand | 347 | -15% | 409 | AA- | A+ |
| 32 | 33 | Hong Kong SAR | 325 | 15% | 284* | AAA | AAA |
| 33 | 32 | Finland | 289 | -6% | 307 | AAA | AAA |
| 34 | 39 | Ireland | 287 | 15% | 250 | AAA- | AAA- |
| 35 | 35 | Philippines | 267 | 3% | 260 | A+ | A |
| 36 | 37 | Qatar | 235 | -8% | 256 | AAA- | AAA- |
| 37 | 36 | South Africa | 225 | -12% | 256 | AA- | A+ |
| 38 | 38 | Chile | 218 | -13% | 250 | AA | AA |
| 39 | 34 | Argentina | 208 | -22% | 265 | BB | BB |
| 40 | 40 | New Zealand | 200 | 4% | 191 | AAA | AAA- |
| 41 | 42 | Nigeria | 189 | 6% | 179* | BBB | BBB |
| 42 | 41 | Czech Republic | 187 | 4% | 180 | AA- | A+ |
| 43 | 47 | Israel | 181 | 19% | 151 | AA- | AA- |
| 44 | 45 | Kazakhstan | 175 | 6% | 164 | A+ | A |
| 45 | 46 | Colombia | 166 | 5% | 159 | A | A- |
| 46 | 0 | Iran | 159 | 59% | 100 | A- | A- |
| 47 | 49 | Bangladesh | 144 | 25% | 115 | A- | BBB |
| 48 | 48 | Romania | 141 | 11% | 127 | A | A- |
| 49 | 43 | Vietnam | 140 | -19% | 172 | A | A |
| 50 | 50 | Portugal | 137 | 20% | 114 | AA | AA- |

* = 2014 Value Restated

Brand Finance Nation Brands 2015 Full Results

Most valuable Nation Brands USD 51-100

| Rank 2015 | Rank 2014 | Nation | National Brand Value 2015 (USDbn) | Change (%) | National Brand Value 2014 (USDbn) | Brand Strength 2015 (Rating) | Brand Strength 2014 (Rating) (Rebased) |
|-----------|-----------|--------------------|-----------------------------------|------------|-----------------------------------|------------------------------|--|
| 51 | 51 | Kuwait | 124 | 24% | 100 | A+ | A |
| 52 | 44 | Peru | 114 | -33% | 171 | A | A- |
| 53 | 52 | Hungary | 94 | 15% | 82 | A | A |
| 54 | 55 | Pakistan | 93 | 29% | 72 | A | A- |
| 55 | 54 | Egypt | 81 | 8% | 75 | A- | BBB |
| 56 | 56 | Algeria | 74 | 12% | 66 | BBB | B |
| 57 | 58 | Sri Lanka | 68 | 11% | 61 | A+ | A+ |
| 58 | 61 | Luxembourg | 60 | 7% | 56 | AAA- | AAA- |
| 59 | 59 | Greece | 60 | -3% | 61 | A+ | A- |
| 60 | 57 | Slovakia | 59 | -9% | 65 | A | A |
| 61 | 63 | Dominican Republic | 55 | 4% | 53 | A- | A- |
| 62 | 60 | Slovenia | 53 | -6% | 56 | A | A |
| 63 | 67 | Lithuania | 51 | 15% | 44 | AA- | A+ |
| 64 | 65 | Bulgaria | 50 | 12% | 45 | A- | A- |
| 65 | 62 | Oman | 48 | -9% | 53 | AA | AA |
| 66 | 68 | Costa Rica | 46 | 7% | 43 | A+ | A+ |
| 67 | N/A | Venezuela | 46 | | | CCC | CCC |
| 68 | 53 | Ukraine | 44 | -45% | 80 | A- | BBB |
| 69 | 64 | Morocco | 44 | -8% | 48 | A | A |
| 70 | 72 | Guatemala | 42 | 14% | 37 | A | A- |
| 71 | 70 | Azerbaijan | 41 | 4% | 39 | A | A |
| 72 | 69 | Panama | 40 | 0% | 40 | A+ | A+ |
| 73 | 71 | Jordan | 37 | -2% | 38 | A+ | A+ |
| 74 | 76 | Uruguay | 37 | 14% | 33 | A | A |
| 75 | 75 | Latvia | 35 | 7% | 33 | AA- | A+ |
| 76 | 73 | Croatia | 32 | -12% | 36 | A | A- |
| 77 | 79 | Kenya | 31 | 43% | 22 | A | A- |
| 78 | 74 | Serbia | 31 | -11% | 34 | A- | BBB |
| 79 | 77 | Bahrain | 30 | 7% | 28 | AA | AA |
| 80 | 81 | Ghana | 23 | 12% | 21 | A- | A- |
| 81 | 85 | Tanzania | 23 | 44% | 16 | BBB | BBB |
| 82 | 83 | Ethiopia | 23 | 26% | 18 | BBB | BB |
| 83 | 78 | Lebanon | 22 | 1% | 22 | A | A- |
| 84 | 84 | Bolivia | 19 | 11% | 17 | BBB | BBB |
| 85 | 82 | Estonia | 17 | -7% | 19 | AA | AA |
| 86 | 88 | Cambodia | 16 | 9% | 15 | A- | A- |
| 87 | 96 | Cameroon | 14 | 50% | 10 | A- | BBB |
| 88 | 92 | Uganda | 14 | 16% | 12 | A- | BBB |
| 89 | 98 | Zambia | 13 | 39% | 10 | A | A- |
| 90 | 93 | Iceland | 13 | 14% | 11 | AA+ | AA |
| 91 | 87 | Cyprus | 13 | -16% | 15 | AA- | AA- |
| 92 | 94 | Nepal | 13 | 18% | 11 | A- | BBB |
| 93 | 91 | Georgia | 12 | -7% | 13 | A+ | A |
| 94 | 90 | Honduras | 11 | -26% | 14 | A- | BBB |
| 95 | N/A | Mozambique | 10 | | | BBB | BB |
| 96 | 99 | Albania | 9 | 8% | 9 | A- | A- |
| 97 | N/A | Senegal | 9 | | | A- | A- |
| 98 | 97 | Botswana | 9 | -7% | 10 | A | A |
| 99 | N/A | Mauritius | 8 | | | AA- | A+ |
| 100 | 100 | Jamaica | 8 | 0% | 8.2 | A | A |

* = 2014 Value Restated

Interview - FDI Intelligence



**Courtney Fingar -
fDiIntelligence**

This year's Brand Finance Nation Brands study is published in partnership with fDiIntelligence, the largest centre of foreign direct investment excellence globally, specialising in all areas relating to foreign direct investment and investment promotion. We spoke to Courtney Fingar, Editor-in-chief of fDi Magazine to get her take on the role Nation Brands play.

What in your view makes a powerful nation brand?

Powerful brands are those that create a strong, permanent and positive association in people's minds. The best country brands are those that convey dynamism, energy, industriousness and respectability while also showing personality and a human touch.

What in your view are some of the more and less successful nation branding campaigns?

Scotland brands itself very well as a nation. Its advertising campaign a few years ago, highlighting all the things that were invented in Scotland, was extremely effective in my view. Jamaica does a good job promoting itself as a lively yet hard-working country and its personality shines through in a way that is useful for attracting tourists as well as investors. Jamaica's famous athletes have aided the country brand enormously as well.

On the negative side, I think the Baltic countries should be much more proactive in promoting themselves and in creating memorable national brands. These countries have a lot going for them, but they're still quite obscure and have no resonance on the global stage. Estonia, in particular, is an innovative, super tech-savvy country that also has one of the most beautiful capital cities in Europe. But if you say 'Estonia' to the average person outside the country, it's likely to draw a blank.

How should countries balance the needs of different audiences (international consumers, tourists, students, investors) in their messaging?

This can be quite difficult to achieve -- how do you appeal to both a 20-year-old student and a 60-year-old CEO? I think the answer lies in focusing on energy and dynamism -- these are place-qualities that are attractive to students, tourists and investors alike. A broad, simple campaign that highlights why it's a magnetic and exciting country is the best approach. An over-arching slogan or campaign could be used across the board, as an umbrella brand, with more targeted and detailed campaigns appealing to the different audiences.

India's "Incredible India" slogan works well across all of these groups, in my opinion. Who doesn't want to discover something incredible?

Is there anything that investors are looking for that countries are failing to communicate at the moment?

Investors tend to be market-seeking and in particular they chase growth. Not enough countries promote their growth fundamentals or crow about impressive growth statistics. The search for talent is also universal and so



Interview - FDI Intelligence

talking about people is also a winner; some countries do this but not enough.

What will be the most important features for countries to exhibit in the coming decades?

Appealing to entrepreneurs is becoming much more important. Many countries are realising the usefulness of start-ups to fuel their economies and a global competition is underway to attract and support start-ups. This will impact how countries market themselves.

Are there places that you feel are under appreciated by investors and could benefit from improved communication and nation branding efforts?

Colombia has a lot going for it as an investment destination but suffers from a negative country brand because of its violent past. It has turned a corner but not that many people know about the current realities in Colombia and believe it to be dangerous and war-torn. This is a country that should launch a clever, proactive and comprehensive international branding campaign. To my knowledge the country has relied mostly on PR agencies to try to get the message out via journalistic coverage, but it needs to be much more direct: a slogan, a core message and an international ad campaign across all mediums (print, digital, video).

I was recently in Serbia and this country also suffers from a negative country brand because of past conflict. It needs to be counteracting this by showing a new face to the world. It is my understanding that the government is gearing up to do that.



fDi Magazine – firmly established as the world's premier publication for the business of globalisation. Published on a bi-monthly basis with an ABC-certified, highly targeted circulation of 15,284, fDi Magazine provides corporate decision-makers and crossborder investment professionals with an up-to-date image of the ever-changing global investment map.

Top 10 Nation Brands for Investment

| | | |
|---|-----------|--|
|  | 1 | Investment BSI Score /100 90.9 Brand Value 2015: \$412bn Brand Rating: AAA |
|  | 2 | Investment BSI Score /100 89.7 Brand Value 2015: \$1,024bn Brand Rating: AAA |
|  | 3 | Investment BSI Score /100 88.9 Brand Value 2015: \$325bn Brand Rating: AAA |
|  | 4 | Investment BSI Score /100 85.9 Brand Value 2015: \$403bn Brand Rating: AAA |
|  | 5 | Investment BSI Score /100 85.7 Brand Value 2015: \$235bn Brand Rating: AAA- |
|  | 6 | Investment BSI Score /100 85.6 Brand Value 2015: \$289bn Brand Rating: AAA |
|  | 7 | Investment BSI Score /100 84.6 Brand Value 2015: \$407bn Brand Rating: AAA- |
|  | 8 | Investment BSI Score /100 84.5 Brand Value 2015: \$200bn Brand Rating: AAA |
|  | 9 | Investment BSI Score /100 82.8 Brand Value 2015: \$19,703bn Brand Rating: AAA- |
|  | 10 | Investment BSI Score /100 82.6 Brand Value 2015: \$388bn Brand Rating: AAA- |

Interview - Embassy of Switzerland



**Nicholas C. Niggli -
Embassy of Switzerland
in the United Kingdom**

We spoke to Nicholas C. Niggli, Head of the Economic, Finance, Science & Innovation Section at the Embassy of Switzerland in the UK and one of the speakers at this year's Brand Finance Nation Brands forum, to learn more about the strategy behind one of the world's strongest and most successful nation brands.

Is there one organisation responsible for your nation branding efforts? If not, what are the responsible bodies?

The Federal Department of Foreign Affairs (FDFA) is responsible for Switzerland's communication abroad based on the Federal Act and Ordinance on the Cultivation of Switzerland's Image Abroad. Its tasks include promoting general knowledge about Switzerland abroad, ensuring its visibility in other countries, presenting Swiss political concerns and positions to a foreign audience, and building and maintaining Switzerland's network of contacts. This work is carried out by Presence Switzerland at the FDFA's General Secretariat together with the network of Swiss representations abroad.

Other organisations are also charged with specific tasks in addition to the FDFA. For example Switzerland Global Enterprise (S-GE) focuses on promoting exports and Switzerland as a business location, Switzerland

Tourism publicises the country as a tourist destination, and Pro Helvetia works to further Swiss culture abroad. In addition, numerous other organisations are active in promoting individual towns and regions, such as the Greater Zurich Area.

It is vital that Switzerland has a coherent communication abroad policy that is implemented in close cooperation with all of these actors.

Tell us a little about the themes and aims of your most recent nation branding campaign(s).

The FDFA/Presence Switzerland does not carry out campaigns in the narrow sense of the word but fulfils its legal mandate with a wide range of platforms adapted to its chosen target groups. For example Switzerland takes part in large international events such as World Expos (Swiss Pavilion) and the Olympic Games (House of Switzerland). However, it also organises background briefings for the Swiss-based foreign press with specialists on matters that are sensitive to Switzerland.

One particular area of focus at present is Brazil, where studies indicate that Switzerland is not very well known. We set up a House of Switzerland in Rio de Janeiro during the 2014 FIFA World Cup which will continue to showcase the country during the Olympic Games in 2016. A series of events aimed at raising Switzerland's profile are also being organised in Brazil under the label "Swissando". As an example, one of Rio's most famous samba schools agreed to choose 'Switzerland' as the theme for its show at the 2015 carnival. The parade, which was followed live and on TV by an audience of millions, depicted Switzerland's many facets, from traditional to modern.



Interview - Embassy of Switzerland

Are there any inaccurate or negative perceptions that you are trying to dispel with your latest campaigns?

We like to talk about 'challenging topics' i.e. subjects and events that generate a relatively large amount of attention abroad but that tends to be fairly critical. Such topics should be taken up in a targeted manner when necessary to give a nuanced perspective as opposed to the oversimplified and generalised views that often prevail. This may be done by organising panel discussions, background briefings with journalists and fact-finding trips to Switzerland. Challenging topics clearly include financial and taxation issues, Switzerland's relationship with the EU, and public debates on sensitive sociopolitical topics that often take place in the run-up to referendums.

Do you assess or track your nation brand?

Presence Switzerland consistently monitors coverage of Switzerland in the most important foreign media and carries out regular analyses of the country's image and reputation. This allows us to capture an up-to-date picture of how Switzerland is perceived abroad on a continuous basis. This also includes analysing image indices such as the Nation Brands Index presented here by Brand Finance.

How do you balance the needs of different audiences (international consumers, tourists, students, investors) in your messaging?

Communications activities are of course planned according to our different target groups. Switzerland's communication abroad targets the general public in other countries, opinion leaders, decision-makers and the media.

How do you balance the different scales of place branding such as city, region, nation or even multi-nation / continent (for example the Nordic region, GCC or Africa). Which are the priority? Are there any conflicts?

In principle the FDFA conducts Switzerland's communication abroad for the whole country although this is carried out in close cooperation with other actors. The Swiss Pavilion at Expo Milano, for example, offers a

showcasing platform to the cities of Basel, Geneva and Zurich as well as the four 'Gotthard' cantons – Graubünden, Valais, Ticino and Uri.

How do you 'future-proof' your nation brand to guard against the impact of changes to technology, government, the economy etc?

Switzerland's communication abroad strategy is redefined every four years and must be adopted by the Federal Council. This maintains the stability of the strategic focus whilst granting enough flexibility to take on any new developments.

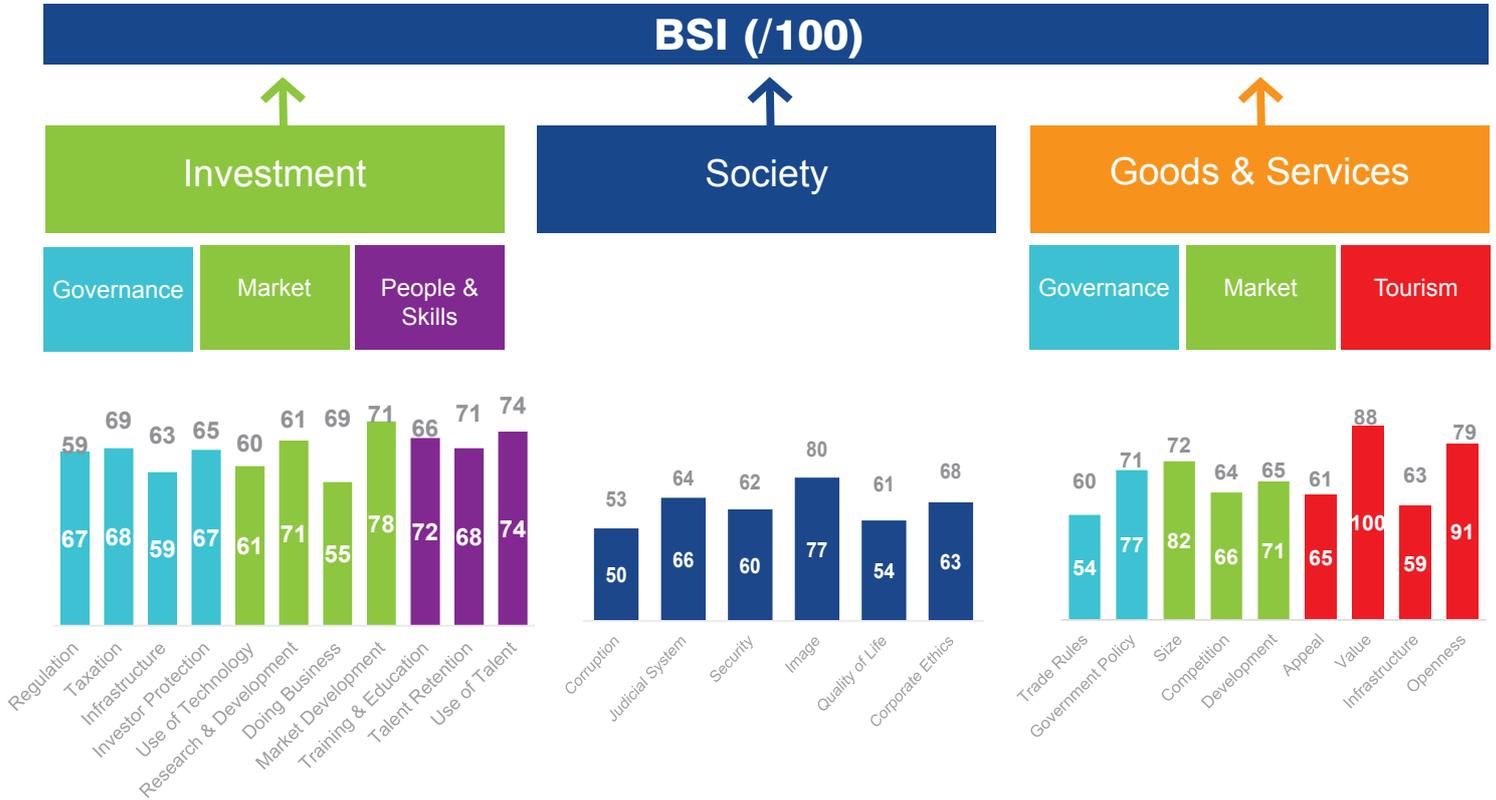
To what extent does culture play a part in a powerful nation brand? Does investment in culture form part of your nation brand strategy?

Culture is one of the interests that the FDFA represents in other countries and is an important part of Switzerland's communication abroad. A number of different actors at the federal level are involved in Switzerland's external cultural relations. Presence Switzerland coordinates the efforts of the various federal agencies in this field: the Federal Office of Culture (FOC), the Swiss cultural foundation Pro Helvetia and the FDFA's Swiss Agency for Development and Cooperation (SDC).



Methodology

Brand Finance Nation Brand Strength Index (BSI)



Brand Finance measures the strength and value of the nation brands of 100 leading countries using a method based on the royalty relief mechanism employed to value the world's largest companies.

Step 1 – Nation Brand Strength*

Nation Brand Strength is the part of our analysis most directly and easily influenced by those responsible for their country's nation brand campaigns. It is determined by reference to performance on dozens of data points across three key 'pillars'; Goods & Services, Investment and Society. These are divided into sub-pillars; Tourism, Market, Governance and People & Skills. These are further subdivided into individual metrics. Each metric is scored out of 100 and together contribute to an overall Brand Strength Index (BSI) score for the nation brand, also out of 100. Based on the score, each Nation Brand is assigned a rating from AAA+ to D in a format similar to a credit rating. For example The UK's score of 82 puts it in 5th place and gives it an AAA- brand rating.

Governance and People & Skills. These are further subdivided into individual metrics. Each metric is scored out of 100 and together contribute to an overall Brand Strength Index (BSI) score for the nation brand, also out of 100. Based on the score, each Nation Brand is assigned a rating from AAA+ to D in a format similar to a credit rating. For example The UK's score of 82 puts it in 5th place and gives it an AAA- brand rating.

Nation Brand Strength Ratings

| | |
|-------------------|----------------|
| AAA + Exceptional | BBB Developing |
| AAA | BB |
| AAA - | B |
| AA + Very strong | CCC Weak |
| AA | CC |
| AA - | C |
| A + Strong | DDD Failing |
| A | DD |
| A - | D |

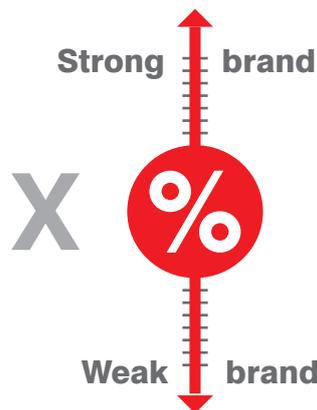
*We have optimized the way in which we calculate Nation Brand Strength this year, tweaking the weightings and organisation of our data inputs to form a three pillar structure with a tier of sub-pillars beneath, in contrast to the four pillar approach of previous years.

Brand strength index (BSI)



Brand strength expressed as a BSI score out of 100.

Brand 'Royalty rate'



BSI score applied to royalty rate range to determine exact rate.

Brand revenues



Royalty rate applied to forecast revenues to derive brand values.

Brand value



Post-tax brand revenues are discounted to a net present value (NPV) which equals the brand value.

Step 2 – Royalty Rate

The BSI score out of 100 is applied to a royalty rate range. The score determines, where within this range a country's royalty rate will be set, the higher the score, the higher the royalty rate.

Step 3 – Revenues

The nation brand valuation is based on five year forecasts of sales of all brands in each nation. Gross domestic product (GDP) is used as a proxy for total revenues. Forecast GDP is derived by reference to historic GDP trends and long term economic growth forecasts from public and private organisations, including the OECD and Oxford Economics. In addition, an annuity is calculated on the final year's brand contribution to account for the value of the nation brand into perpetuity

Step 4 – Weighted Average Cost of Capital (WACC) or Discount Rate

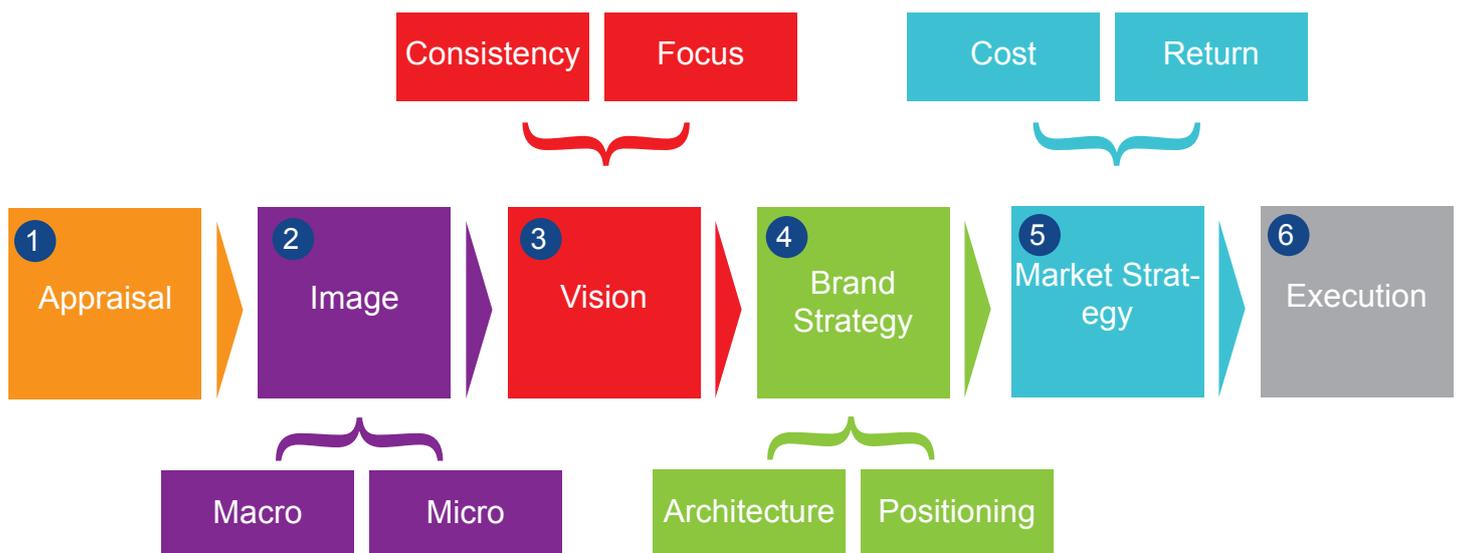
In order to account for the risk across each national economy a discount rate is calculated. This represents the average cost of a brand's sources of finance and the minimum return required on the brand asset. The discount rate is used to calculate the present value of future brand earnings (accounting for the time value of money and the associated risk).

Step 5 – Brand Valuation

The calculated royalty rate is applied to revenue data to derive a 'total brand contribution' for both the nation brand value (ie the nation brand plus corporate brands) and the pure nation brand effect value alone. The resulting figures are then taxed at the local corporate tax rate. The brand contribution after tax is discounted back to a 'net present value' using the discount rate. The original brand contribution figures are then added to their discounted values into perpetuity to derive both the nation brand value and the nation brand effect value.

Our Approach

Brand Finance Nation Brand Impact Framework™



Nation Branding is complex in nature. There is a great deal of internal competition within countries, as different institutions, government-related organizations, QUANGOs, ministries and departments compete for funding, public and political support, talent and creative control.

Competitive influences also exist via the private sector. Aligning all stakeholders around a defining message is therefore difficult and creating and managing one that caters to a diversity of target audiences is even harder. It is by no means impossible however, many nations such as Great Britain, the UK and Malaysia have created holistic, memorable and enduring nation brand campaigns.

Brand Finance emphasises a six step approach:

1 - Appraisal

Determine the brand's position by asking the following questions: What contribution is the nation brand bringing to the country relative to competitors? Where is it strong or weak relative to competitors?

2 - Image

The Nation Brand Image, i.e. how people view the country, is driven by macro and micro attributes. Macro attributes are those that affect the perception of the country across all categories. Micro attributes are those that are associated with specific regions, industries, companies or products. There is an interplay between these the two. Micro factors can influence the macro scale as perceptions of the country in different segments may differ but always act to create an image of the country as a whole. Conversely, macro perceptions of the country as a whole always act to create an image of the segment, industry or company at the micro scale. Thus these two types of attribute must be examined in tandem.

3 - Vision

Brand Vision defines what your brand stands for emotionally in the minds of your external stakeholders. To develop the vision it is important to engage key stakeholders. Once developed the core identity must be consistently implemented across all industries, though the

message can be manipulated by segment, region and industry to accentuate strengths.

In order for a Nation Branding campaign to be successful, it must have top-down direction in order to rally all internal stakeholders to support the initiative according to the guiding set of principles. This direction must be managerial rather than authoritarian however, as it is important to develop a consensus amongst stakeholders about the brand vision. All internal stakeholders (politicians, ambassadors, celebrities, business leaders, academics and scientists) must be able to honestly act as brand ambassadors and reiterate the same message in order for the branding to be effective.

The “GREAT” campaign is an example of consistency, continuity and unsurpassed message clarity.



4 - Brand Strategy

Brand strategy is divided between architecture and positioning. Brand architecture defines how a master brand, sub-brands and product brands link together within an organisation or, in the case of nation branding, a country. The master brand brings consistency and

structure for brand management. Sub brands can be used to manipulate the core message to highlight strength in particular industries. Finally competition between brands and sub brands must be minimised and higher level brands strengthened.

Once the structure has been determined, the positioning of the nation brand must be determined by answering the following questions. What does our target audience typically like when they see marketing materials in this area? What are our competitors doing? Where do we have a strategic advantage over competitors?

5 - Market Strategy

The key target markets for your brand should be made with reference to the cost of entry and promotion and the total likely return. Cost is determined by the level of government oversight, the sophistication of business management and competitor activity. The closer the government oversight and cooperation with the industry, the less costly it will be to communicate the message consistently. The greater the sophistication of management, the better the marketing support from businesses and the lower the cost to the central branding body. The less activity in the market, the less money that needs to be spent to shout louder than competitors.

Return is determined by the size of the potential market, awareness levels and the gap between perception and reality. The larger the potential market, the higher the likely possible return. Return on marketing investment is strongly correlated with the awareness and strength of the brand prior to the investment. The further people's perceptions are from the truth, the more easily you will be able to persuade them of the virtues and therefore the higher the possible return.

6 - Execution

Brand Finance will help manage and coordinate your plan, ensuring there is consistent focus on the agreed brand vision and maximum financial return.

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