This summer, Luxembourg publicly announced its new brand identity. Under the promise of “going further together”, Luxembourg will capitalize on the country’s particular strengths—reliability, dynamism, and openness—to present itself as an ally for investors, visitors, and others choosing Luxembourg as their country of choice for different purposes.
In order to communicate this to potential partners, Luxembourg intends to apply a “storytelling” technique, which will show how the country has exhibited its strengths in the past.

Nation branding can be defined as a three-step process consisting of (1) defining, (2) communicating, and (3) managing and measuring a country’s reputation. As Luxembourg has now completed the definition of the brand identity and communication strategy, it will need to proceed with implementing and managing the nation brand.

Nation branding has been viewed skeptically for many years—as illustrated in 1999 in a statement by Michel Girard, a French academic, who stated that “a corporation may be rebranded, but not a state”—and only a few well-developed brand management strategies for nations exist. As nations are catching up regarding the conceptualization and communication of their nation’s brand, they continue to lag behind corporate brand management when it comes to the follow-up, management and measurement activities of the brand.

We suggest a framework for a dashboard to measure and monitor key indicators to ensure maximization of the impact of the nation branding.

Measurement as a key to successful nation brand management

It is universally acknowledged that the essential objective of brand management, whether in a corporate world or a nation, is to create value. In order to be able to create maximum value for the country or the corporation, brand management becomes a process of continuous improvement, for which the brand manager needs to understand the functioning of value creation for a brand.

The creation of value through a brand consists in an interplay of consumer perspectives and financial perspectives, as illustrated in figure 1. Brand assets and brand strength represent the consumer-oriented foundation of the financial evaluation of brand value. Each one of these three concepts is essential to understanding whether the brand is making an impact or not.

To maximize value creation and subsequently brand impact, the nation brand manager will thus need to understand, monitor, and evaluate the brand on these three dimensions through key metrics. We suggest that nations implementing a nation branding strategy should create a dashboard, which will consolidated:

1. The brand value and its evolution
2. The brand strength and its evolution
3. The brand assets and their evolution

Figure 1: Value creation of brands (adapted from Kapferer, 2011)
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**Brand value—understanding brand impact from a quantitative perspective**

The most tangible measure of brand impact for the majority of people is brand value, i.e., a brand’s ability to generate “profits”. More precisely, the brand value or the financial equity of the brand from a brand management perspective is a quantitative evaluation of discounted expected earnings that a brand is likely to generate over its period of life. In a corporate context, a number of brand valuation techniques exist. These techniques cannot, however, be applied directly to a nation brand, as they rely heavily on measures specific to a corporate company setting and are influenced by accounting standards not applicable to nations.

These techniques have, however, inspired the development of specific nation brand valuation techniques. While minor differences between the different valuation techniques of nation brands (e.g., Wits methodology or BSI methodology) exist, the basic underlying principle of nation brand value determination is the same for all methods. The value of a nation brand is determined by assessing the brand’s ability to contribute to GDP growth.

In particular, these valuation methods will typically look at the following elements:

- Foreign direct investment attributable to the brand
- Tourism revenues attributable to the brand
- Export attributable to the brand (including the Country-of-Origin effect)
- Talent retention and attraction attributable to the brand

The subsequent value of the brand, which is determined, therefore reflects how much impact the brand is having on key contributors to GDP and demonstrates a quantifiable impact of investing in a nation brand. We therefore suggest that the first component of the brand management dashboard should be the brand value and its evolution over time. Changes of brand value over time in particular will provide essential information for the brand manager, and act as an early warning system if the nation branding strategy does not create the desired results.

**Brand strength—understanding the brand’s impact in a competitive environment**

Brand strength includes a competitive dimension, namely the benchmarking of the individual brand performance to the performance of other brands. When corporate brands measure brand strength, they will apply behavioral competitive indicators, such as market share, market leadership, loyalty rates, or price premium to evaluate the strength of their brand. Unfortunately, it is almost impossible and of little use to duplicate these indicators one-to-one for the nation brand.

An essential component of brand strength in a corporate setting is the fact that it is placed within a competitive environment and incorporates a comparison with competitors. We therefore suggest that nations monitor the relative position of their country compared with competitors in objective brand strength rankings of nation brands. Examples of such rankings include the GfK Antholt Nation Brand Index or the “Future Brand” - Country Brand index.
Our second suggestion for the nation brand dashboard is therefore the inclusion of a comparative element to reflect brand strength. As for the measurement of brand value, we suggest that monitoring the evolution of the brand strength (or the competitive position of the nation brand) will be essential in drawing actionable conclusions from the nation brand dashboard.

**Brand assets—understanding the drivers of brand impact**

The previous two sections of the proposed dashboard provide a high-level view of the impact of the brand. The insights generated will, however, only tell the brand manager whether the brand has generated an impact, how large that impact is and how it has evolved. In order to understand how and why this impact was created or not, the brand manager will need to delve deeper and look at brand assets.

Brand assets can be defined as the sources of influence that a brand possesses. Examples of brand assets are brand awareness, brand reputation, perceived brand personality, or brand values, as well as reflected client imagery and brand attachment and preference.

In order to monitor brand assets, the dashboard will need to be extended by a significant number of indicators, which approximate brand awareness, and brand reputation, etc.

The indicators need to be defined by the brand manager in accordance with the specific objectives of the nation’s brand. Brand asset indicators defined for a country mainly intending to attract tourism through nation branding, may differ significantly from those defined by a country, which intends to attract mainly foreign direct investments through its nation branding campaign.

Regarding the concrete measurement of brand asset indicators, the country will typically need to engage in qualitative and quantitative market research. Brand asset indicators are typically complex indicators, such as indicators linked to reflected customer imagery, and it will therefore be essential to turn to qualitative market research techniques, including focus groups and one-to-one interviews.

We therefore suggest that the nation brand manager should implement a third component of the dashboard, consolidating key indicators for brand assets in order to clearly understand what drives value and changes to the brand.

**Brand monitoring and measurement may maximize impact, but brands remain conditional assets**

To conclude, the proposed structure for a dashboard to support brand management will allow governments and nation brand managers to understand whether their nation brand is making an impact, how large that impact is and what drives the impact. By carefully monitoring the indicators in this dashboard, a process of continuous improvement can be carried out and an effective early warning system is in place in case the nation branding strategy creates adverse reactions.

Nevertheless, nation brand managers will also need to remember that—as for any brand—the dashboard is not a magic tool. Brands are conditional assets, which cannot generate profits on their own but require an underlying product or service. A highly developed and excellent nation branding strategy can only generate an impact if the product and/or service delivered embodies the communicated brand.