

# Nation Brands 2016

THE US ONCE MORE HAS THE MOST VALUABLE COUNTRY BRAND WHILE SINGAPORE'S IS THE STRONGEST, ACCORDING TO BRAND FINANCE'S ANNUAL NATIONAL BRANDS REPORT, WITH A STRONG CORRELATION CONTINUING TO EXIST BETWEEN A STRONG NATION BRAND AND INVESTMENT ATTRACTIVENESS. **SEBASTIAN SHEHADI** REPORTS

**T**he US is the world's most 'valuable' country brand, according to consultancy Brand Finance's Nation Brands 2016 report. Interestingly, it is also the most attractive destination for FDI. However, Singapore is the 'strongest' national brand and is also an FDI hotspot, thereby highlighting how small countries have the potential to punch far above their weight.

For better or for worse, brand recognition weighs heavily on consumers when buying products. The same applies when companies consider their next expansion destination.

There is a science behind humans' decisions about where to invest, including elaborate benchmarking exercises and much number crunching. However, underpinning all of this is a less rational factor: the perception of something and immediate associations with its name.

Although it is difficult to measure the precise impact these perceptions have on investment choices, a study of national brands indicates parallels between the countries with the most valuable brand and those that attract the most FDI.

**How the rankings are calculated**  
Brand Finance's recently released annual

review ranked the US as the world's 'most valuable country brand'. Correspondingly, the US was also the most attractive destination for greenfield FDI projects in the period for which the values are calculated (October 2015 to the end of September 2016), according to data from greenfield investment monitor **fDi** Markets. Almost all those inside the ranking's top 20, including the UK and China, were also among the top 20 FDI destinations the 12 months in question. The link is clear, but outliers exist. For example, Sweden, despite coming 16th in the Nation Brands report, ranked only 43rd for inbound FDI projects. Denmark and Italy somewhat underperformed too.

As part of the report, Brand Finance produced rankings entitled 'brand value' and 'brand strength' (see pages 16-17). The former is based on a country's national brand campaigns, and determined by its performance across three key 'pillars': goods and services, investment, and society. Brand value, the main ranking, is measured by applying a country's brand strength to a 'royalty rate' and, subsequently, to 'brand revenues' based on GDP.

The two rankings produced very different results. Singapore, Switzerland, Hong Kong, Norway, New Zealand and Finland were ranked among the top 10 strongest brands, but are highly unlikely to compete for the top spot in brand value terms. Indeed, the smaller size of these countries means "[their] brand simply cannot be applied extensively enough to generate the same economic uplift as, for example, the US", the report found.

Nonetheless, these countries punch far above their weight. Indeed, Singapore, Hong Kong and Switzerland are among **fDi** Markets' top 35 investment destinations. On the other hand, New Zealand, Norway and Finland are not top-tier FDI magnets, suggesting they have not fulfilled their potential as 'strong brands' and maximised inward investment. This seems particularly common in the Nordic countries.

**The winners**  
As in the 2015 ranking, the US has topped the table for 'most valuable country brand'. Brand Finance attributed its continued success to the country's sheer economic scale,



**TOP 10 BRAND STRENGTH INDEX 2016 – OVERALL**

RANK	COUNTRY	RATING
1	Singapore	AAA
2	Switzerland	AAA
3	Hong Kong	AAA
4	Norway	AAA
5	UK	AAA
6	New Zealand	AAA
7	Luxembourg	AAA
8	Finland	AAA
9	Netherlands	AAA
10	Japan	AAA

Source: Brand Finance

**TOP 10 BRAND STRENGTH INDEX 2016: SUB-PILLARS – SOCIETY**

RANK	COUNTRY	RATING
1	Norway	AAA+
2	Switzerland	AAA+
3	Hong Kong	AAA+
4	New Zealand	AAA+
5	Luxembourg	AAA+
6	Finland	AAA
7	Singapore	AAA
8	Canada	AAA
9	Netherlands	AAA
10	Denmark	AAA

Source: Brand Finance

**TOP 10 BRAND STRENGTH INDEX 2016: SUB-PILLARS – INVESTMENT**

RANK	COUNTRY	RATING
1	Singapore	AAA+
2	Switzerland	AAA+
3	Hong Kong	AAA+
4	Qatar	AAA
5	UAE	AAA
6	Malaysia	AAA
7	UK	AAA
8	US	AAA
9	New Zealand	AAA
10	Finland	AAA

Source: Brand Finance

**TOP 10 BRAND STRENGTH INDEX 2016: SUB-PILLARS – GOODS AND SERVICES**

RANK	COUNTRY	RATING
1	US	AAA
2	Japan	AAA
3	UK	AAA
4	Singapore	AAA
5	Malaysia	AAA
6	Germany	AAA
7	Netherlands	AAA
8	Hong Kong	AAA
9	UAE	AAA-
10	Luxembourg	AAA-

Source: Brand Finance

widespread exports, leading higher education system and “soft power arising from its dominance of the music and entertainment industries”.

In terms of changes from 2015’s report, Luxembourg’s was this year’s fastest growing nation brand, having grown 43% to be worth \$85bn. In recent years the “Grand Duchy has [attempted] to shed its reputation for financial secrecy and, more particularly, the taint of 2014’s LuxLeaks scandal”, the Brand Finance report observed.

Pakistan was the next fastest riser with a ‘brand value’ growth of 41%. Pakistan has implemented a number of economic reforms backed by large payments from the IMF. The report explained that “lower oil prices also continue to work in the country’s favour, as does an improving security environment”.

Ukraine’s brand value increased by 39%, making it the third fastest growing country this year. Despite its economy remaining vulnerable as the stand-off with Russia continues, this year saw relative stability and less media attention. “Brand strength metrics for security rose 18.2%, with a corresponding 11.4% rise in the quality of life score and a big improvement in the country’s ability to retain its most talented workers,” Brand Finance found.

Like many other currencies, sterling has fallen against the dollar over the past year. Considering this and the shock of Brexit, the UK’s brand value increase of 3% is a respectable performance. The report contended that this “reflects the fact that Brexit’s consequences are as yet unclear”. However, a ‘hard Brexit’ could change this.

**The losers**

Brazil fell the furthest in the 2016 ranking, seeing its brand value decrease by 30%. Although the Olympic Games delivered a boost to tourism, the poor state of Brazil’s economy outweighed most positives. Worst still was Brazil’s unfolding Petrobras corruption scandal, which is alleged to include corporate and government involvement.

Turkey’s brand value also fell, slumping by \$474m in a 29% drop. This was due to the instability after this year’s failed coup, which provoked a strong response from the government. As well as mass arrests, president Recep Erdogan has hinted at the reintroduction of the death penalty. Entry into the EU seems unlikely to happen in the near future.

Moreover, Turkey’s controversial involvement in Syria, alongside ongoing terrorist attacks from the so-called Islamic State, are damaging the country’s investment attractiveness.

Jordan has also suffered from the continued conflict in neighboring Syria. “The security situation is deteriorating, affecting tourism, construction and trade. Meanwhile unemployment is rising,” the report observed. ■



TOP 50 MOST VALUABLE BRANDS – 2016

RANK 2016	RANK 2015	COUNTRY
1	1	US
2	2	China
3	3	Germany
4	5	Japan
5	4	UK
6	6	France
7	7	India
8	8	Canada
9	9	Italy
10	10	Australia
11	15	Netherlands
12	14	Switzerland
13	16	Spain
14	13	Mexico
15	11	Brazil
16	17	Sweden
17	18	Russia
18	21	Indonesia
19	23	Belgium
20	20	Poland
21	25	Austria
22	22	Saudi Arabia
23	30	Norway
24	29	United Arab Emirates
25	19	Turkey
26	26	Singapore
27	24	Taiwan
28	27	Denmark
29	28	Malaysia
30	31	Thailand
31	34	Ireland
32	35	Philippines
33	32	Hong Kong
34	33	Finland
35	36	Qatar
36	42	Czech Republic
37	39	Argentina
38	38	Chile
39	37	South Africa
40	43	Israel
41	45	Colombia
42	41	Nigeria
43	40	New Zealand
44	47	Bangladesh
45	48	Romania
46	50	Portugal
47	44	Kazakhstan
48	49	Vietnam
49	51	Kuwait
50	52	Peru

Source: Brand Finance



Standing tall: the US remains the most valuable nation brand

BRAND RATING

BRAND INDEX	BRAND RATING	CATEGORY
0	D	Failing
5	D	
10	DD	
15	DDD	Weak
20	C	
25	CC	
30	CCC	Average
35	B	
40	BB	
45	BBB	
50	A-	Strong
55	A	
60	A+	
65	AA-	Very strong
70	AA	
75	AA+	
80	AAA-	Extremely strong
85	AAA	
90	AAA+	
95	AAA+	
100	AAA+	

Source: Brand Finance