

Eva Niesing

## Latin America's Potential in Nation Branding

A closer look at Brazil's, Chile's  
and Colombia's practices



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## **Abstract**

In the globalized world of today a well-elaborated, long-term oriented nation branding strategy which includes the government, the public and the private sector as well as the nation's citizens themselves can help nations to improve and to better control their nation image. Nation branding activities increase the countries' competitiveness in the global marketplace and help to foster the tourism arrivals, inward foreign direct investment flows and exports as well as they help to attract talented workforce and students.

Despite its growing importance, most Latin American countries still have not engaged enough in the area of nation branding and mostly only focus their activities on the tourism promotion. The region's countries have a good image regarding soft factors such as their people and tourism attractions but have a weak image regarding their products, services and investment opportunities. Brazil has a relatively good nation image in many dimensions but still has not developed an extensive nation branding strategy. Chile and Colombia are among the Latin American countries which have started to conduct more complete and advanced nation branding activities. Although such advances can be observed, there is still a lot of improvement potential in the nation branding practices of Latin American countries.

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## Acronyms

APEX	Brazilian Agency of Promotion of Exports and Investments
CBC	Country Brand Colombia
CBI	FutureBrand Consultancy's Country Brand Index
COO	Country-Of-Origin
CEPAL	Economic Commission for Latin America and the Caribbean
FARC	Revolutionary Armed Forces of Colombia
FDI	Foreign Direct Investment
FICH	Image of Chile Foundation (Fundación Imagen de Chile)
GDP	Gross Domestic Product
G20	Group of 20
HDM	FutureBrand's proprietary Hierarchical Decision Model
N.A.	Not available information
NBI	Anholt-GfK Roper Nation Brands Index
OECD	Organisation for Economic Co-operation and Development
UK	United Kingdom
UN	United Nations
USA	United States of America







# 1. Introduction

Due to the rapid advance of globalization, the world is becoming an interdependent marketplace. This trend does not only increase the competition between companies, but also the global competition between nations. Every country must compete with each other for its share of the worldwide tourists, foreign direct investors, consumer preference for their export products, talented workforce and students (Dinnie, 2008; Fan, 2006; Kaneva, 2011). Since in this crowded and competitive global marketplace, the majority of people, foreign investors and organizations neither try nor take enough time to learn what other countries and nations are like, they do not build informed and balanced views about them. Therefore, most countries and even entire regions are stereotyped and their images are not always reflecting the whole reality of the country: France is about fashion and design, Brazil is associated with beaches, carnival and happy people, Paraguay is just a small neighboring country of Brazil, Germany stands for good engineering and cold humorless people, and most Latin American countries are about poverty, violence and beautiful landscapes (Aldunante, 2011; Anholt, 2007; Anholt, 2010; Favre, 2008; FutureBrand Consultancy, 2012; Kotler & Gertner, 2002; Pipoli 2009 a; Pipoli, 2009 b). Nation images are considered to be very powerful and important drivers in consumer purchase decisions, investment decisions and the country's attractiveness for tourists as well as talented workforces and students. For this reason, positive nation images result in a significant competitive advantage (Anholt, 2010; Dinnie, 2008; Moilanen & Rainisto, 2009).

The practice of the so called nation branding is increasing in frequency and importance thanks to the observation that many branding techniques for products and services can be applied to nations. Similar to companies, nations develop brands which help them to be more competitive in the global marketplace. Nevertheless, to improve and to better control nation images is only possible by developing a long-term oriented nation branding strategy which ensures the coordination between the government, the public, and the private sector as well as the country's population (De Chernatony, 2008; Dinnie, 2008; Kaneva, 2011).

Especially Latin American countries are considered to have a great potential in the practice of nation branding. The region's countries are highly stereotyped and suffer from

generic and negative images in many dimensions, even though they have a lot to offer to tourists, consumers, investors, and talented work force and students (Anholt qtd. in Oppenheimer, 2008; Anholt qtd. in George, 2010; FutureBrand Consultancy, 2012; Pipoli, 2009 a). In this book, the author makes a diagnosis of nation branding activities in the region, and analyzes in detail the cases of Brazil, Chile and Colombia.

## **1.1. Problem Statement**

Latin American countries have many natural resources, some good export products, significant economic growth rates, an increased political and economic stability and many tourism attractions (Economist Intelligence Unit, 2012 a; OECD, 2013 a; Ruggles-Brise, 2012). Nation branding could help the Latin American countries to make use of these assets and be more competitive in the global marketplace. Despite the huge potential and the increasing importance of nation branding, until the date the practice of nation branding has only limitedly been adopted by most of the region's countries. While nation branding aims to improve the overall image of a nation and to increase the tourism arrivals and exports, to attract FDI, talented workforce and students, the majority of the Latin American countries are focusing their nation branding activities solely on the tourism sector. Moreover, when analyzing the region's nation images, the countries generally have a good image on the soft factors such as their people and tourist attractions but have a weak image on hard factors such as their products, services and investment opportunities (Anholt qtd. in Oppenheimer, 2008; Anholt qtd. in George, 2010; FutureBrand Consultancy, 2012). In order to enable the achievement of the countries' whole potential in their nation images and to be more competitive in the mentioned sectors, the Latin American countries need to develop better-coordinated nation branding strategies.

## **1.2. Objectives**

### **1.2.1. General Objective**

On the basis of an extensive literature review, the general objective of this work is to develop a diagnosis of the nation branding activities Latin American countries have conducted in the last years by taking Brazil, Chile and Colombia as examples.

### **1.2.2. Specific Objectives**

The specific objectives of this work are the following:

- To define what a nation brand and nation branding are.
- To give an overview of how nation images are built and how they can be measured.
- To give an overview of how a nation branding strategy should be developed and what elements it should include.
- To find out which Latin American countries are active in nation branding and which sectors these initiatives embrace.
- To find out what general nation images the Latin American region has.
- To give an overview of the most important aspects of the economic and political situation of Brazil, Chile and Colombia in order to improve the understanding of their current nation images and areas for improvement.
- To analyze what nation images Brazil, Chile and Colombia have and how they perform in the nation brand indices.
- To analyze what nation branding activities Brazil, Chile and Colombia have conducted from 2005 to 2010.
- To make a comparison between the nation branding activities of the three countries by evaluating to what extent they have implemented the recommended steps and elements of a nation branding strategy.
- To make a short personal evaluation and recommendation for further improvement of the Latin American nation branding activities based on the prior findings.

### **1.3. Scope and Limitations**

This book gives the reader an overview of the concept of nation branding. It moreover explains how a nation branding strategy should be developed and what elements it should contain. Based on this information on nation branding strategies, the work describes which current activities Latin American countries are implementing and analyzes in detail the nation branding practices of Brazil, Chile and Colombia from 2005 until the date. The nation branding practices of the Caribbean countries are not included in this description.

The practices of other countries such as France and Germany are included as references and examples but are not further analyzed.

Expert opinions on the effectiveness of nation branding practices in general and from different countries are mentioned. Nevertheless, no detailed evaluation of the effectiveness of nation branding strategies is conducted. Such an evaluation is nearly impossible due to the lack of available metrics to make a causal link between the nation branding activities, the nation image improvement and the country's success in the different areas. Nation images are furthermore driven by many uncontrollable factors whose extent of influence cannot be measured. Since nation images are subject to many different factors and stakeholders, the measurement of nation images is highly complex and requires the conducting of various different studies as well as extensive research over a longer period of time. Such a research would go beyond the scope of this book and therefore it will only make use of secondary sources such as expert opinions and nation brand indices.

Due to the newness of nation branding, this book will shed light on the topic. Nevertheless, the novelty of the topic also leads to a limitation of this work because it has to rely on the little theory available on the field of nation branding.

#### **1.4. Justification**

The realization of nation branding activities is relatively new but it is growing in frequency and importance because of the increased global competition nations nowadays face for the attraction of tourists, inward investment and the sales of export products (Anholt, 2010; Dinnie, 2008; Fan, 2010; Moilanen & Rainisto, 2009). In recent reports such as the Country Brand Index 2012 from the FutureBrand Consultancy, Latin America is identified to be the world's region which has the greatest potential in the area of nation branding. Brazil, Chile and Colombia are even mentioned among the 15 countries which are considered to have the worldwide greatest potential in nation branding and will be some of the leading nation brands in the near future. Moreover, the analysis of these three countries is interesting because each has a different starting point in nation branding (Anholt qtd. in Oppenheimer, 2008; Anholt qtd. in George, 2010; FutureBrand Consultancy, 2012). Besides the increasing importance of nation branding activities and the identified great potential in the region, Latin America's economic and political importance has also