



Bloom Consulting

Countries Regions and Cities

COVID-19: Impact on Nation Brands

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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.

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Report #1

Covid-19 The Impact on Nation Brands

Available at bloom-consulting.com/journal

Report #2

Covid-19 The Impact on Tourist Behaviours

Available at bloom-consulting.com/journal

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Report #1

Covid-19 The Impact on Nation Brands

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1 – Research objectives

The objectives of 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 answers 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 for the Covid-19 crisis and if it is going to stay.

3 – Takeaways

The key takeaways we set out in 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*.

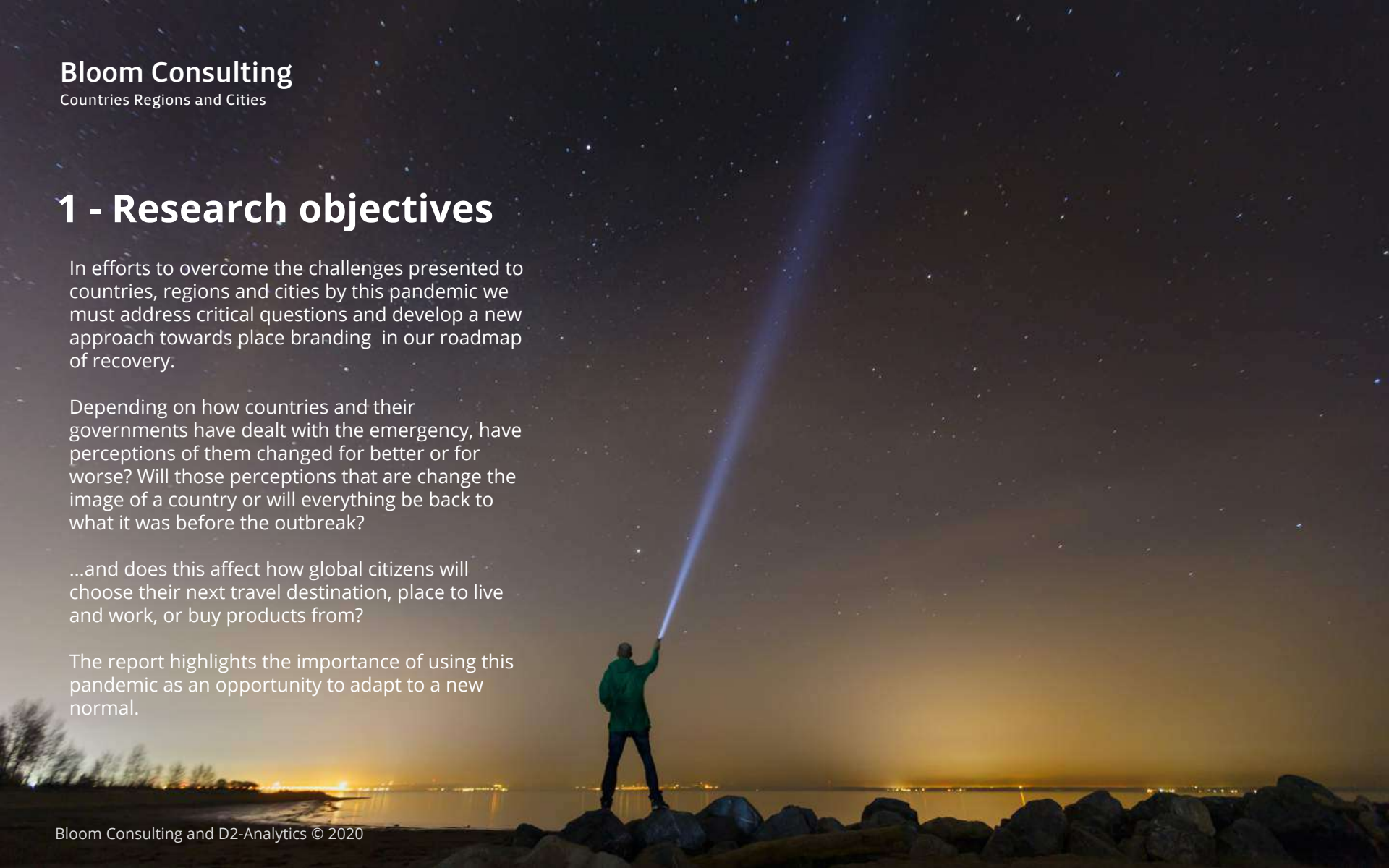
1 - Research objectives

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 better or for worse? Will those perceptions that are 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?

The report highlights the importance of using this pandemic as an opportunity to adapt to a new normal.



The pandemic effect

Real data and direct analyses on how health, mobility, tourism, and the economy have changed what to expect in the near future.

From nationwide lockdowns and millions infected to the uncertainty of when travel will resume and rising unemployment, this pandemic has impacted every aspect of our lives.

Its damage has set the world in overdrive, searching to find solutions and innovative strategies and overcome an extremely difficult time.





Health

The evolution and spread of the virus has had a significant impact on the normal way of life around the world.

Coronavirus is spreading rapidly around the world. More than 180 countries are affected, in lockdown or in a state of emergency. More than 4 million people are reportedly infected, with more than 300 thousand dead.

Mobility

We are now confined at home with remote working restrictions while many are not working at all. This affects our mood, income, and in turn our lives.

The extreme measures of confinement by most countries led us to rely on teleworking and staying at home to prevent the further spread of the virus and overwhelmed healthcare systems.

Tourism

Lockdown is happening globally with all travel now cancelled. When will it resume? At the moment, no one knows.

In just a few weeks, Covid-19 has completely devastated tourism. We have seen an estimated loss of up to 440 million international arrivals that has set us back 7 years. The virus has put world tourism at a loss of up to 450 billion dollars.

Economy

The Covid-19 impact on the economy will be extremely detrimental. How will we overcome this drastic step back? This is a question that has been on everyone's mind.

In the 2008 economic recession, 22 million jobs were destroyed globally. The forecast for the second quarter of 2020 is the loss of 195 million jobs around the world.

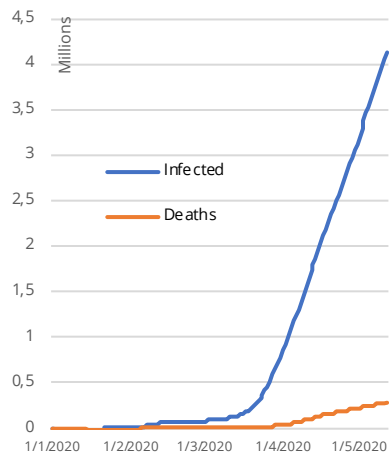
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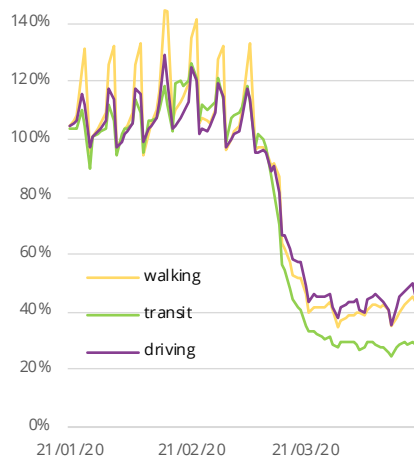
Health

Source: Johns Hopkins University



Mobility

Source: Apple



Tourism

Source: UNWTO

-290 to 440 millions
International Tourist Arrivals

5 to 7 years
Lost in number of tourists

-300 to 450 \$bn
Tourism Exports (receipts)

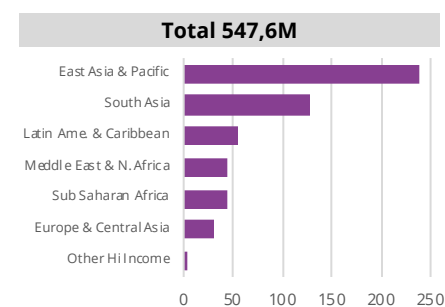
1/3 of 1.5 \$trillion
Lost in Tourism Exports

Economy

Source: International Labour Organization

Covid-19 could push half a Billion people into poverty

Additional people in poverty due to a 20% income drop caused by a Covid-19 recession.
(earning below \$5.5 per day)



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, sooner than later, the perception will be back to what it was before the crisis.

For example:

2013 – The NSA crisis involving Edward Snowden

2019 – Chilean crisis

2020 – Australian bush fires

2016 – Brexit

However, other crises such as Brexit can not only affect 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 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?

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, its 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 ©



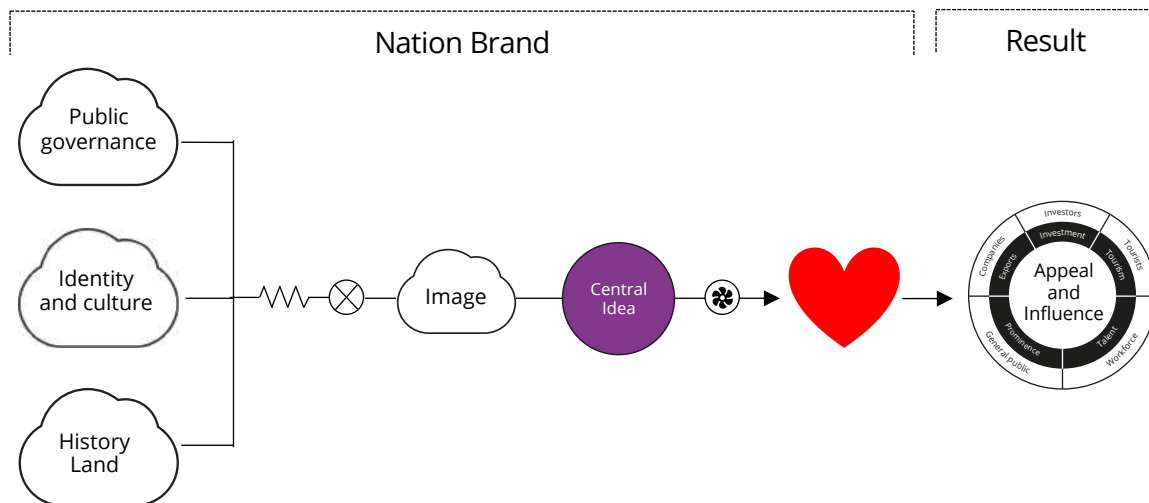
Image Generation



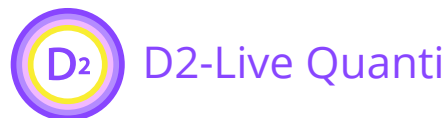
Emotion Generation



Perception



Methodology and datasets used



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 tourist 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 of the domestic opinions were removed from the sample.

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



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 in 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 crisis.

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, Invest, Talent, Exports and the overall reputation*.

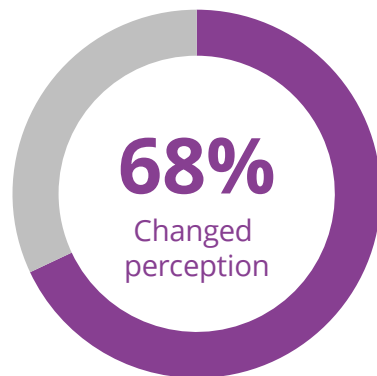
No one is indifferent

The research reveals that 68% of respondents changed perceptions based on how countries managed the Covid-19 crisis.

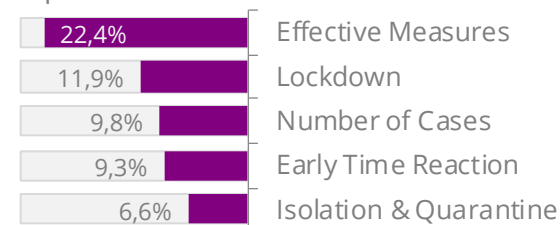
The factors that global citizens take into account when evaluating how good or how poor a country's management of a crisis are related to:

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

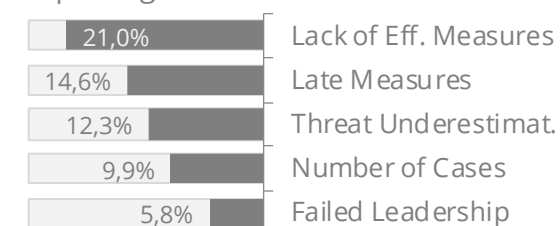
Primarily, these reasons are connected to the same topics.



Top 5 Positive Reasons



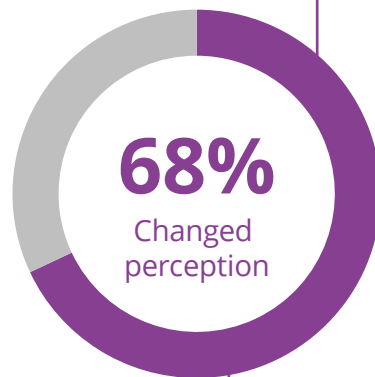
Top 5 Negative Reasons



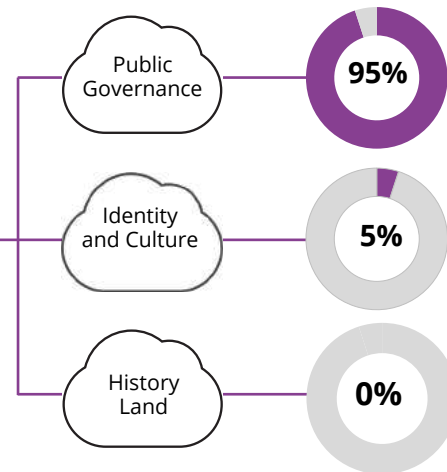
Covid-19 is a "Governance" crisis

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

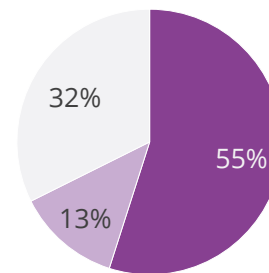


Type of country's image perceptions



Crisis Management Perception change

■ Worsen ■ Improved ■ Haven't changed



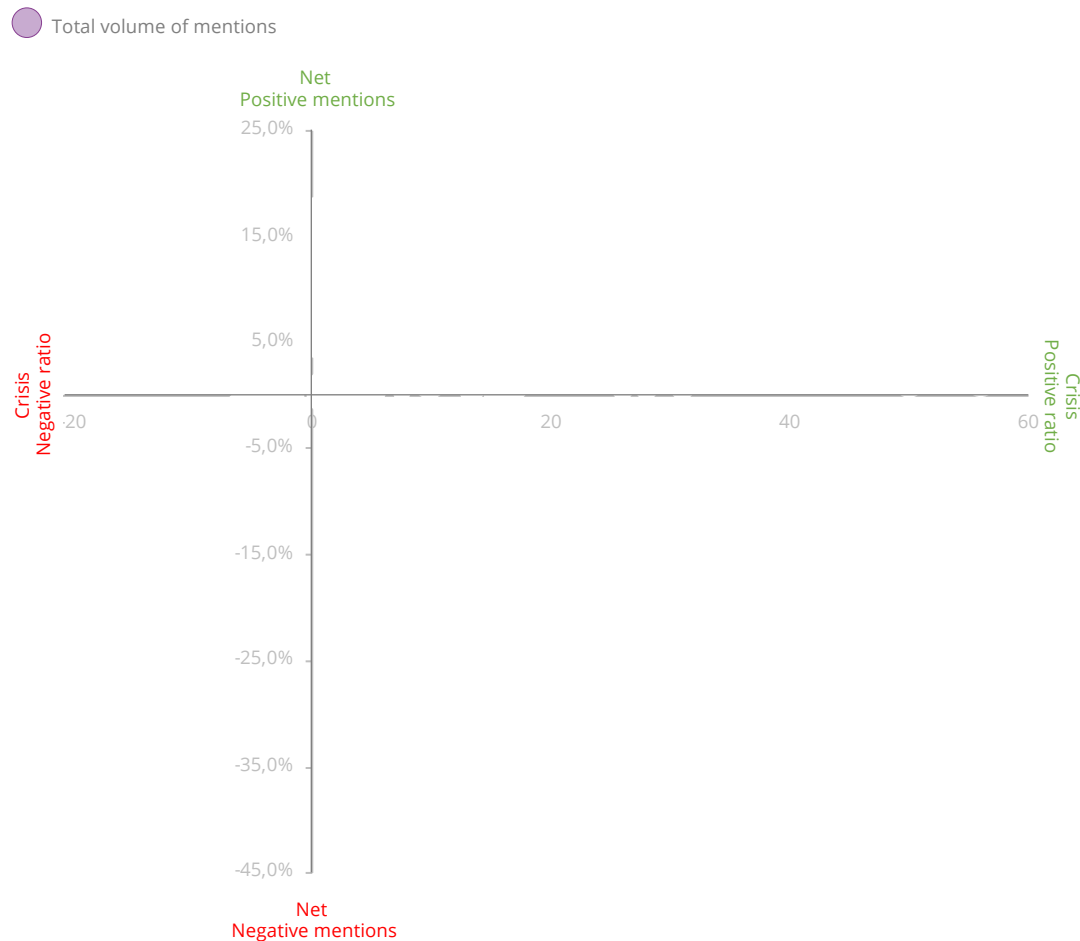
Analysing the crisis management data

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 poor.

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.



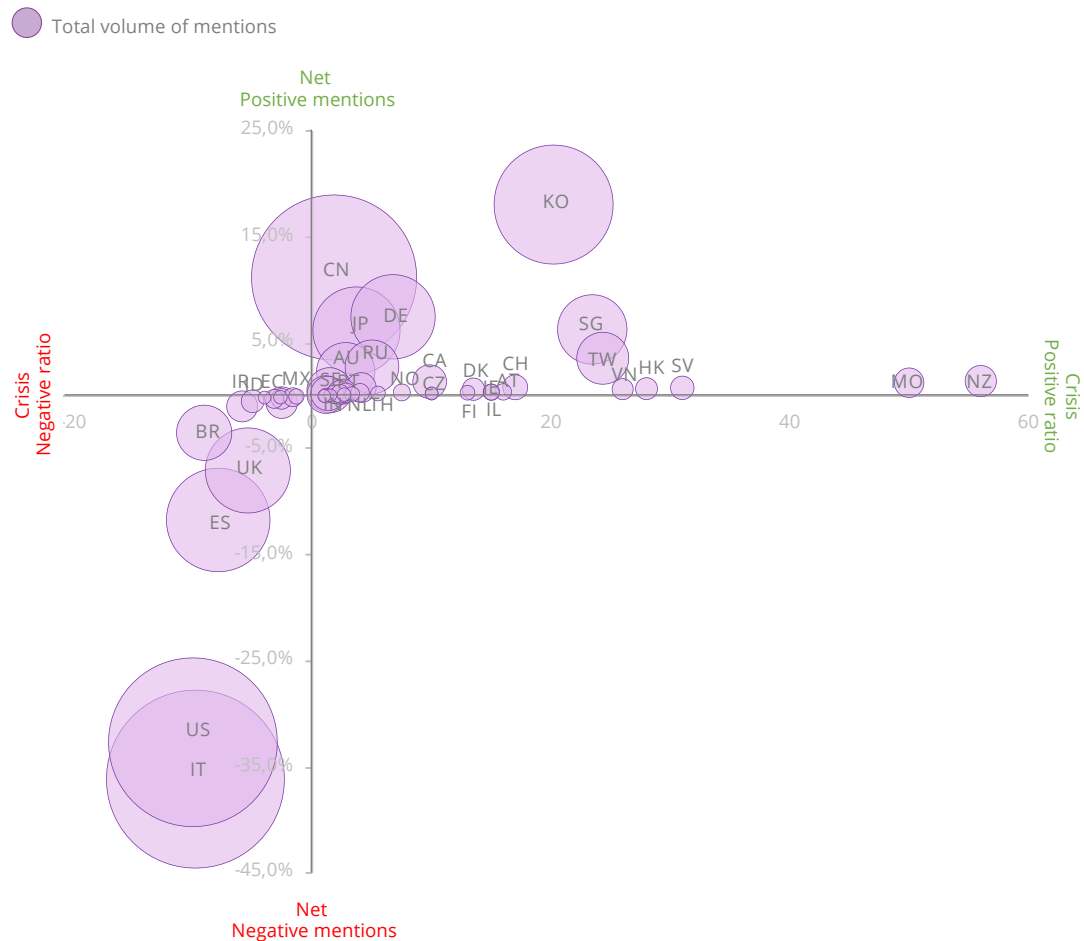
The results by country

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 one side of the spectrum, we have South Korea with a ratio of 20:1 positive mentions and the country with one of the highest volume 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).

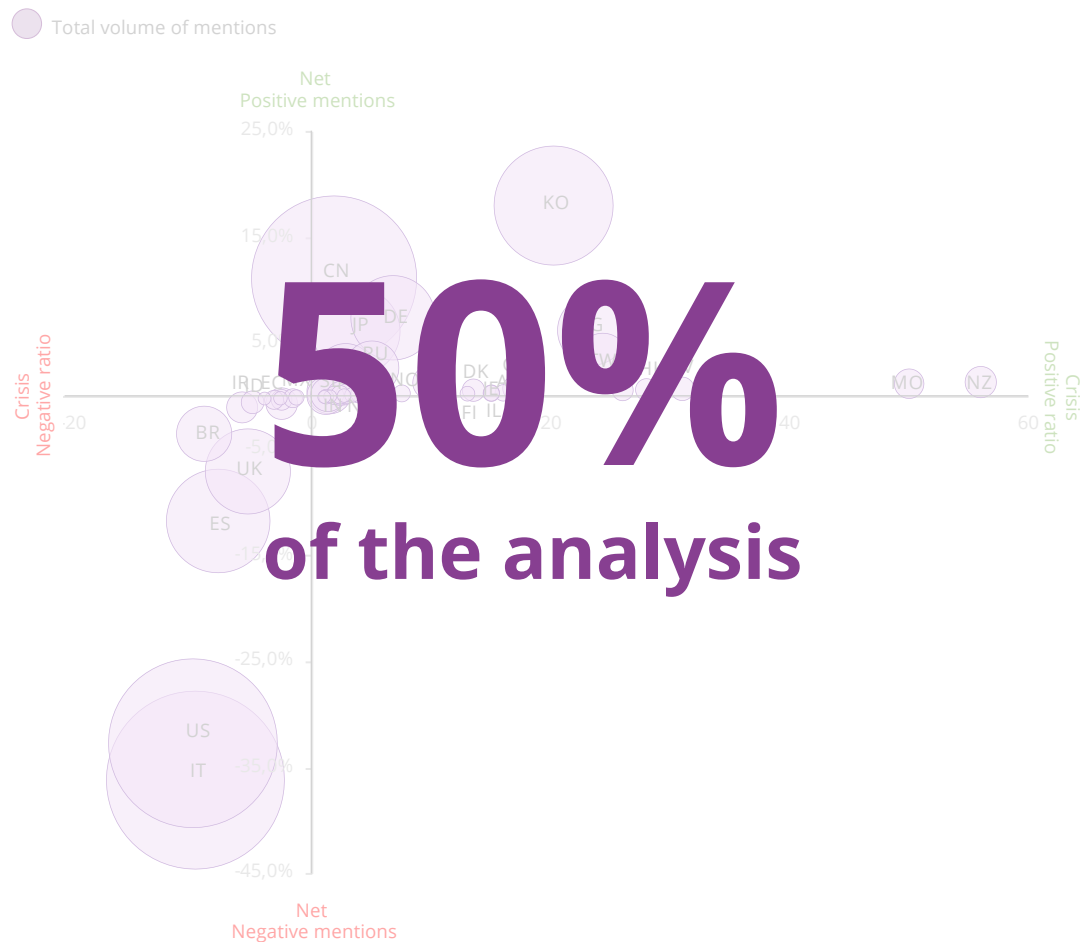


Moving from crisis management to brand impact

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.



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 and who 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

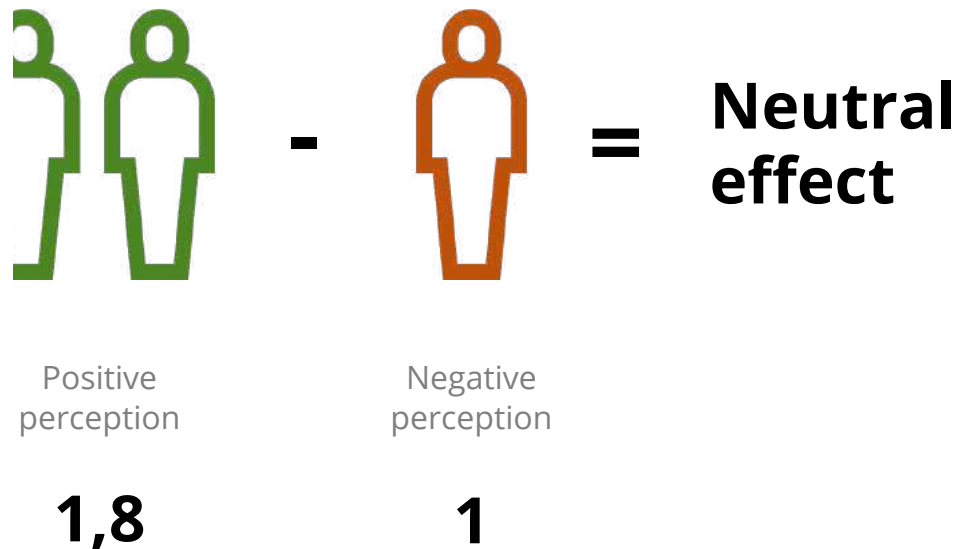
What is the B0 for this crisis?

Countries need to monitor their *Brand-Nought* or, the ratio between positive and negative perceptions, based on government actions in response to the crisis.

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



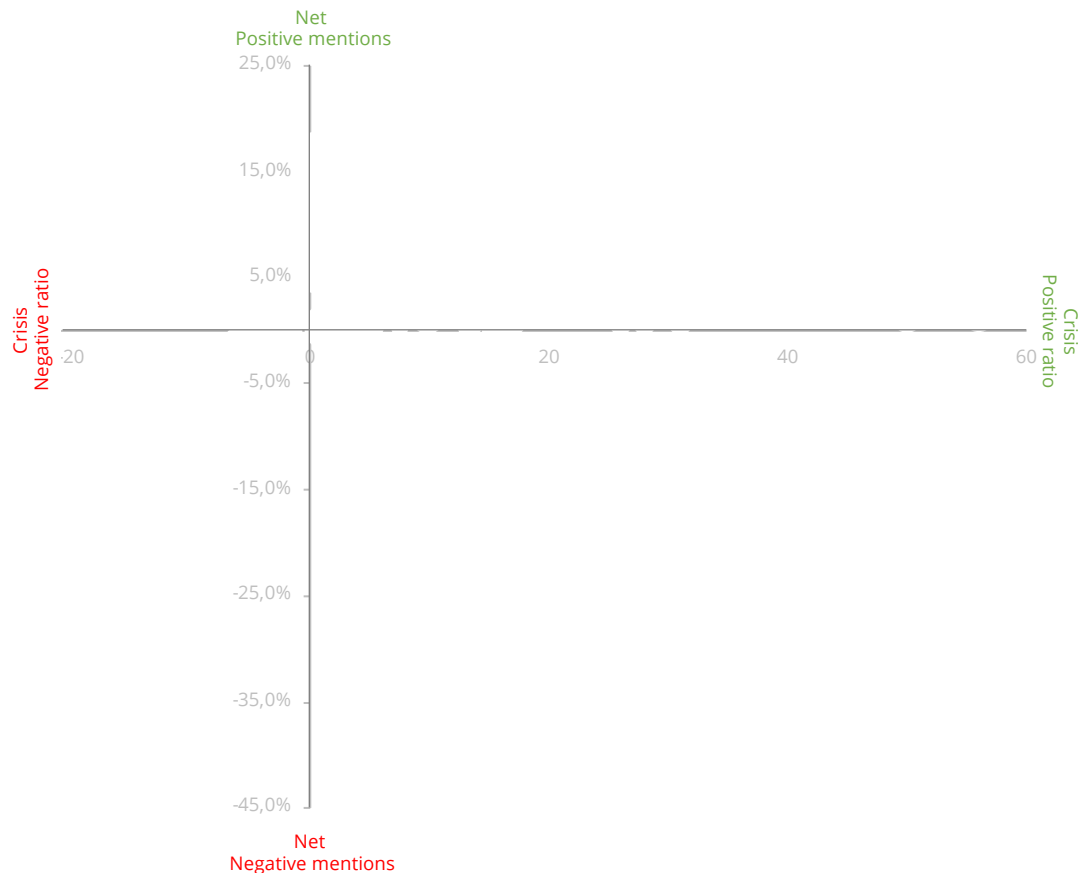
Reframing the way we analyse crises

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* for the crisis will shift the axis by 1,8 units along the positive crisis ratio axis (*X-axis*).

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 B0 and therefore, each country should compare its Covid-19 crisis management perceptions to the country's B0 to assess the impact on its Nation Brand.



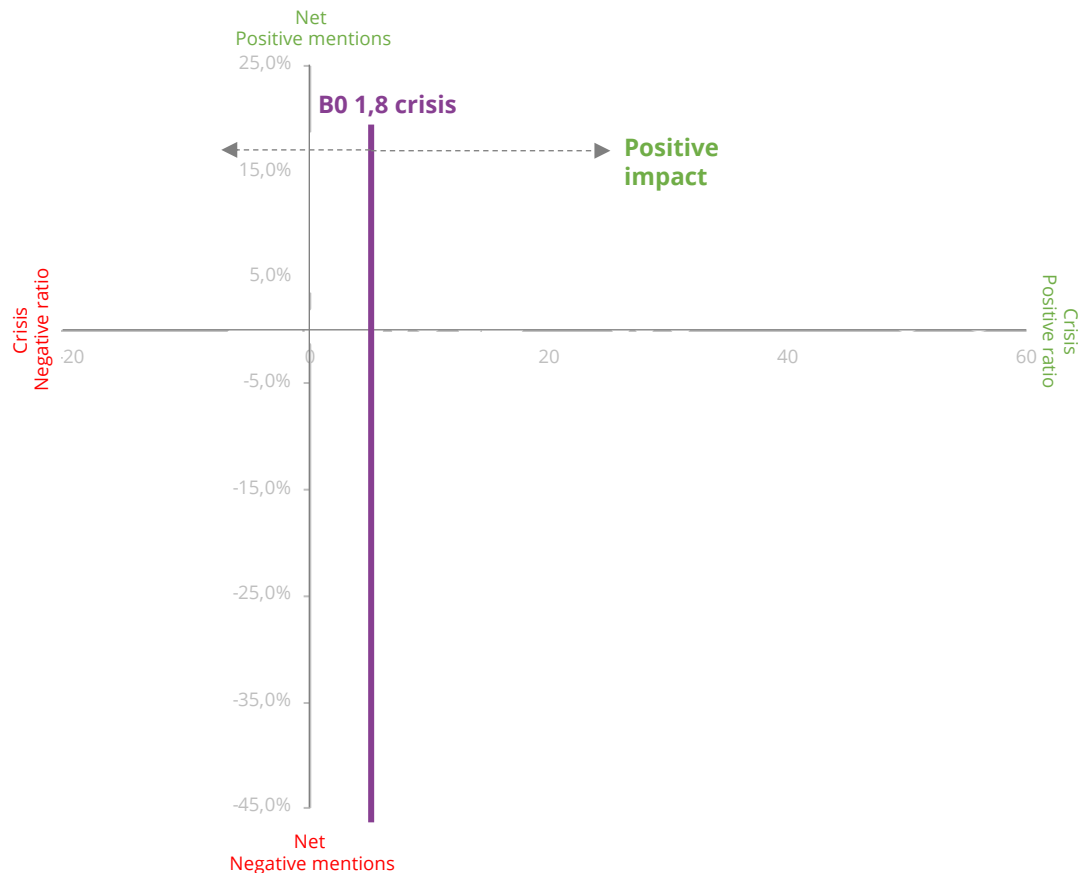
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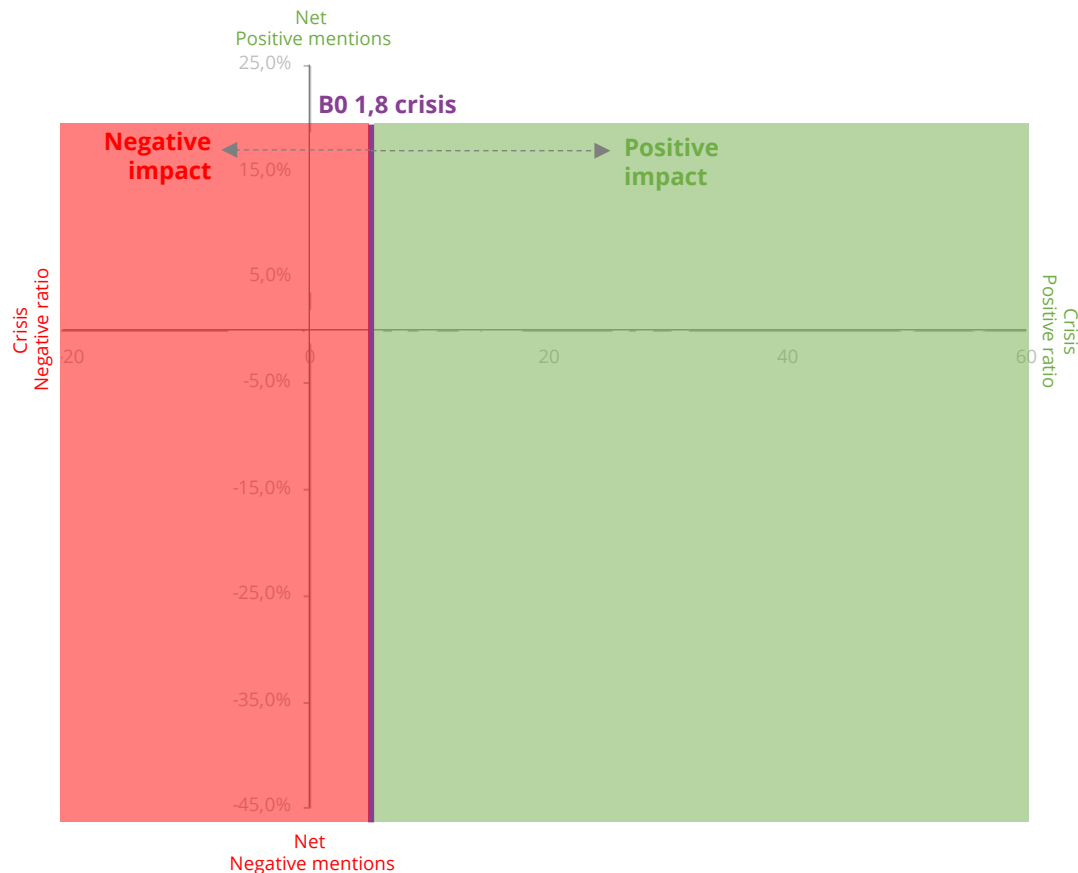
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Data interpretation

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

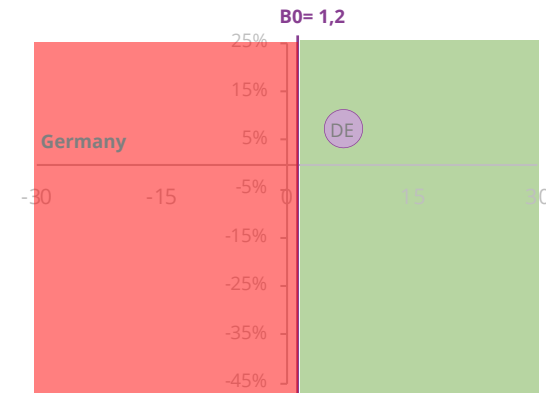
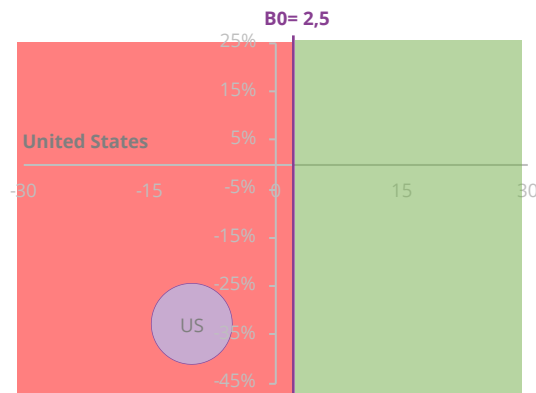
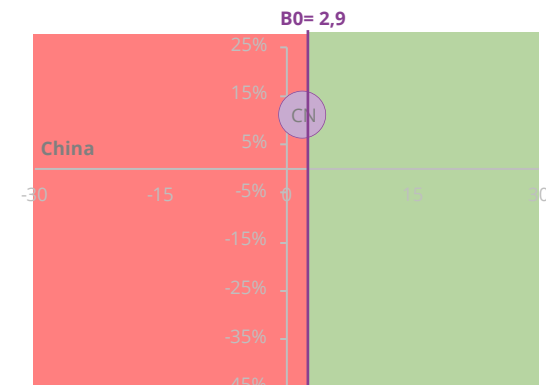
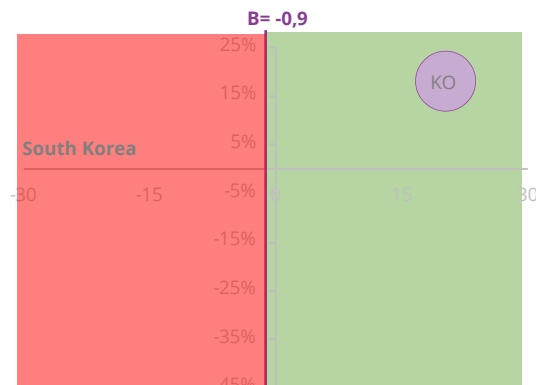
As you can see on the image, South Korea has a crisis management ratio (20:1) higher than the B0 (0,9:1) and therefore a positive impact.

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. Even with more positive opinions than negatives, this is one case where the final results have a negative impact on the country's image.

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



























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 that 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 <i>Positive - Negative</i>	B0 Brand-nought <i>Positive - Negative</i>	Impact perceptions <i>- Scale +</i>
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	

**How much is the B0
affecting the appeal*
and influence of a country?**

**(visit, study, work, and buy)*

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 ©



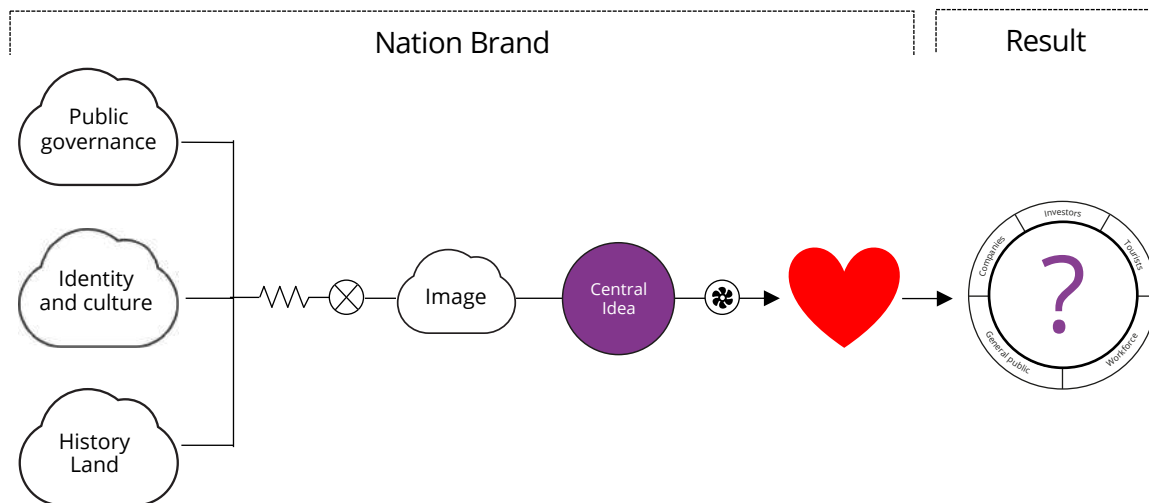
Image Generation



Emotion Generation



Perception



Not every brand dimension is affected in the same way

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

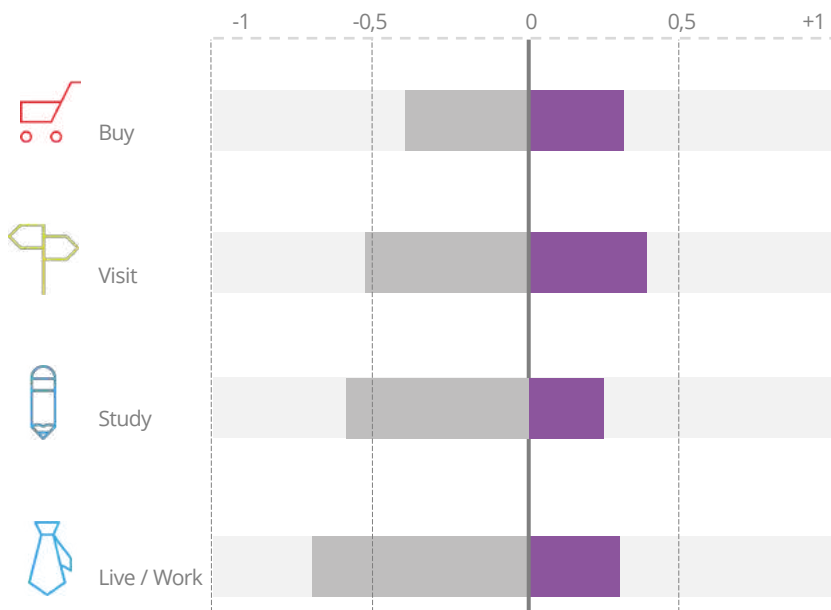
However, the negative impact affects the willingness to visit, live, study or buy at a different level of intensity.

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.

Positive and negative perception affect willingness to visit

■ – negative impact ■ – positive impact



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 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 the "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.



1 – Calculate your Brand-Nought (B0)

The B0 is necessary to understand, in a very straightforward way, how any type of a crisis is or how it's even affecting a perception. Every country, region and city should be familiar with its B0 in order to monitor and evaluate impact on their brand perception the over time.

The B0 is not only applicable to crises such as Covid-19, but also to any Nation Branding activation projects (i.e. campaigns, policies, events, projects...). It is used to assess all of 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 very high and a "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 a 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 from* are the most resilient ones.

4 –It is important to understand the type of perception that the crisis is being affected by

The analysis of the type of perception allows us to get a better understanding of the type of crisis we're dealing with. A "Governance" crisis (i.e. *Chilean protests*) may have a different brand impact than a "Identity and Culture" crisis (i.e. *Brexit*) and from that of "Land and History" (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 with answers on what the core or central idea is, how to act and behave accordingly during these extreme and challenging difficult times.

Countries that have and use a Nation Branding strategy have proven to be more resilient.



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Research performed by

Bloom Consulting

Countries Regions and Cities

Operating since 2003

Experts in:

- Nation and Place branding

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Operating since 2015

Experts in:

- Big data, research and insights for Countries, Regions and Cities

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