Bloom Consulting
Countries Regions and Cities

COVID-19
The Impact
on Nation Brands

Bloom Consulting

Bloom Consulting is an international nation and place branding consulting firm that works directly with countries, regions and cities from all around the world.

In light of the current pandemic, we launched a global research study to gain a better understanding of its impact on nation brands and all dimensions of our *Nation Brand Wheel*. Another key component of the study was to understand how effective countries have been in their crisis management of the situation and how this has affected nation brands.

With 16 years of experience in nation branding **and the help of our partners at the big data company, D2-Analytics,** our main objective was to provide extensive data and clear guidance to steer destinations towards the road to recovery.

www.bloom-consulting.com

Bloom Consulting
Countries Regions and Cities

Report #1

COVID-19
The Impact
on Nation Brands

Report #2

COVID-19
The Impact on
Tourist Behaviours

Report #1

COVID-19
The Impact
on Nation Brands

Index

1 – Research objectives

Our global COVID-19 study aimed to highlight the perceptions of how countries managed the crisis and how the virus is impacting countries around the world. Our methodology addresses the pandemic effect, impact of COVID-19 on place branding, global citizens perceptions and takeaways of the crisis for countries, regions and cities.

2 - Research conclusions

The study is designed to address the underlying issues for country brands during COVID-19 and how to calculate and use the country's *Brand-Nought* as a guideline to understand the impact of the crisis in the country's image. Additionally, it indicates which countries are more and less affected by the crisis and which brand dimensions are more resilient to the crisis. Finally, we will give some considerations about the COVID-19 crisis.

3 – Takeaways

The global study highlights the importance of understanding the *Brand-Nought* of the crisis. We highlight the importance of comparing every crisis or nation brand project with the B0 to see how it affects *Tourism, Foreign Direct Investment, Talent, Exports and the General Reputation*.

1 - Research objectives

In efforts to overcome the challenges presented to countries, regions and cities by this pandemic we must address critical questions and develop a new approach towards place branding in our roadmap of recovery.

Depending on how countries and their governments have dealt with the emergency, have perceptions of them changed for the better or for the worse? Will those perceptions change the image of a country or will everything be back to what it was before the outbreak?

...and does this affect how global citizens will choose their next travel destination, place to live and work, or buy products from?

This report highlights the importance of using this pandemic as an opportunity to adapt to a new normal.
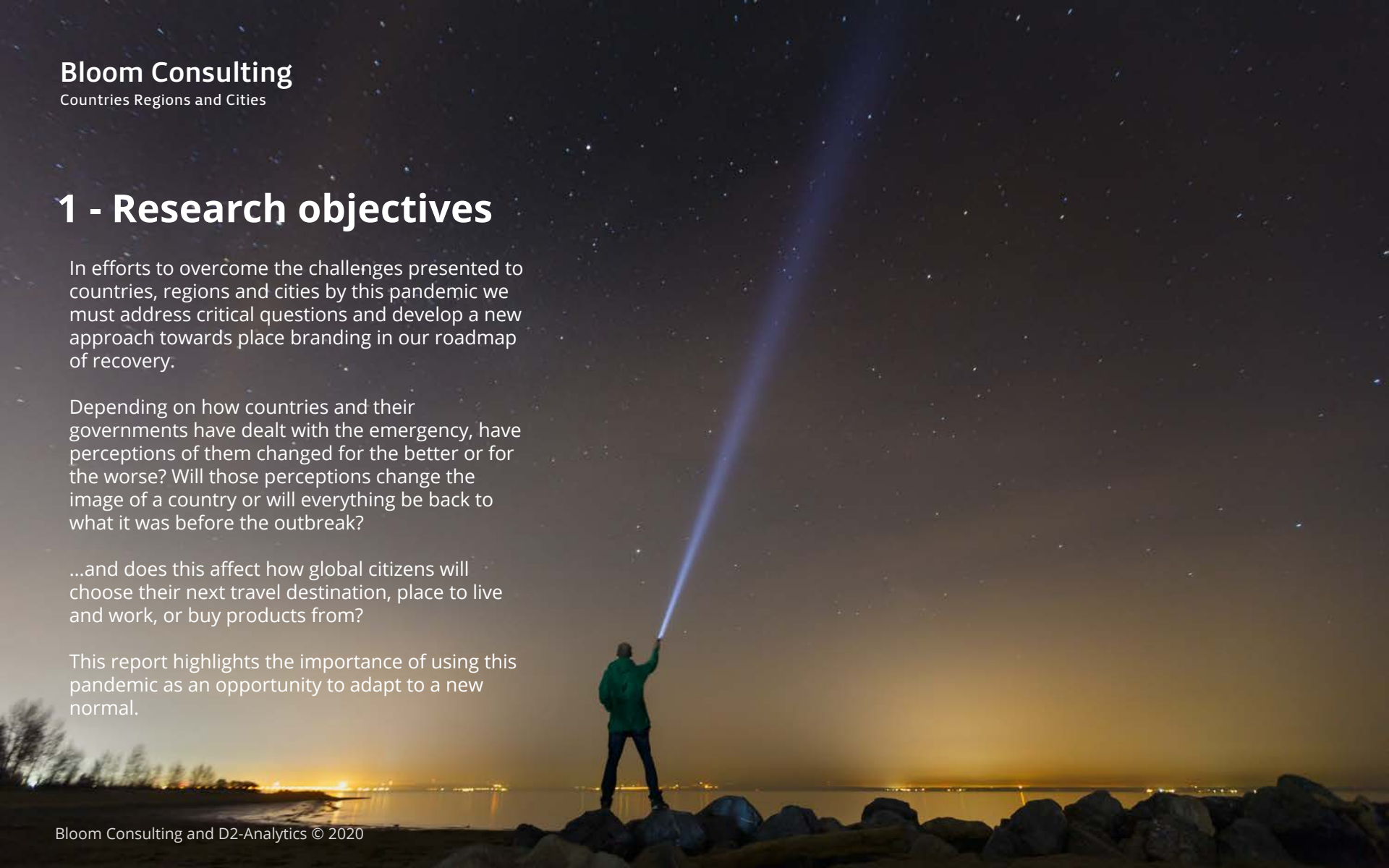
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Not all crises affect the image of a country, region or city

Normally, all crises affect the perception of countries for a specific period of time. Later on, the perception will be back to what it was before the crisis. Perceptions affected during a brief period do not substantiate a lasting change of image.

For example:
2013 – The NSA crisis involving Edward Snowden
2019 – Chilean crisis
2020 – Australian bush fires
2016 – Brexit

Crises such as Brexit can affect not only the government but also the identity and culture of the United Kingdom.

In order for this to happen, a crisis must affect or be related to one of the following areas:
- *Public Governance (National government)*
- *Identity and Culture (People)*
- *History and Land*

How do we know if a crisis impacts a nation brand?

We need to have criteria to understand whether a crisis will affect nation brand or long-term image such as crisis type and longevity. Generally, nation brands are not impacted by crises unless any of the following three points happen, altogether or independently.

- **Prolonged crisis**

- **High level of intensity**

- **Affects the country's identity and culture**

1.Prolonged crisis

2. High level of intensity

3. Affects country's culture

The way we look at nation brands

A country's image is built over time through perceptions.

These perceptions are centred around the country's *Public Governance, Identity and Culture* as well as its *Land and History*.

Eventually, this Image will build a central idea that will generate an emotion towards the country.

The emotion generated will then influence the country's capacity to:

- Attract tourism
- Attract foreign direct investment
- Attract talent
- Foster exports (made in effect)
- Improve the country's overall reputation

Bloom Consulting's Nation Brand Circuit ©

⊗ Image Generation ❈ Emotion Generation ☁ Perception

Source: Bloom Consulting
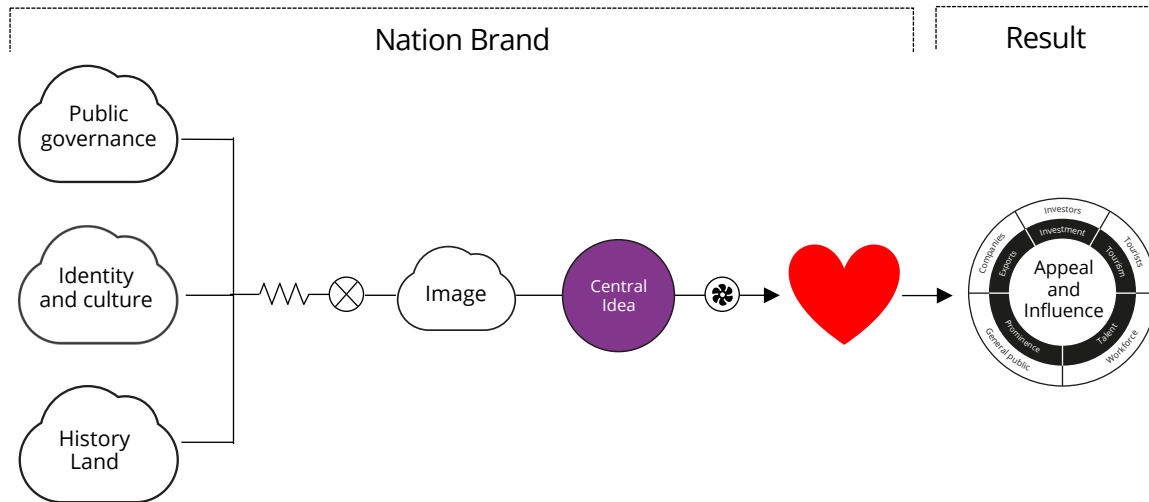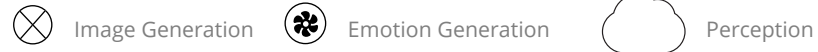
Methodology and datasets used

D2-Live Quanti
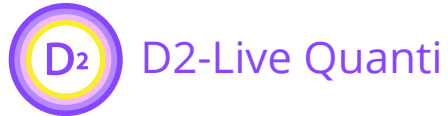
To understand the different point of views, *Bloom Consulting* launched an international survey for tourists.

We questioned the way they perceive nations as well as touristic behaviours. We had 4.000 respondents from all over, including **USA**, **Italy**, **Australia**, and **China**; all were over the age of 18 and have travelled abroad at least once in the last two years for leisure.

In total, there were 140 countries mentioned while all the domestic opinions were removed from the sample.

The survey was conducted from March 30th to April 2nd.

D2-Digital Demand

Simultaneously, we analysed global online searches of every country in the world using our *Digital Demand* software.

The extensive amount of data has provided us with a unique perspective of online behaviours and trends over the last few months.

The big data was gathered in May 2020.

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2 – Research conclusions

COVID-19 is an unprecedented crisis. Nothing will be the same after this.

The research study will answer how COVID-19 is impacting countries' perceptions and ultimately how this new country image impacts the nation brand dimensions of *Tourism, Investment, Talent, Exports and the overall reputation*.
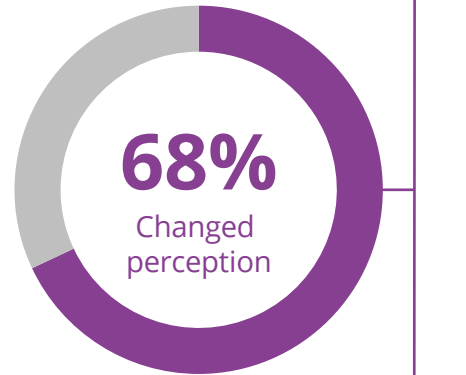
Photo:
Bloom Consulting
and D2-Analytics team
looking at conclusions

No one
is indifferent

The research reveals that 68% of respondents changed perceptions based on how countries managed the COVID-19 crisis.
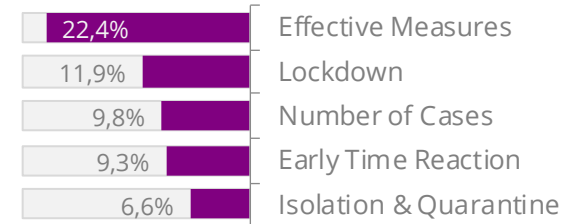
The factors that global citizens take into account when evaluating how good or how poorly a country manages a crisis are related to:

- **Time of response** to the crisis
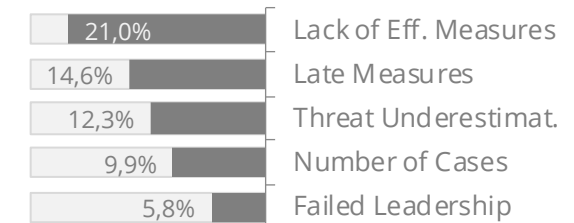- **Efficiency of actions** taken by the government

If and how this has impacted nation brand, perceptions have nonetheless changed concerning how countries conducted crisis management.

68%
Changed perception

Top 5 Positive Reasons

22,4%	Effective Measures
11,9%	Lockdown
9,8%	Number of Cases
9,3%	Early Time Reaction
6,6%	Isolation & Quarantine

Top 5 Negative Reasons

21,0%	Lack of Eff. Measures
14,6%	Late Measures
12,3%	Threat Underestimat.
9,9%	Number of Cases
5,8%	Failed Leadership

Source: Bloom Consulting
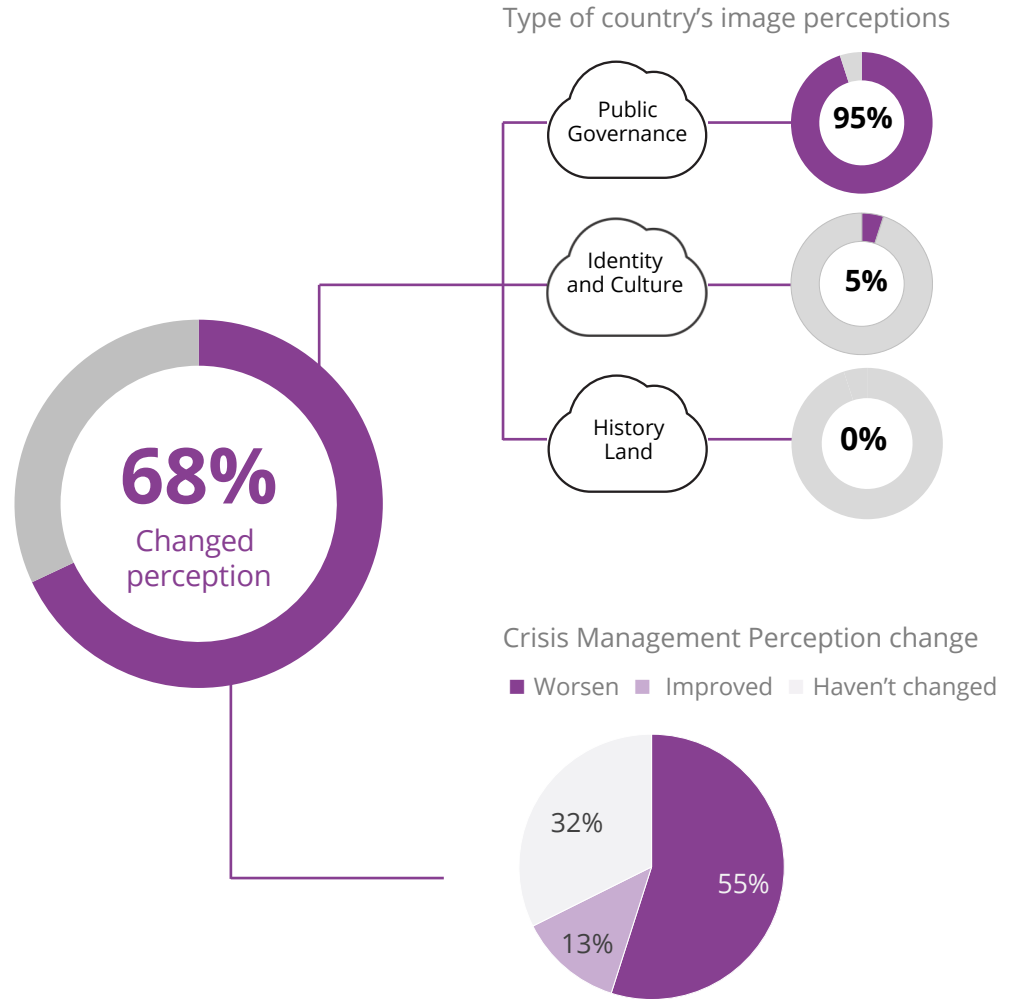
Covid-19 is a "Governance" crisis

The change in perceptions is predominantly related to *Public Governance* at 95%. While only 5% is grouped into *Identity and Culture*. This crisis is not related to *History and Land*.

The COVID-19 crisis has had a negative impact on countries' perceptions. 55% of global citizens believe that the crisis management worsened the image of the country, while 32% said it did not change. Only a 13% believe that some countries managed to improve their image.
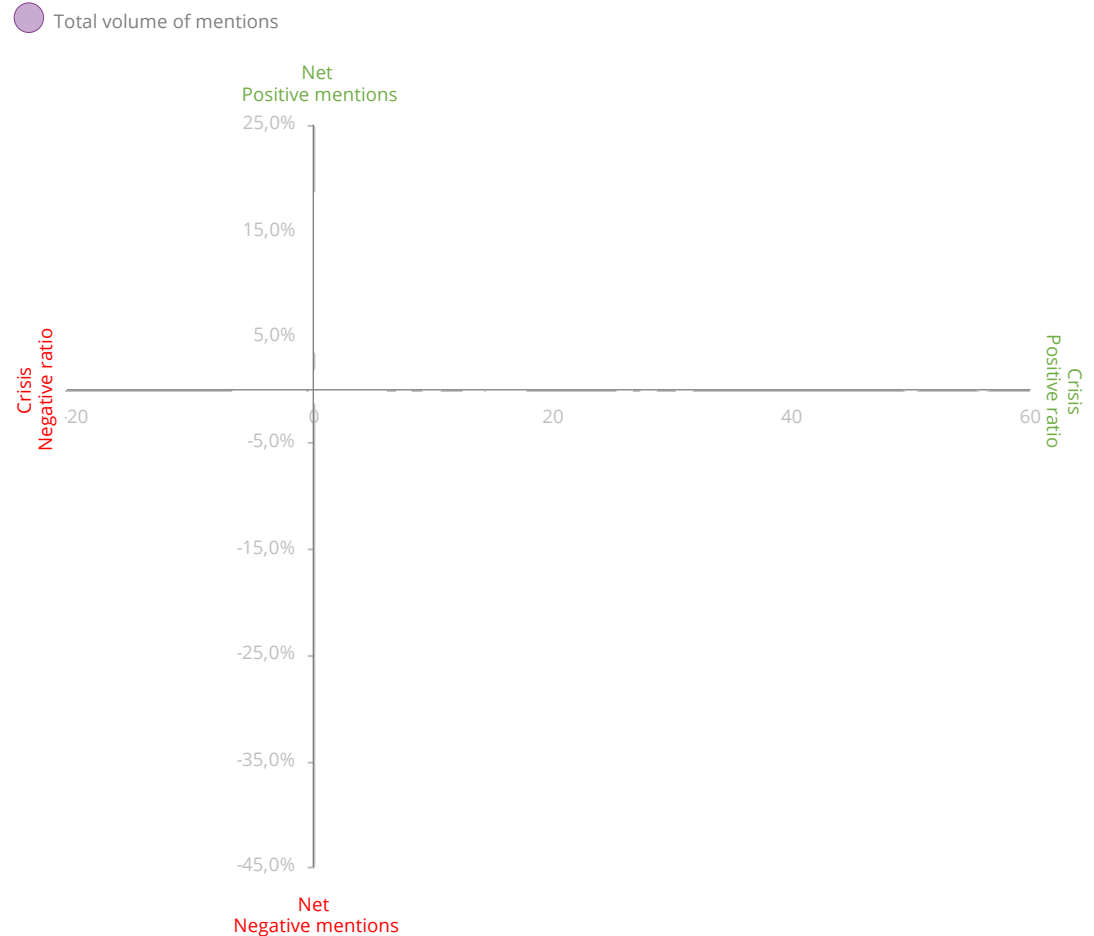
Type of country's image perceptions

Public Governance **95%**

Identity and Culture **5%**

History Land **0%**

68%
Changed perception

Crisis Management Perception change
■ Worsen   ■ Improved   ■ Haven't changed

32%

55%

13%

Source: Bloom Consulting

Bloom Consulting

Analysing the crisis management data

There were over 140 countries mentioned at least once when asked about "top of mind" countries that managed the COVID-19 crisis very well or very poorly.

This matrix analyses the crisis management ratio of a country in a relative way on the *X-axis*. Countries that appear on the right side of this axis can be considered the winners of this crisis.

On the *Y-axis*, the matrix show the net positive or negative volume of mentions for each country. This axis will allow countries to understand the "effect" of the crisis.

Finally, the *Z-axis (*bubbles) show the total volume of mentions of every country. This indicator gives you a sense of the crisis' reach in a particular country.

Total volume of mentions

Net
Positive mentions

25,0%

15,0%

5,0%

Crisis
Negative ratio

Crisis
Positive ratio

-20

0

20

40

60

-5,0%

-15,0%

-25,0%

-35,0%

-45,0%

Net
Negative mentions

Source: Bloom Consulting

Bloom Consulting

The results by country

As you can see on the matrix, New Zealand and Macao have the best crisis management ratios, with a clear positive international opinion. It is important to note that these countries have a low volume of mentions.

On the one side of the spectrum, we have South Korea with a ratio of 20:1 positive mentions – a country with one of the highest volumes of net positive mentions.

On the other side of the spectrum, we found that the United States and Italy have a negative crisis management ratio (1:10) and a very high level of mentions.

The majority of the countries fall near the intersection of the *X-Y axis.* The graph shows a polarised opinion towards China as it is very close to the Y axis with high exposure (bubble).

Total volume of mentions

Net Positive mentions

Crisis Negative ratio

Crisis Positive ratio

Net Negative mentions

25,0%
15,0%
5,0%
-5,0%
-15,0%
-25,0%
-35,0%
-45,0%

-20   0   20   40   60

KO CN JP DE SG TW HK SV AU RU CA DK CH AT IR EC MX SE PT NO CZ FI IL MO NZ BR UK ES US IT
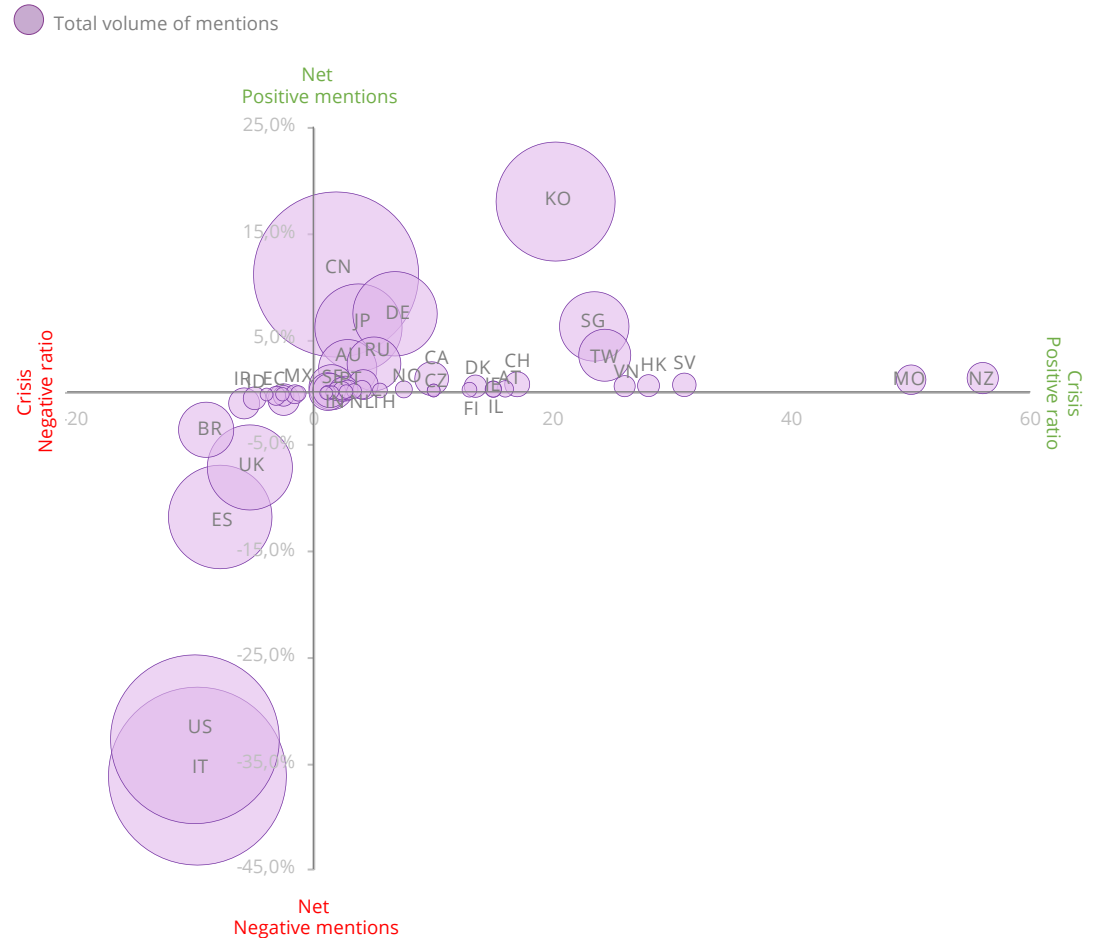
Source: Bloom Consulting

Moving from crisis management to brand impact

The crisis management indicators mentioned before are not enough to understand if a country brand is going to be impacted negatively or positively by the crisis.

Assuming that a neutral ratio (1:1) between positive and negative perceptions will not be enough as it is too simplistic and inaccurate.

There is a need to understand **how much** a positive or a negative perception may be impacting the brand.

50%
of the analysis
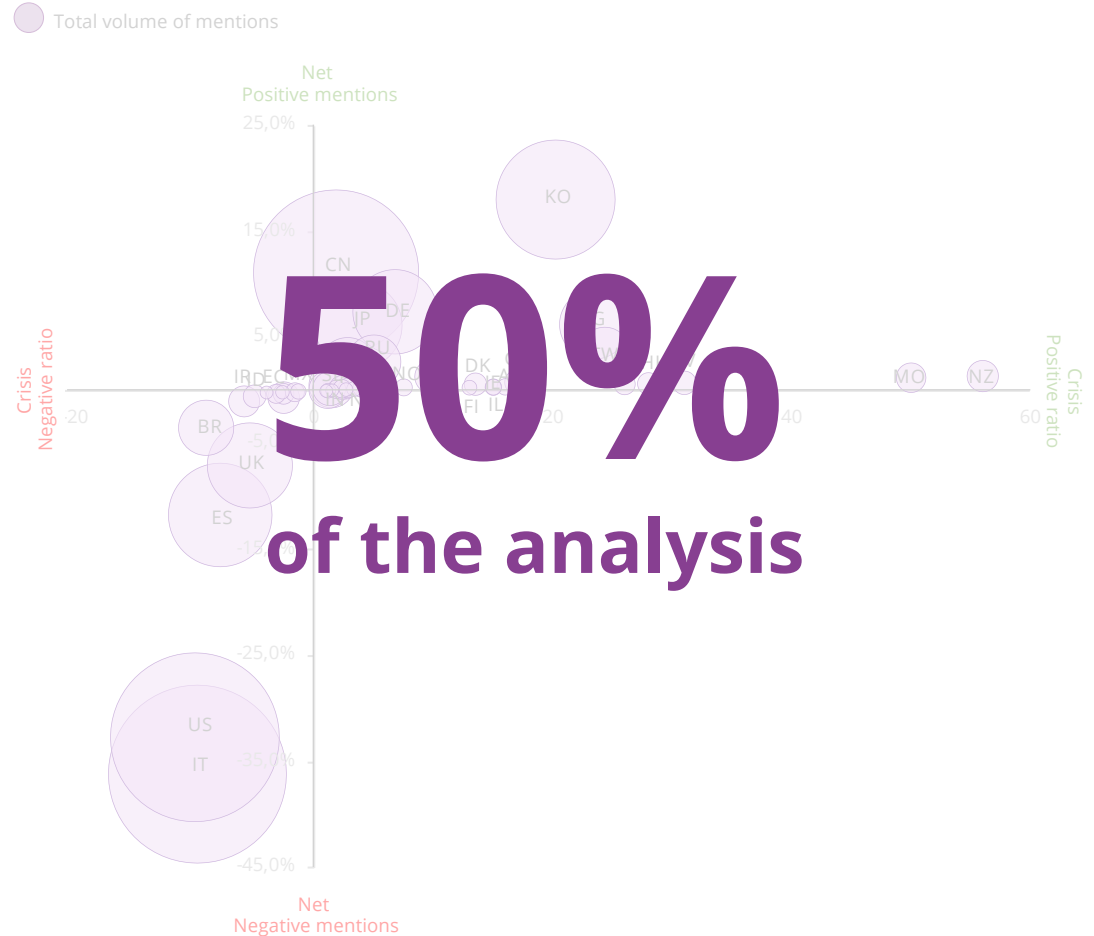
Source: Bloom Consulting

Introducing the nation *Brand-Nought*

The nation *Brand-Nought* comes from the R0 logic, which is a mathematical term calculated to indicate how contagious a disease is. If a disease has an R0 of 5, it means an infected person will infect 5 other people.

So, we applied the same logic to nation branding. Instead of focusing on who wins or loses, the B0 will indicate the correct ratio of negative perceptions versus positive perceptions.

By comparing the crisis management with the *Brand-Nought*, countries will be able to understand how much COVID-19 is affecting their nation brands.

B0 Brand-Nought

The canvas to analyze the impact

Here we can see the world in black & white, wherein neither a positive or negative impact can be associated.

As we know this is not the case in reality, the *Brand-Nought* allows us to put a number to nation brand management in the face of a crisis as well as *positive* major occurrences.

- "negative" impact   - "positive" impact

Source: Bloom Consulting

Bloom Consulting
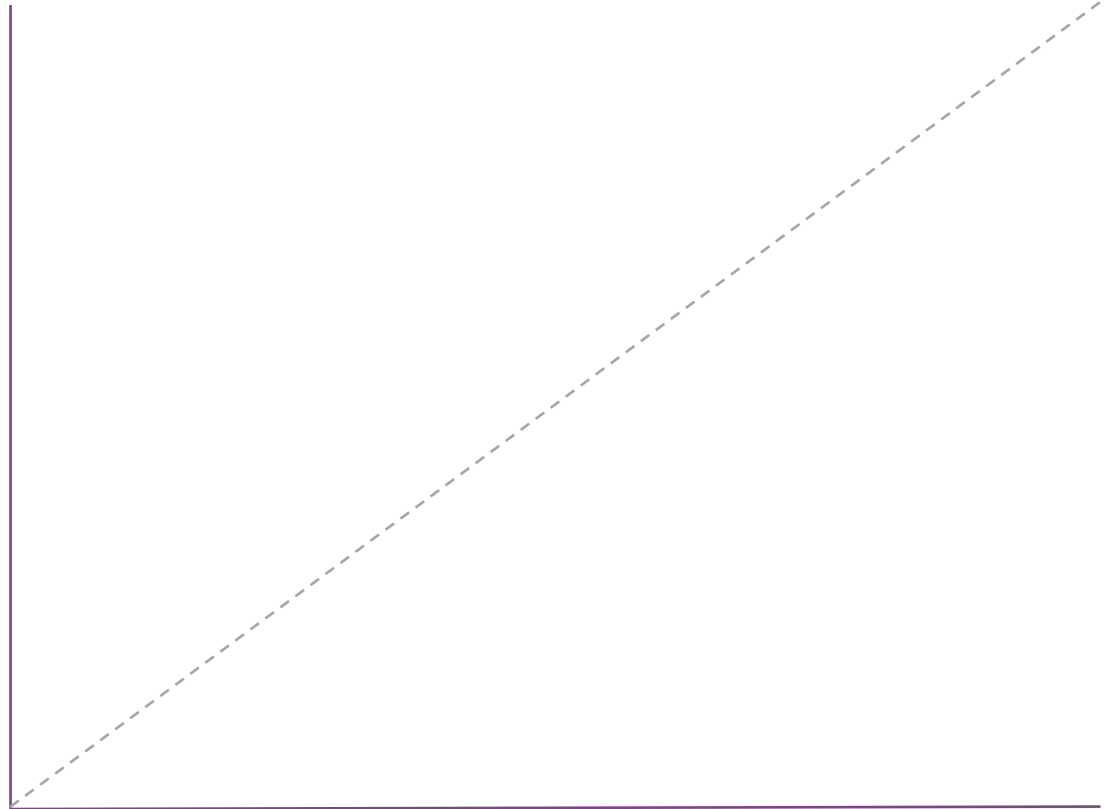
The canvas
to analyze the impact

Impacts can be categorized as either landing in the *positive* or *negative*. The dotted line between the two represents *neutrality* (1:1 ratio in this case). If for every negative there were 1 positive, nation brand impact assessment would be simple, though inaccurate considering the complexities of international perceptions.

The *Brand-Nought* (B0) takes into account nation brand resilience. The pre-existing strength of a brand which influences the ratio associated to each major occurrence whether *positive* or *negative* which we will see examples of.

- "negative" impact   - "positive" impact

Source: Bloom Consulting

Bloom Consulting
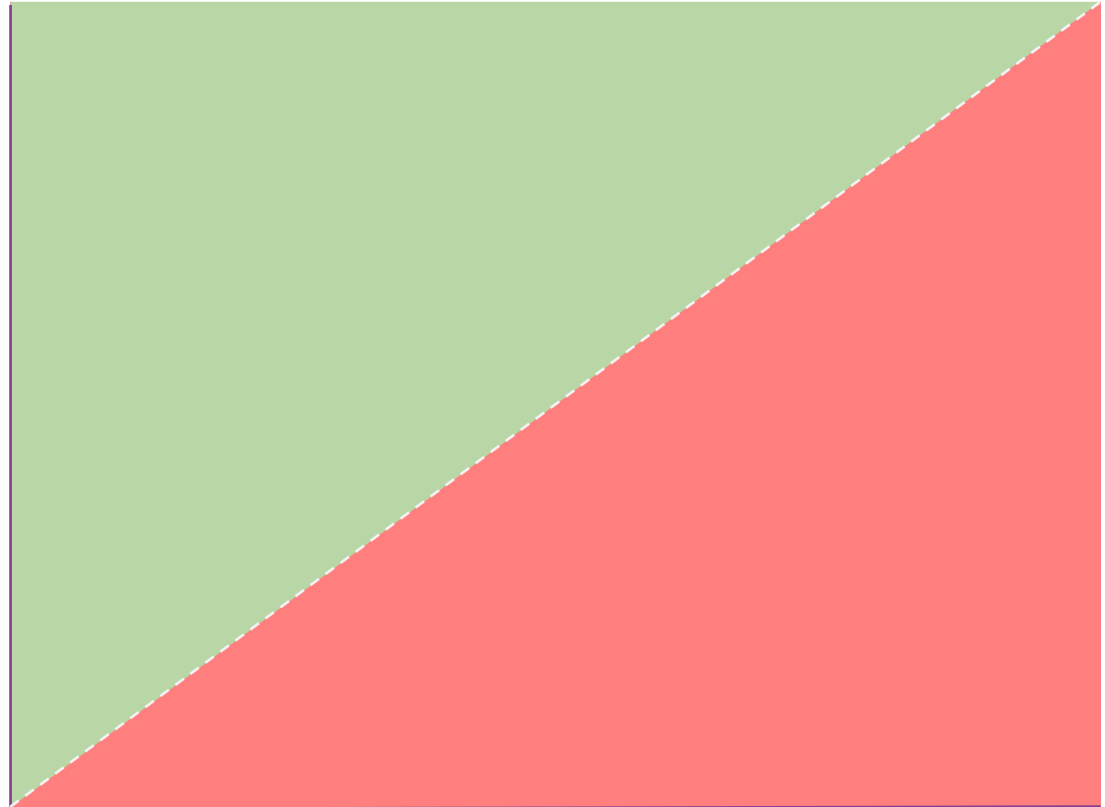
The canvas
to analyze the impact

The touch point represents the platform through which a nation's brand is either seen or experienced (i.e. speeches, marketing campaigns, policy initiatives & actions, crises management, etc.)

Each touch point has a calculable ratio attached to it that is the *Brand-Nought*.

- "negative" impact   - "positive" impact

Touch point
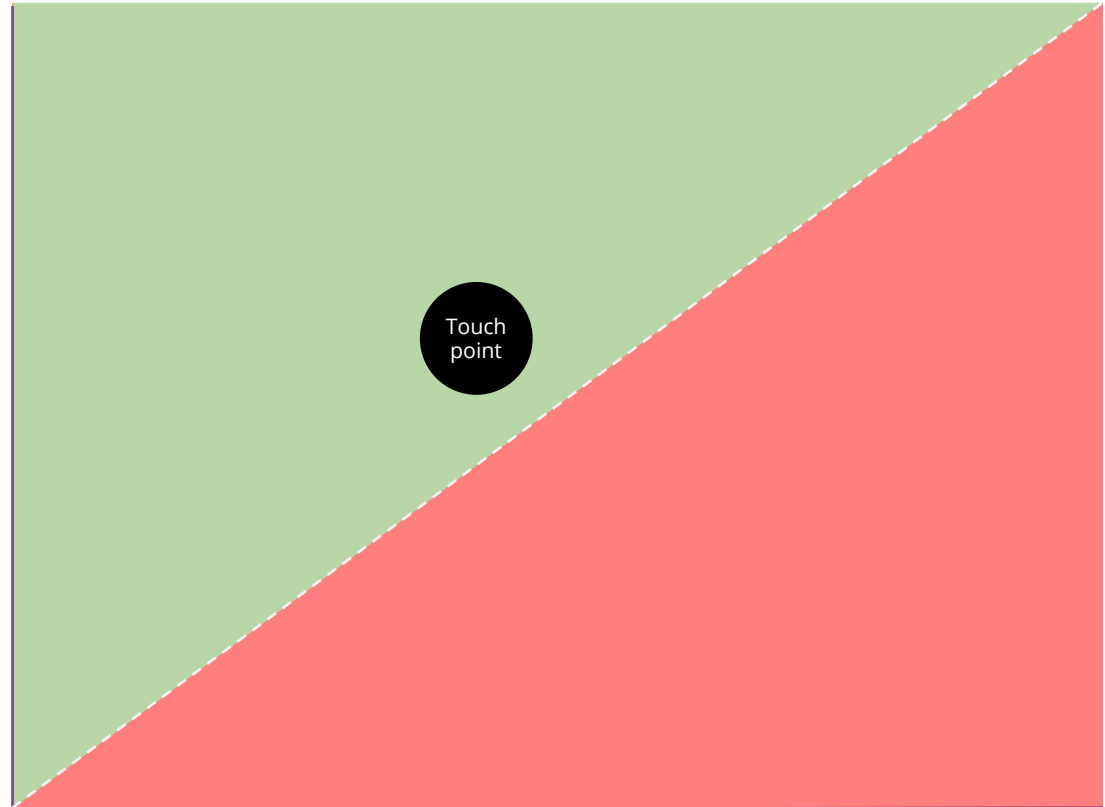
Source: Bloom Consulting

Bloom Consulting

Example 1:
Crisis

In the case of a crisis such as COVID-19, there is a negative global ratio attached to this occurrence, meaning that it would take more positive perceptions to outweigh the negative ones.

In looking at the canvas, we see that the dotted line for neutrality (sitting at 1:1) is no longer neutral. The *Brand-Nought* associated to this crisis drives the line of neutrality farther towards the *Y-axis*, meaning it would take a higher number of *positives* to cancel out the *negatives*.

With that said, each country's *Brand-Nought* is different and must be calculated on an individual basis in accordance with each crisis.

- "negative" impact   - "positive" impact

Touch point
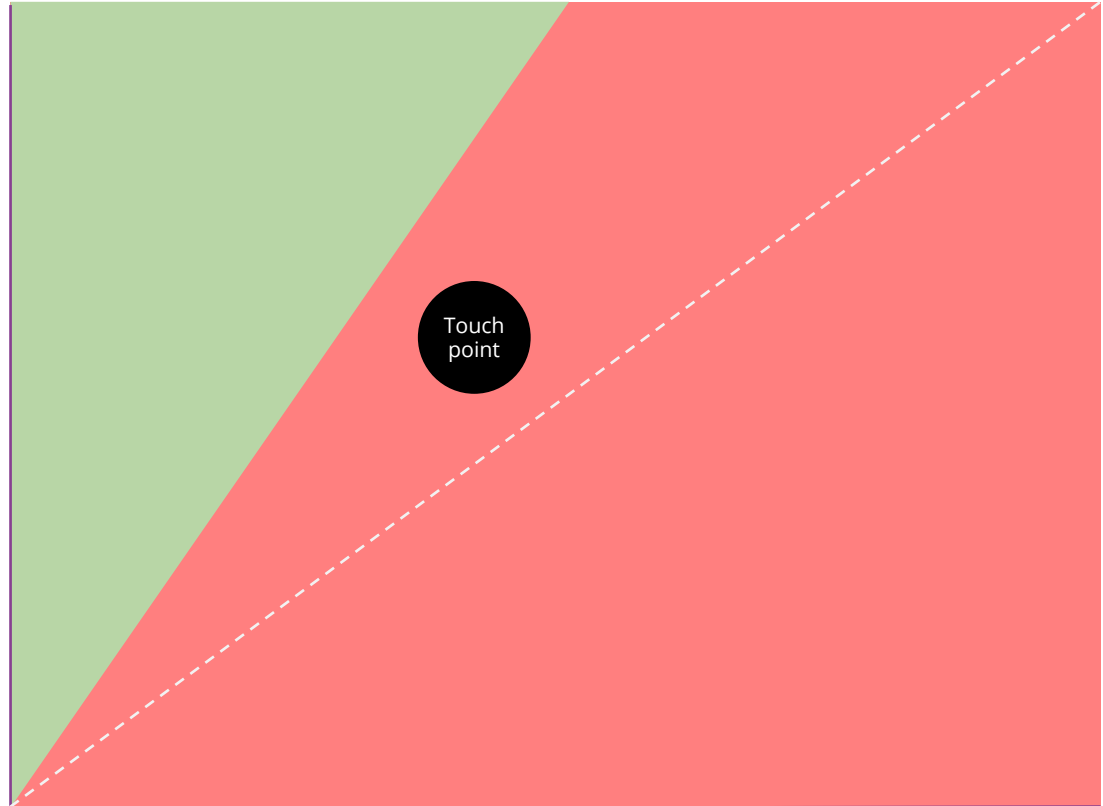
Source: Bloom Consulting

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Example 2:
The Olympics

Here we can see what a *positive* occurrence looks like, as compared to a crisis which is inherently *negative*.

The Olympics, an inherently *positive* event, and its impacts are explained here in terms of *Brand-Nought.* Countries who are considering hosting the Olympics must calculate the B0 to now not only gauge the *positive* and *negative* impacts, but whether they will likely fall into the *neutral* impact zone.

The ratio required to *positively* impact the host nation brand is much greater than 1:1 (positive to negative). This means that regardless of how well the event is run, the nation brand may not be impacted *positively*, but rather remain unaffected in terms of international perceptions and overall reputation.

- "negative" impact   - "positive" impact   - "neutral" impact

Touch point

Source: Bloom Consulting

Bloom Consulting
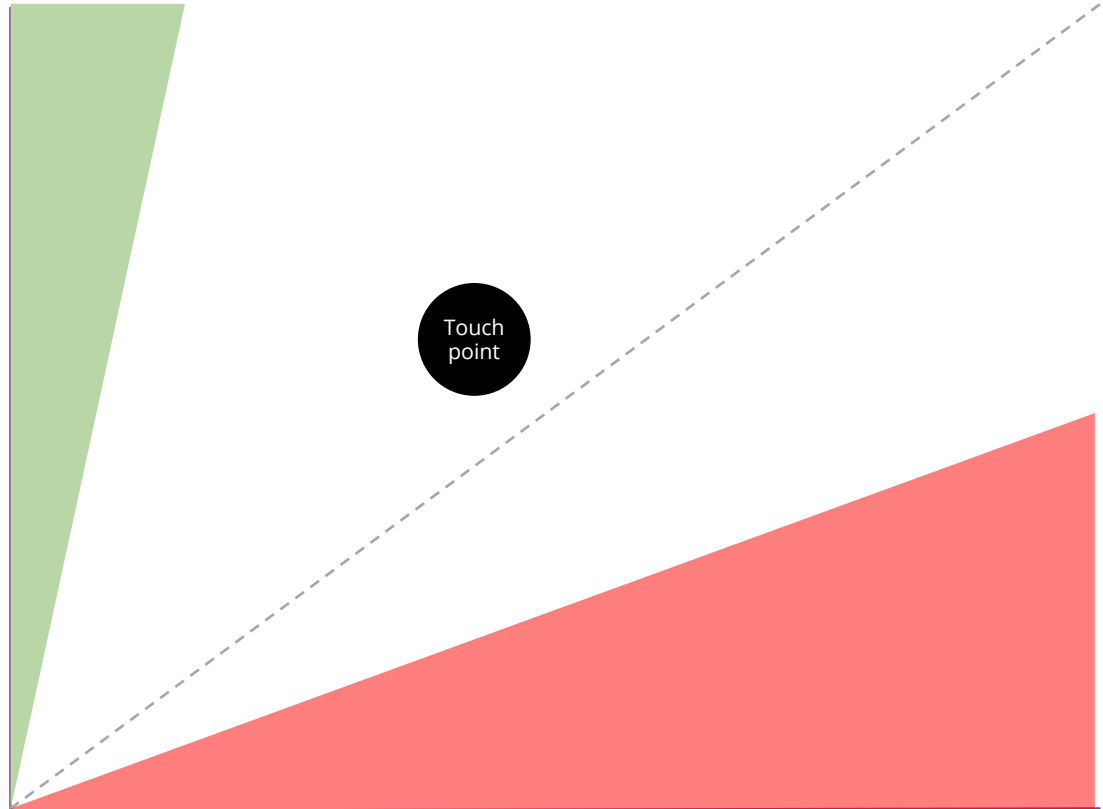
What is the
B0 for this crisis?

Countries need to monitor their *Brand-Nought* – the ratio between positive and negative perceptions, which in this case is based on government actions in response to COVID-19.

The global average for the COVID-19 crisis is **B0= -1,8.**

This means that 1 negative perception can only be neutralised by 1,8 positive ones. If a country exceeds its *Brand-Nought*, it will have a positive impact on its nation brand.

Ratio between positive and negative perceptions

- **=** **Neutral effect**

Positive perception
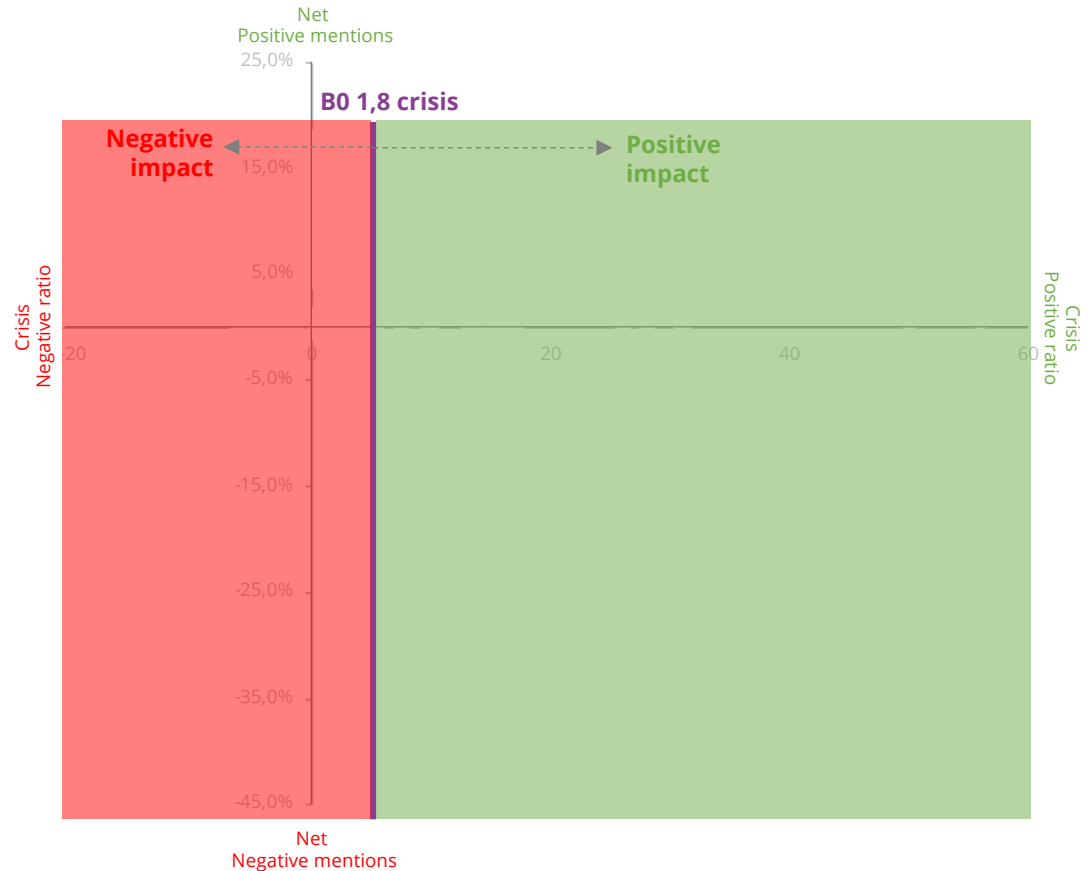
Negative perception

1,8

1

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Reframing the way we analyse crises

The matrix used previously to understand the crisis management ratio and the net volume of mentions need to be combined with the Nought.

The impact of the *Brand-Nought* on the crisis will shift the axis by 1,8 units along the positive crisis ratio axis (*X-axis*). Leaving country brands with a greater challenge to just reach brand impact *neutrality.*

Countries falling on the right side of the B0 will have a positive impact on the nation brand. In contrast, countries with a lower ratio than the B0 will have a negative impact.

Every country has its own BO and therefore, each country should compare its COVID-19 crisis management perceptions to the country's B0 to asses the impact on its Nation Brand.

Source: Bloom Consulting

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Source: Bloom Consulting

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Data interpretation

The following examples allow you to understand how to use the B0 and visualize the impact on a nation brand.

As you can see on the canvas, South Korea has a crisis management ratio (20:1) higher than the B0 (0,9:1) and therefore a positive impact.

On the other side, the USA has both a negative crisis ratio (1:10) and a high volume of mentions. The USA would require a ratio of 2,5 positive mentions to neutralise a negative one.

As stated before, China has polarised opinions and the B0 of 2,9 is higher than the positive mentions ratio. In this case, China's net positive mentions do not outweigh its net negatives in terms of B0 to achieve an overall positive impact.

Finally, Germany has a positive ratio that is above the B0 of 1,2, therefore taking advantage of the crisis to build a stronger country brand.

- "negative" impact   - "positive" impact

B= -0,9

25%
15%
5%
South Korea
-30   -15   -5%   15   30
-15%
-25%
-35%
-45%

KO

B0= 2,9

25%
15%
5%
China
-30   -15   -5%   0   15   30
-15%
-25%
-35%
-45%

CN

B0= 2,5

25%
15%
5%
United States
-30   -15   -5%   0   15   30
-15%
-25%
-35%
-45%

US

B0= 1,2

25%
15%
5%
Germany
-30   -15   -5%   0   15   30
-15%
-25%
-35%
-45%

DE

Source: Bloom Consulting

Bloom Consulting
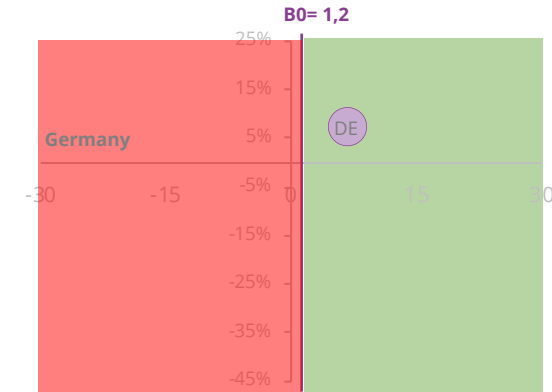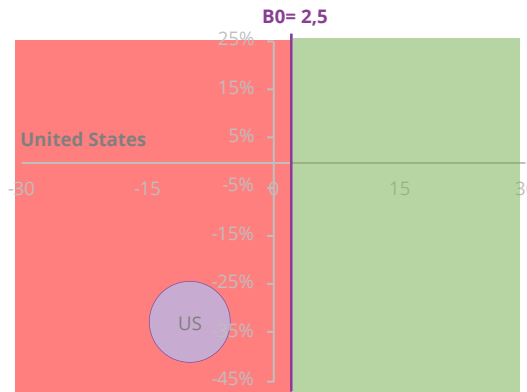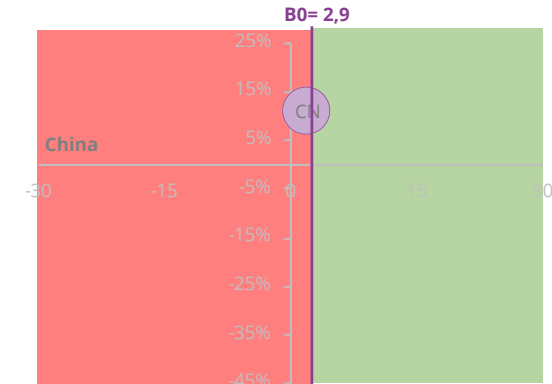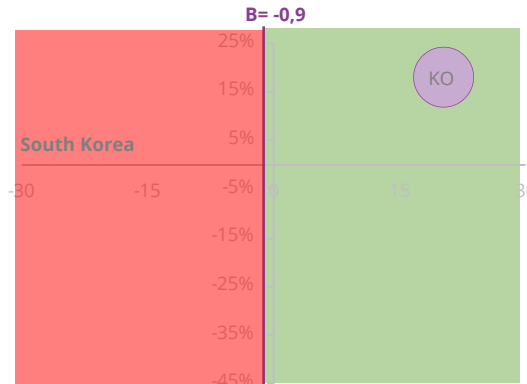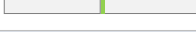
Measuring the impact of perceptions

Among more than the 140 countries mentioned, the research reveals that the worst performing countries captured more attention than the countries that managed it well.

On one side, South Korea, Germany and Singapore are the winners of this crisis. On the other side, countries such as the USA, Italy and Spain are considered the ones who managed the crisis in the poorest way and therefore account for the highest negative impact.

Negative perceptions have a higher impact on the nation brand perceptions. In fact, the USA has a negative impact that is 4 times greater than the positive impact of South Korea.

Ranking of the impact of the Covid-19 crisis management perceptions on Nation Brands

#	Country	Crisis Ratio _Positive - Negative_	B0 Brand-Nought _Positive - Negative_	Impact Perceptions _- Scale +_
01.	South Korea	20,2 : 1	-0,9 : 1	
02.	Germany	6,7 : 1	1,2 : 1	
03.	Singapore	23,4 : 1	-0,7 : 1	
04.	Japan	3,7 : 1	2,1 : 1	
05.	Taiwan	24,3 : 1	2,9 : 1	
06.	Australia	2,8 : 1	1,1 : 1	
	...			
	...			
48.	Brazil	0,11 : 1	1,6 : 1	
49.	China	1,83 : 1	2,9 : 1	
50.	United Kingdom	0,19 : 1	1,2 : 1	
51.	Spain	0,13 : 1	3,9 : 1	
52.	Italy	0,10 : 1	3,6 : 1	
53.	USA	0,10 : 1	2,6 : 1	

Source: Bloom Consulting, sample of 53 countries analyzed on the research study to calculate the B0

How much is the B0 affecting the appeal and influence of a country?
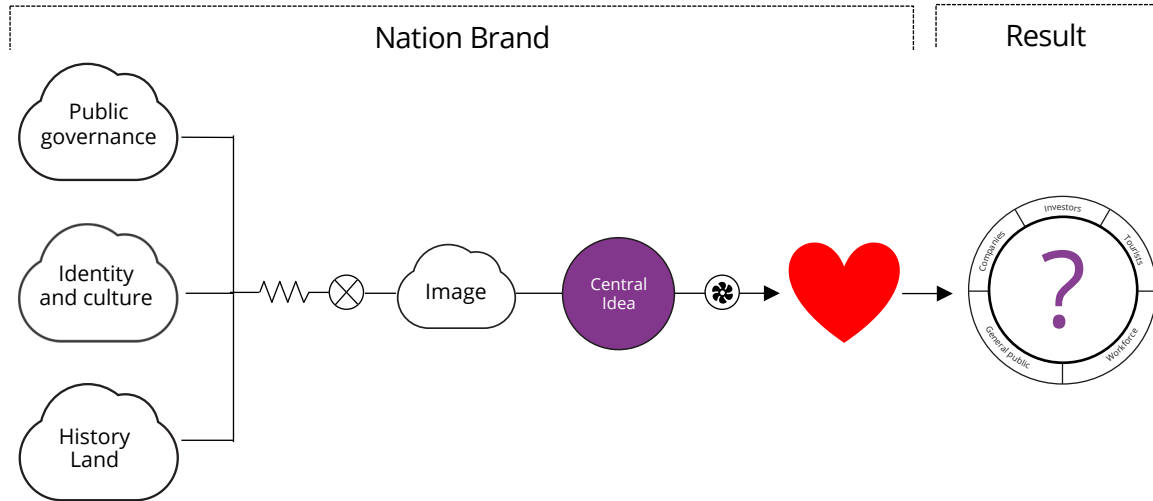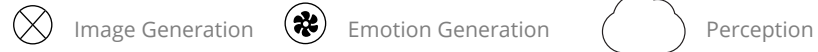
Appeal: visit |study | work | buy

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Is the B0 affecting appeal and influence?

If crisis management perceptions are affecting the image of a county, emotions will generate results or impact the following Nation Brand dimensions:

- Tourism
- Investment
- Exports
- Talent
- National Prominence

Bloom Consulting's Brand Circuit ©

Source: Bloom Consulting

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Not every brand dimension is affected in the same way

The *Brand-Nought* affects all the Nation brand dimensions in a negative way.

However, the negative impact affects the willingness to visit, live, study or buy at a different level of intensity.

The research shows that the most "sensitive" or affected dimensions are *study* and *work*.

On the other side, *tourism* and *buy products* are far more resilient to the COVID-19 crisis than the rest of the dimensions.

Countries who score below their B0 (negative) will see a clear transactional impact throughout the dimensions, but more so as it relates to talent. Hence the need to understand perceptions, and continually make efforts to improve during the recovery phase to reduce potential loss due to both touristic and talent appeal.

Positive and negative perception affect willingness to visit

■ – negative impact   ■ – positive impact

Source: Bloom Consulting
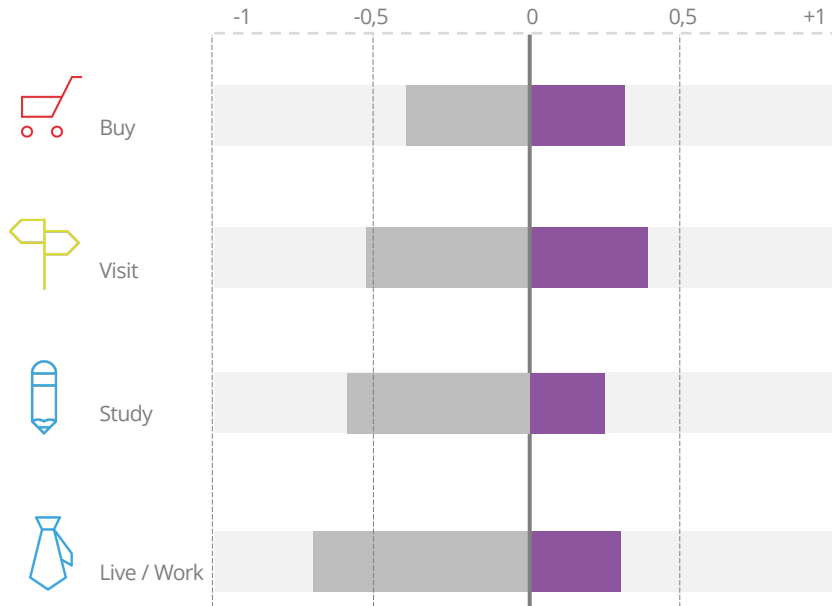
Will this perception change over time?

During crises, there are fundamental questions that always arise:

Will these new perceptions stick to countries and migrate to the image or will they go away?

Things will most likely go back to normal. The perceptions that were altered during the crisis with time, will also be diluted with time.

But until then, countries, regions and cities are losing time and transaction value.

If the *Identity and Culture* of the country is affected, the B0 will behave with an intensity 1,3 higher than if it was affected only by "*Governance*".

Consideration 1
Losing time and reaction

Consideration 2
Identity and Culture

3 – Takeaways

As we can see, the current crisis will take time to pass and the damage it leaves behind will be overwhelming.

In order to prepare for the aftermath of the pandemic and ensure we are prepared for any unexpected crises in the future, our report gives four insightful takeaways for destinations to incorporate into their strategy.

Anytime there is a major event, this ratio can be presented to constituents and fellow stakeholders to set a benchmark and easily communicate an example of **key performance indicator.** This reflects the "number to beat" to ensure countries' brand dimensions do not suffer from transactional impact as well as quantify positive impacts, for example in the case of the Olympics. We are creating a language communicable to non-experts who can better understand benefits and impacts of significant happenings.

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1 – Calculate your *Brand-Nought* (B0)

The B0 is necessary to understand, in a very straightforward way, how any type of a crisis is affecting a perception. Every country, region and city should be familiar with its B0 in order to monitor and evaluate the impact of their brand perception over time. The B0 is not only applicable to crises such as COVID-19, but also to any touch point (positive & negative) reflecting nation brand impact (i.e. campaigns, policies, events, projects...). It is used to assess all the dimensions of the brand wheel (tourism, investment, exports, talent and prominence).

2 – The COVID-19 crisis has a high B0

Although B0 changes from county to country and can be used as a benchmark among competitors, the global B0 is equal to -1,8. which is a very high and "toxic" ratio.

No one is indifferent, 68% of the global citizens changed their perceptions of countries based on COVID-19 crisis management. All countries are affected – more than 140 different countries were mentioned in the research.

3 – All brand dimensions are negatively affected, but with different levels of intensity

All brand dimensions are affected in a negative way by COVID-19. There is an interrelation between how the government manages the crisis and the transactional value as well as the willingness to visit, live, study, do business with and buy products from. *Talent* (*study, live* and *work*) is the most affected brand dimension, while *tourism and buy products from* are the most resilient ones.

4 – It is important to understand the type of perception created by the crisis

The analysis of the type of perception allows us to get a better understanding of the type of crisis we're dealing with. A *Public Governance* crisis (i.e. *Chilean protests*) may have a different brand impact than an *Identity and Culture* crisis (i.e. *Brexit*) and from that of *History and Land* (i.e. *Australian bush fires*). The perceptions affecting the different crises will definitely impact its capacity to affect the image and impact on the brand.

One last thought...

Nation brand strategy is key

Whatever you do as a country, region or city, look for the answers in your nation brand strategy.

The nation brand strategy should provide you the answers about the central idea and how to act and behave accordingly during these extremely difficult and challenging times.

Countries that have and use a nation branding strategy have proven to be more resilient. Those who work to manage their brand and manage perceptions and reputation have more control over their brand. Country brands are not a decorative tool, nation brand strategies should be a tool to provide answers in terms of behaviour during a crisis.

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