

Country Reputation: From Measurement to Management. The Case of Liechtenstein

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Reputation management is by no means restricted to companies and other organizational entities. Nations today are increasingly concerned with measuring and managing their reputation. This session draws on findings from a study of the reputation and identity of the Principality of Liechtenstein ("Liechtenstein Study") on behalf of the Liechtenstein Government. The findings presented are of relevance not only for countries but also for profit and non-profit organizations.

In recent years, the principality has been the target of a considerable amount of negative press coverage,

which the people of Liechtenstein have perceived as largely undeserved. This development has supported

the people's rising fear that their country's reputation might be suffering, and given momentum to a growing awareness that Liechtenstein's reputation must be managed actively through systematic reputation management efforts.

Against this background, a team of five communications professional enrolled in the Executive Master of Science in Communications Management (MScom) program of the University of Lugano (Switzerland) was mandated by the government of Liechtenstein to provide a framework which enables Liechtenstein to actively manage its reputation.

The research team was faced with the challenge that there was no instrument for measuring country reputations which would allow benchmarking against Liechtenstein's competitors. In close collaboration with Charles J. Fombrun and the Reputation Institute (www.reputationinstitute.com), the researchers therefore set out to develop a new instrument—the Fombrun-RI Country Reputation Index ("CRI").

Reputational Landscape...



(ad campaign, April 2003)

**"We're proud you don't find our branch offices everywhere.
COOP Bank – a decent [Swiss] bank."**

Developing the CRI*

*Fombrun-RI Country Reputation Index

RQ original dimensions	CRI adapted dimensions
emotional appeal	emotional appeal
products & services	physical appeal
financial performance	financial appeal
vision & leadership	leadership appeal
workplace environment	cultural appeal
social responsibility	social appeal

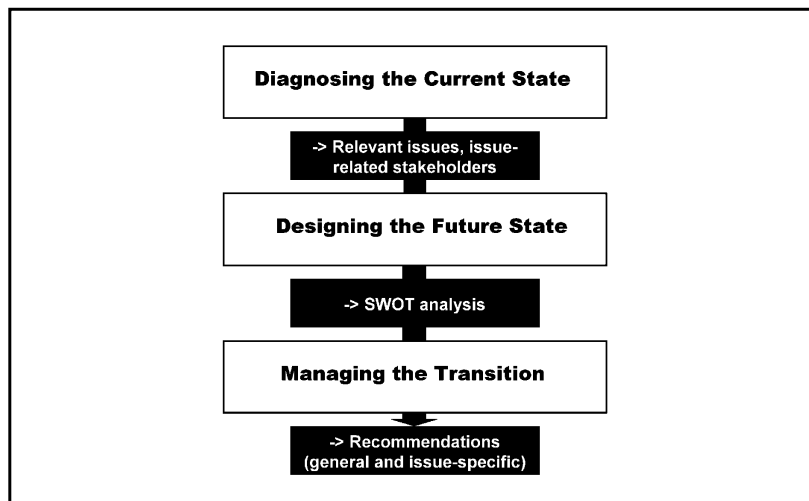
provided a coherent picture of Liechtenstein's reputation in relation to five competitive countries in six countries of strategic importance to the principality. Some 6,700 respondents shared their perception of Liechtenstein and its competitive set. To be able to determine congruence between the external and internal perceptions, the same questionnaire was administered to a sample of Liechtenstein residents. In addition, the research team examined the Liechtenstein Government's communication output and the press coverage of Liechtenstein.

Statistical analysis of the data obtained from the reputation survey revealed the elements having the greatest influence on Liechtenstein's reputation, the so-called "drivers of reputation." Furthermore, it became clear which of these drivers can be leveraged successfully to improve Liechtenstein's reputation relative to its competitors.

By synthesizing all findings from the situation analysis and the primary research components linked to the country's current state, three main issues could be identified:

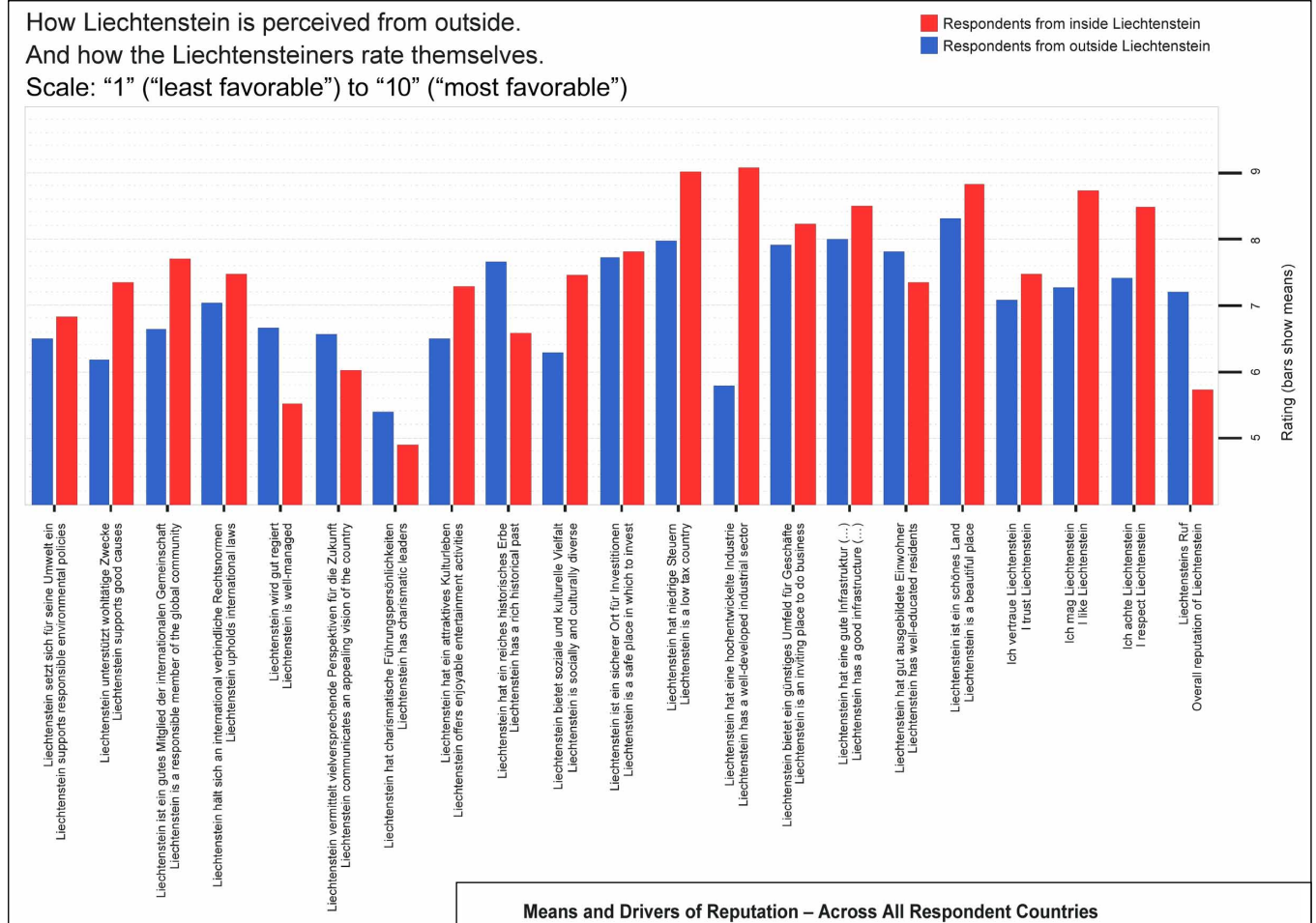
- The first issue concerns Liechtenstein's financial sector. Given the importance of the financial sector for Liechtenstein's national economy, this is an important issue, especially now that the EU is stepping up pressure on the so-called "offshore financial centers" both inside and outside the EU.
- The second issue has formed around the country's leadership

Country Reputation Cockpit



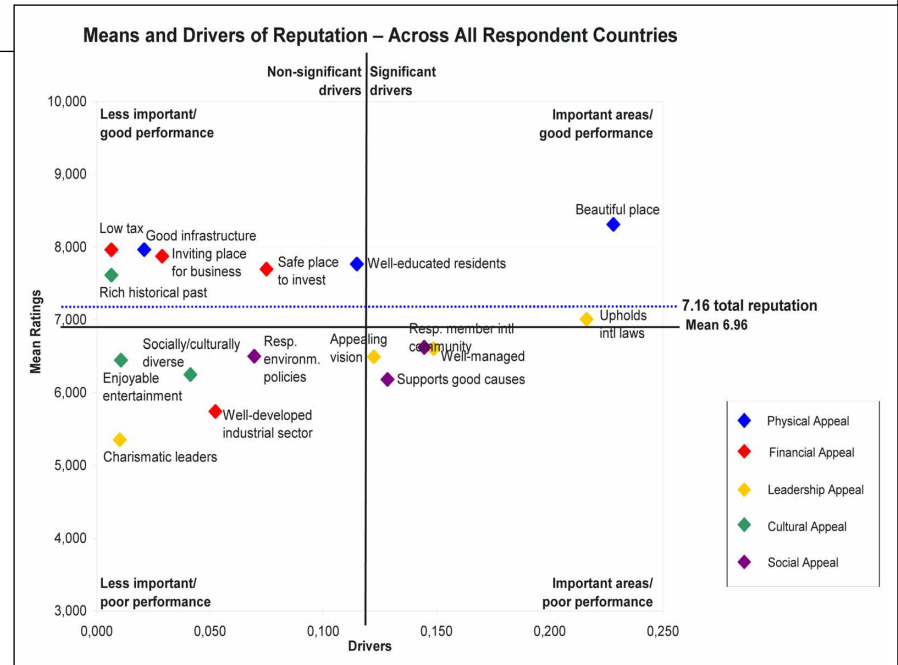
This workshop provides insight into a strategic framework for effective national reputation management linking identity, reputation, and com-

munication—the Country Reputation Cockpit. The backbone of the Liechtenstein Study was a comprehensive reputation survey, which



appeal, both inside and outside Liechtenstein. It must be noted here that, at the time of data collection, a constitutional debate was ongoing in Liechtenstein, which was highly polarizing among the people as the monarchy is an important trait of the Liechtenstein identity.

- The third issue is not a problem of negative conceptions as the first two, but it is the comparatively low familiarity of Liechtenstein abroad. Despite its highly specialized industry and leading financial sector, Liechtenstein is not well known compared with the other countries



Managing the Transition

Dual strategy

- Liechtenstein as a center of competence for highly sophisticated products and services in the financial sector
- Liechtenstein as an oasis of unspoilt landscape and personal touch

Backup strategy

- Liechtenstein's industrial production of high-quality products

Recommendations

General recommendations

- Set up a national PR agency
- Establish coherent messaging
- Focus on core values (expertise, authenticity, community, openness)
- Devise a strapline and a visualization

Issue-specific recommendations

- Education
- Tourism
- Media

of the competitive set. On the positive side, however, with those who are familiar with Liechtenstein, it enjoys considerable reputation cap-

ital, mainly in terms of its physical and financial appeal.

In a next step, the research team focused on how the country should position itself and looked into the factors determining its positioning. This entailed, in essence, examining the government's strategic intent and overriding goals and objectives, determining Liechtenstein's strategic capability including its unique resources and core competences, determining the country's core purpose and stakeholder expectations, and analyzing the environment by way of trend analysis, competitor analysis, and an assessment of likely scenarios. In a next step, Liechtenstein's strategic options were identified.

The recommended strategic thrust for Liechtenstein was to "strengthen the strengths" and to build on existing reputation capital, that is, leverage its physical appeal and its appeal as an attractive business location (financial appeal). Although this approach focuses on external issues, it is firmly embedded in the country's bipolar identity ("naturalness" vs. "sophistication") as determined in the study. Accordingly, the research team suggested a dual strategy should be adopted which builds on the country's uniqueness and exploits its core competences.

In a next phase, the research team matched the identified drivers of reputation with the issues found to determine which driver can help tackle which issue. Before setting out to propose measures designed to improve negative perceptions, the research team identified gaps between those perceptions and reality. This was the basis for formulating general and issue-specific recommendations.

Recent developments in Liechtenstein have shown that the recommendations drawn from the findings were effective and are contributing to a more positive and realistic perception of Liechtenstein internationally. Various recommendations have already been implemented successfully. Among these are:

- The government set up a national PR agency to institutionalize reputation management. This agency, called the “Foundation Image Liechtenstein,” incorporates key

stakeholders with a strong influence on the decision-making process in Liechtenstein.

- To visualize the strategy and build on the core values of “expertise,” “authenticity,” “community,” and “openness,” the Foundation Image Liechtenstein turned to Wolff Olins in London, one of the world’s most renowned brand consultancies. Wolff Olins successfully visualized the tension between the modern and the traditional underlying the identity of the Liechtenstein people

(“naturalness” vs. “sophistication”). In May 2004, the new brand “Liechtenstein” was presented and has since been successfully introduced in various applications.

- With regard to the financial sector, the government of Liechtenstein followed another important recommendation: In October 2004, the “Liechtenstein Dialogue on the Future of Financial Markets” took place for the first time at the University of Applied Sciences in Vaduz, Liechtenstein. With the

The New “Liechtenstein” Brand



The aubergine color results from digitally blending the national colors blue and red.

Liechtenstein Dialogue, the Government aims to establish a high-quality dialogue platform for people working in and with the financial markets. The forum is an ideal platform to promote Liechtenstein as a center of competence for financial services and to present the new "Liechtenstein" brand.

About the speakers

Tanja Passow, winner of the Burson-Marsteller Award for Academic Excellence, received the degree of Executive Master of Science in Communications Management from the University of Lugano. In 2003, she co-developed a strategic framework for reputation management for the Principality of Liechtenstein. Passow is communications consultant with Enzaim Communications, a Zurich-based consultancy specialized in internal communications and change management (email: tanja.passow@enzaim.com).

Rolf Fehlmann received the degree of Executive Master of Science in Communications Management from the University of Lugano in 2003. He co-developed a strategic framework for reputation management for the Principality of Liechtenstein. He has 25 years of professional experience in communications and serves in a corporate communications function with a leading supplier of management and information systems for public transport authorities (email: rolf.fehlmann@bluewin.ch).

Acknowledgements

This workshop draws on insights gained from a study of the reputation of the Principality of Liechtenstein, carried out by these five communications professionals:

- Rolf Fehlmann
- Heike Grahlow
- Armin Lutz
- Tanja Passow
- René Schierscher

The Liechtenstein Study was the key research project of the Executive MSc Program, University of Lugano, Switzerland.

The study is available for download in English and German from the MSc web site, along with related academic publications and media clippings at www.mscom.unisi.ch/Liechtenstein/reports/Report.htm

The Liechtenstein Study would not have been possible without the support of the Liechtenstein Government, above all the Prime Minister of Liechtenstein, *Otmar Hasler*. The research team would also like to thank *Gerlinde Manz-Christ*, head of the Government Spokesperson's Office, and the Foundation Image Liechtenstein for their enthusiasm in implementing key recommendations made by the research team.

The research team is greatly indebted to the coaches of the research project:

Professor *Charles Fombrun*, Executive Director of the Reputation Institute and Professor Emeritus at the Stern School of Business, New York University; Professor *Francesco Lurati*, Academic Director of the Executive MSc Program, University of Lugano; *Erika Brademann*, Constellartis,

Geneva; Professor *Rick Fischer*, Department of Journalism, University of Memphis; *Josef Schmid*, SPSS (Schweiz) AG, Zurich.

Special thanks also go to *Christoph Glauser*, Institute for Applied Argument Research, Berne.

International Recognition

The study attracted great media attention and received international recognition from both the professional and academic communities.

In November 2004, it was awarded the "Silver Ruler Award" by the Institute for PR: www.instituteforpr.com/goldenruler.phtml

In April 2005, it won a "Gold Quill Award" from the IABC: www.iabc.com/development/awards/gquill/winners/winners_2005.htm

Suggested further readings

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