The importance of national origin and the decline of 'brand America'

By SIMON ANHOLT

Consumers want brands that come from somewhere rather than synthetic constructs without history or home. Beliefs about country of origin exist in consumers' minds and influence brand and company reputation whether or not the owners choose to leverage them actively. Anholt argues that 'brand America' no longer carries the same cachet for rich Westerners as it once did, and this shift in tastes and values opens the door for brands from emerging markets promising exoticism and integrity

IN 1997, British Airways took the fateful decision to graduate from mere national carrier to global travel brand. It did so by dropping the explicit reference to its country of origin and replaced the Union flag with images from many different nations on its tailplanes. Like many companies, as it strove towards the vague nirvana of 'globalness', it was attempting systematically to remove every clue of its country of origin from its products and services.

But in its rush to appear global, BA overlooked the crucial point that a global brand is not a brand that comes from nowhere; in many of the most successful cases, it is a brand which may be *sold* everywhere, but *comes* from somewhere quite definite. Coca-Cola, Pepsi, McDonald's, Nike, Levi's, Timberland and Marlboro, for example, are only global brands by grace of the fact that they are most decidedly from America.

British Airways would never have become the world's favourite airline if it had not been, first and foremost, *British* Airways. The age-old popular perception of 'brand Britain' (methodical, punctual, predictable, efficient, traditional, heritage-obsessed, class-ridden, status-driven, ceremonious, perhaps a bit boring) makes Britain the ultimate and supremely logical country of origin for any brand in the business of air travel, hospitality and tourism. It is easy to be wise after the event, but by cutting off its connection with its home-brand, British Airways pulled the plug on its principal brand equity.

In 2001, the airline's new chief executive, Rod Eddington – an Australian – ordered the Union Jacks to be painted back on the planes. It often takes the objective viewpoint of an outsider to understand the essence of a

Simon Anholt is ...

nation's image.

It should not be surprising if people want brands to come from somewhere. After all, the first time you meet someone, it is human nature to ask where they are from – and as the likelihood of that person coming from the same place as you diminishes with every year that passes, the question becomes increasingly relevant.

A country of origin is hard equity. In many cases it does not need to be built from scratch because it already exists in the consumer's mind and has a definite shape and form.

Consumers are increasingly asking brands where they come from, and the correct answer is not 'wherever you want'. Companies might just find that while they are rambling on about 'planet earth' or 'around the world', the consumer has gone away in search of something with a little more integrity.

The decline of 'brand America' and the top ten

The problem for America, Britain and their wealthy colleagues is that coming from one of the top-ten nations no longer carries quite the same cachet it once did. America, in particular, is seeing certain changes to the way it is perceived abroad, possibly signalling a long-term decline in its brand equity.

The principal equity of 'brand America' was always freedom, which is why it was so potent during the 1940s, 1950s and 1960s. For those emerging from the shadow of fascism, communism, or simply a rather strait-laced bourgeois capitalism, the notion of a country where cowboys roamed free, went to bed when they wanted, drank coffee at all hours and never washed behind their ears seemed like nirvana. America was a place where the kids, not the grown-ups, were in charge.

But freedom itself is now a commodity with far less scarcity value in the rest of the West – today, most Europeans enjoy and are entirely familiar with personal liberty.

The compelling imagery of fashion brands from the US is undoubtedly one of the most enduring success stories of brand America, and it is intimately linked with the captivating notion of freedom. Alongside Coke and Marlboro, iconic global lifestyle brands such as Levi's, Nike, Timberland, Lucky Strike, Pepsi, Wrangler and Lee are America's most accessible and successful 'carry-out'. For nearly a century, these brands have been the wearable, affordable slice of American freedom that young consumers worldwide can take away from a Hollywood or Motown experience.

For decades, young consumers in Europe have been using such brands to claim their own patch of territory in the American Dream. Moreover, American products were, for a long time, better made, more attractive and more sensibly priced than European counterparts. Small wonder that, for many years, American brands merely had to state their country of origin in order to become market leaders in Europe and worldwide.

But we may already have passed the peak of brand America's international appeal. The relentless communication of American values, beliefs and lifestyle through the mass media has achieved the probably undesired but entirely predictable effect of increasing their familiarity to foreigners. Many millions of people, after decades of intense bombardment by US culture through cinema, music, television and brands, are now (or believe themselves to be) experts on America.

Familiarity breeds contempt. America is no longer a mysterious, idealised, distant, magical land; it is a place many of us know (or think we know) almost as well as our own countries. Furthermore, as travel has become less expensive and leisure time has increased, more people than ever before have been there – it is just as cheap and easy

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for average European parents to take their children to Walt Disney World in Orlando as it is to Disneyland Paris. Somehow, America no longer feels so far away.

With familiarity also comes discernment. Current views of the USA around the world are more complex and more contradictory than at any time in the past; there is much that is positive, and much that is negative, in present perceptions of brand America. Much of this ambiguity is the inevitable consequence of its position as sole global superpower – attitudes to absolute dominion are always mixed and uneasy.

With rare exceptions, simply stating its country of origin is no longer enough to build an American brand abroad. America is no longer a premium brand, and the world's love affair with America, while not exactly over, is no longer blind and unquestioning.

Of course, a decline in the equity of America's brand does not mean the end of the country or of its export business. But it does signal the end of the 'unfair advantage' once enjoyed by US exporters. In the future, American brands will have to compete with other countries' brands on a more level playing-field, on their intrinsic merits rather than on the lazy shorthand that they simply come from the right place. Indeed, should brand America slip far enough in people's esteem, there is a chance that American brands will one day have to work harder than others to undo the negative associations their country of origin contributes; or else, like brands from poor countries today, they will need to conceal or disguise their true provenance. In some fields already – accountancy, for example – 'Made in America' is already negative equity.

It is not just America whose brand values are in decline. Although the rest of the world has heard far less about the other top-ten country brands, there are signs that consumers outside Europe are tiring of some of those old clichés as well. The image of France, for example, as the ultimate 'quality of life' brand has been substantially eroded by its loss of primacy in many product areas – the new-world wines cancelling much of the magic and mystique of their French rivals, and Italian and American fashion and perfume labels lessening France's stranglehold on the luxury goods market. In addition, the growing taste for lighter and more exotic food means that Italian, Chinese, Mexican, Japanese, American and Indian cooking are all jostling for France's traditional position as the leading world cuisine. Germany's quality manufacturing image, Britain's heritage image and Switzerland's precision and integrity image have all taken a battering in similar ways during the last decades.

Here lies the most exciting opportunity for brands from emerging markets. In purely branding terms, there are great gaps in the global palette of country-brands for countries which are 'about' qualities other than power, wealth and sophistication: perhaps creativity, philosophy, diversity, tolerance, trust, innocence, wisdom, challenge, risk, safety, and who knows what else besides.

Western consumers and the search for exoticism

During the last decade, there has been a pronounced shift in Western tastes and fashions towards 'Asianisation' – a yearning for the values of older, wiser, more contemplative civilisations than our own.

Never before has there been such a vogue for the 'ethnic', the organic, the exotic. World music, ethnic art, global cinema and theatre, multicultural advertising, tribal fashion, fusion cuisine, Eurasian architecture, oriental design, Eastern religion, alternative medicine, new-world literature – the Western consumer is attracted more than ever by the cultures and the products of distant lands.

This trend is clear in the food people eat. A 2001 report from market analysts Datamonitor, *Future Food Flavours*, finds that consumers are attracted as never before to exotic tastes. The variety of ethnic ready-meals and cooking sauces is expanding at a rapid rate across Europe and the USA; Cajun and fusion food are becoming more and more popular as consumers seek excitement for their taste buds and what the survey calls 'a real flavours explosion'.

The survey also notes that consumers are becoming more demanding and discerning about the real or perceived authenticity of the 'ethnic' food they buy, rather than products with a 'manufactured spin'. Even highly prepared food such as ready-meals and cooking sauces need to emphasise their authenticity, and consumers appear untroubled by this apparent contradiction.

Much of this phenomenon is ascribed to ever greater numbers of people returning from ever more exotic holiday locations and trying to recreate the flavours they encountered abroad. Not only are increased proportions of the European and North American populations travelling, but there has also been a striking diversification in the places they are visiting over the last decades. The Datamonitor report quotes the 1998 International Passenger Survey, which shows that trips to Asia, North Africa, Latin America and the Caribbean by British visitors have grown at a compound annual rate of 100% since 1990.

Not surprisingly, the travel statistics are mirrored in the products found in supermarkets back home, especially within the ready-meals sector. Food from the Asia Pacific region, and Thai food in particular, is extremely popular, and this can be partly explained by the region's popularity among young backpackers. Presumably this food is not sold only to returning travellers eager to recreate their food experiences, but also to a proportion of would-be travellers who can indulge some of their curiosity about distant lands without actually having to find the time, money and courage to go there.

Such trends are also evident in the music people are listening to.

'When we started MTV Asia in 1992, only one Asian video had been made,' says MTV chairman and chief executive Thomas Freston (quoted in Justin Davidson's 1999 book *Long Island/Queens: Our Future*). 'So we played that, and everything else was basically American. Today, we have MTV China, and 80 to 90 per cent of the videos we run there are made in China and sung in Chinese…World music is still very small, but it's 20 times bigger than it was a couple of years ago. It hasn't reached mass-market potential yet, but I regard that as an inevitability.'

Gerald Seligman, head of Artist & Repertoire at EMI Records Europe, in 2000 commented: 'Figures are hard to come by, though it is demonstrably true that those former repertoire powerhouses, the US and UK, now represent less of the overall worldwide music sales than they have in decades. Regional artists are selling more each year…In the UK – and this is typical of Europe and North America in general – world music is the fastest-growing section of retail. Both HMV and Virgin Megastore report roughly 40% increases in sales year on year.'

All this is good news for artists and record companies in emerging markets, just as the changes in food-buying habits are good news for the food producers and exporters. But the broader implications are far more significant. What it implies is a major shift in taste.

It feels like a particularly good moment for the rightful owners of the truly exotic nation-brands to leverage the power they hold over the imagination of the world's richest consumers. Now is the time for them to start making back some of the money they have paid rich countries for their products over the past century, to begin to reverse the relentless flow of wealth from poor to rich, and to redress some of the imbalance between the lucky and the unlucky nations.

The observations about changing consumer tastes could be extended beyond food and music to cover almost any area of any Northern marketplace at this moment, but it is hardly necessary – the indications are clear.

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A taste for ethics

Running parallel to the desire for more 'exotic' ideas and products is a rapidly growing consciousness among consumers in the North that, in a globalised world, the act of purchase is not private and isolated, but connected through a long and complex chain to many people, many countries, and many consequences.

The reassurance that the consequences of purchase are benign and transparent is an extra 'brand ingredient' that is rapidly becoming a focus of consumer demand in many countries. This phenomenon is helped by the anti-corporate movement and the growing trend for consumers to evaluate brands and the producers of brands according to their corporate citizenship credentials. The exposure of dishonest practice among corporations such as Enron and WorldCom is part of this too. A US survey in August 2002 found that 68% of people were less likely to trust everyday brands as a result of the unscrupulous actions of these two firms; it is an absolute certainty that these people are now more than usually sensitive to messages from companies that look and feel as different as possible from the classic US-owned multinational.

The fact that the disgraced corporations are, so far, all American also contributes to the erosion of brand America in other parts of the world. If US economic might and commercial primacy lie at the heart of the rest of the world's unease about the country, then any suggestion that this primacy has been dishonestly achieved is bound to cause huge disaffection.

This set of circumstances represents an urgent opportunity for our emerging-market brands to take a great leap forward.

After all, what better ethical purchase could one wish for than a product born ethical – one that is entirely conceived, manufactured and shipped directly by a locally owned company in a developing market? The attraction of such a simple and transparent chain of consequences is the knowledge that such products create a direct line of income from consumer to producer – a far more direct line than aid via taxes or charities. By buying a branded product from an emerging market, the consumer in a developed country directly funds the growth of the company from his or her wallet.

Naturally, there is a heavy burden on the manufacturer to prove that money spent on the product will be used wisely and well, to benefit the wider community as well as just the owner of the factory. But this may well form part of the brand's 'story' and help to build its special magic.

The fate of companies and their products used to hinge on the old model of product supremacy. With its demands for ever greater manufacturing volume and quality, this model favoured and built the first world. But the new model includes a greater element of emotional or brand supremacy, and favours the second and third worlds. The developing world is where great brands will emerge – the great storehouse of emotional, cultural, intellectual and spiritual brand qualities.

A key lever for outsmarting the competition is the importance of changing the context in which brands compete to one that suits the challenger to market leadership better than its suits the incumbent. Emerging brands from developing markets have a unique potential to make the Northern-owned superbrands look very grubby indeed and their protestations of moral and ethical purity very suspect. This can – and should – be achieved without ethics as a primary component of their brand values. Of course, under scrutiny or when requested, the brands must have spotless credentials and their owners and funding governments likewise. But social responsibility should be their context and natural domain, rather than their message.

Ethical qualifications, like 'trendiness' in youth brands, is something which seems a lie the moment you say it. You have to *prove* it

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rather than talk about it, and let people make their own conclusions.

Until quite recently, most 'ethical' purchases available to consumers were based on a single, simple philanthropic principle: the brand stood for a guarantee that farmers and manufacturers had been paid a stable, somewhat inflated market rate for their products. This basic fair trade-type model, laudable though it is in many respects, has one problem: the chief brand equity on which it is based is sympathy. If it works, it works because it plays on the guilt, anger or sense of charity of the consumer, and makes a spectacle out of the producers' weakness and the unfair way they are treated. This aspect is written into the DNA of the concept – it is called *fair*, as opposed to *unfair*, trade.

This is certain to be effective with a minority of highly motivated consumers, but it is basically an act of politics rather than marketing. No problem there, you might say, but in marketing terms it is a dead-end strategy: all the model does is shift the dependence of certain producers away from 'cynical' buyers to 'ethical' buyers, but it does not provide the producer with a robust, protected, long-term benefit.

In other words, it is not truly sustainable. In fact, it may damage the brand in the long term, because it is unlikely that consumers would ever be prepared to reframe a brand in their own minds from one they feel they *ought* to buy to one they actually *want* to buy.

The producers of the commodities being sold, moreover, are not building any brand equity of their own – they are simply preferred suppliers to a first-world brand owner. In this sense, the model is not radical at all, just a well-intentioned variant of the traditional supplier/brand owner relationship.

If a company is looking for long-term loyalty from its consumers, the ability to preserve a substantial profit margin and rapid acceptance of new products on the marketplace, this has to be driven by something more self-interested than moral principles. Whether we like it or not, the most predictable, most durable, most reliable and most consistent human motive on which to base a business is 'what's in it for me?' People will only reliably buy products from a company – and continue to buy that company's products – if they *want* them.

Café Direct: ethics support other brand equities

There is a wise saying in Italian which translates as, 'He who makes himself a sheep will get eaten by the wolf' – in other words, it is human nature to strike at the weak. Many consumers, in many situations, seem to prefer brands they can look up to rather than look down on. They want to feel that the brand has qualities they can aspire to.

For all these reasons, the fair-trade brands are becoming visibly more 'commercial' and concentrating far more on product quality than before. The products sold in the UK by Café Direct, one of the pioneers of the field, are now – in terms of packaging design, positioning, marketing and price – almost indistinguishable from their non-ethical peers. It now even markets a highly successful freeze-dried instant coffee, a sophisticated product targeted at younger, upmarket consumers and worlds away from the basic, rather pious ethical offerings of the early 1990s.

In conclusion, the radical shift in the tastes and values of rich Westerners is opening up opportunities for brands from emerging markets. However, as with Cafe Direct, the ethical story functions as a key support to the other brand equities – quality and price – rather than being the primary equity itself, and if a brand wants to acquire mass-market volume, that is what it must achieve. ❦

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