SOUTH AFRICA AS AN INTERNATIONAL BRAND: An assessment of how it can be marketed more effectively

CHAPTER 1

AIMS AND OBJECTIVES

1.1 INTRODUCTION

When the word "brand" is mentioned, chances are that those who are listening will think of Coca-Cola, Toyota, Nike, McDonald's, Microsoft and, in Britain, Richard Branson's Virgin, all of which are powerful international brands. However, mention of the United States of America, Britain or France would most likely to lead to those listening recalling a number of stereotypes about these countries, without associating the countries with brands and regarding them in the same way they do products.

Yet, as Kotler and Gertner (2002) explain, countries can indeed be seen as brands, and their names "amount to brands and help consumers evaluate products and make purchasing decisions". In addition, country names "are responsible for associations that may add to or subtract from the perceived value of a product" originating from those countries:

> *Research has supported the idea that consumers are more willing to buy products from industrialised nations as a result of country equity. Products bearing a 'made in Germany', 'made in Switzerland' or 'made in Japan' label are commonly regarded as high quality, due to the reputation of these countries as top world manufacturers and exporters. At the same time, 'made in Surinam' or 'made in Myanmar' labels may raise doubts about the quality of the products*

due to the low country brand equity.[1]

1.2 AIMS

This study, premised on the knowledge that countries can indeed legitimately be regarded as international brands, aims to examine post-apartheid South Africa as such a brand and critically to assess how British business leaders perceive the country's brand identity. British business leaders' views were solicited through a questionnaire, and coverage of the country in such influential business publications as *The Economist*, the *Financial Times* and *The Business* was monitored closely over a period of at least three months.

South Africa has undergone a major political transformation in less than a decade. Once isolated internationally because of the system of apartheid[2], which was denounced by the United Nations as a crime against humanity, South Africa is now an all-inclusive, liberal democracy boasting a constitution that has often been said to be one of the very best in the world[3]. It is an active participant in numerous international organisations such as the United Nations, the Commonwealth and the African Union, among others, and is at the forefront of efforts to promote democracy on the continent and to improve Africa's image through the New Partnership for Africa's Development.

Given these significant changes since April 27 1994 when South Africa held its first all-inclusive elections, this study sought to assess how business leaders in Britain,

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[1] Kotler, Philip and Gertner, David (2002). "Country as brand, product, and beyond: A place marketing and brand management perspective", *The Journal of BRAND MANAGEMENT,* April 2002, Volume 9, Number 4-5, p.250. London: Henry Stewart Publications

[2] Apartheid was an official system of discrimination by the white minority against blacks, Indians and mixed-race people in South Africa, on the basis of race

[3] Ackerman, Raymond, in *Sunday Times*, 11 November 2001. Johannesburg: Times Media Limited

South Africa's biggest trading partner[1], perceived the country as an international brand.

1.3 RESEARCH OBJECTIVES

Following the argument by Kotler and Gertner, shared by a growing number of marketing researchers and academics, that countries are indeed international brands, this study proceeded critically to evaluate South Africa as such a brand. In other words, the country was regarded as though it were South Africa Inc or South Africa plc, just as though it were Unilever plc or a product like Coca-Cola.

The objectives of the study were three-fold:

1.3.1 to assess South Africa's merits as an international brand,

1.3.2 to evaluate if South Africa's image as an international brand could be improved,

1.3.3 and to make recommendations on how South Africa could improve its brand identity.

The main objective was critically to assess the merits of South Africa as an international brand, from the point of view of the British business community. The intention was to establish what mention of the country's name, "South Africa", conjured up in the minds of British business leaders. The main objective, then, was to evaluate if British business leaders were positively or negatively disposed towards the country and why that was the case, and to establish what it was with which they immediately associated South Africa.

Before the unbanning of anti-apartheid organisations and the release of Nelson Mandela and other political prisoners early in 1990, South Africa was an international pariah, isolated from the international community of nations because of apartheid.

[1] www. bbc.co.uk/1/hi/business/1384684.stm

Next followed a period of intense negotiations, leading to the aforementioned democratic elections of 1994 that resulted in a multi-party government of national unity. South Africa enjoyed enormous international goodwill then, with the country that was once regarded as a lost cause suddenly celebrated as an example to war-torn nations and countries that apparently-intractable differences could be resolved peacefully through dialogue.

This study intended to assess how South Africa as an international brand was perceived today, eight years into the new political dispensation.

The second important objective of the dissertation was to evaluate if, regardless of whether the British business community was favourably or negatively disposed towards South Africa as a country and a brand today, the image of the country as a brand could be improved. If it could be improved, the third objective, which is closely related to the second one, was to identify how, from British business leaders' point of view, South Africa's image as a brand could be improved or strengthened.

A related objective of the dissertation was to make recommendations regarding ways in which South Africa could improve its brand identity abroad, but especially in the British market.

1.4 CONCLUSION

This chapter has introduced the study and spelt out the aim and objectives against which the research will be judged. It introduced the concept of countries as international brands, and spelt out the research's aim to look at South Africa as such a brand.

With the aims and objectives of the study spelt out, the next chapter will explain the research methodology used to conduct the study.

CHAPTER 2

RESEARCH METHODOLOGY

2.1 INTRODUCTION

With the last chapter having focused on the study's aims and objectives, here a detailed description of the methodology used to conduct the study will be outlined. This will be done through referring to all the sources, both primary and secondary, used for the study, and the manner in which the relevant data were collected.

In addition to a description of the methods used to carry out the research, an indication of the type of questions used to elicit information from the British business community will also be given, together with an explanation of why the particular questions were chosen.

2.2 THE RESEARCH CONTEXT

South Africa, which became a democracy eight years ago, is the economic power in Africa. Its Gross Domestic Product (GDP) of US$126,5-billion in the year 2000 was bigger than that of such First World countries like Finland, Portugal, Ireland and Greece, with the economy of the industrial province of Gauteng (which includes Johannesburg and Pretoria) alone being bigger than that of any other country in Africa, except Egypt. Indeed, South Africa's GDP represents 23 percent of Africa's GDP.[1] So powerful is the country economically that it is now the European Union's

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[1] South African Press Association report, 16 April 2002, www.news24.com/News/Finance/Features/0,4186,2-8-13-1168769,00.htm

15th biggest trading partner, having overtaken the former Asian tigers of Malaysia and Singapore.[2]

However, the country has not yet recognized the kind of success it had hoped it would have in attracting investment, as Whitehouse & Associates, a South African research and consulting company dedicated to international trading, explained:

> *Much of the good work done in the first years of multi-racial democracy appears to be slipping as the government struggles to kick-start the economy. Increasing hostility towards criticism, allegations of massive corruption in arms deals, soft-pedalling on Zimbabwe and a confused AIDS policy has [sic] put the Mbeki administration under the spotlight for all the wrong reasons. That said, the country is far from replicating the dire situation in Zimbabwe and still has the ability to turn the situation around.*
>
> *The economy has all the basics in place to develop at a high, sustained rate, but is being dogged by association with regional concerns and domestic worries. These manifest by the fact that investment flows decreased by 43 percent in 2 000. However, should investors be able to distinguish between regional events and those in South Africa, they will find Africa's largest economy still offers attractive returns.*[3]

That is the context within which this research took place. It is the context of a country that has been praised by various Western governments and international organisations for political stability and a sound management of its economy, but which also has not yet fully realised its full potential as Africa's economic engine room because, among other things, of the concerns cited above by Whitehouse and Associates.

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[2] *Mail & Guadian*, 8 February 2002, "Trade with the EU is booming". Johannesburg: Mail & Guardian Publishing

[3] www.mbendi.co.za/land/af/sa/p005.htm

2.3 PRIMARY RESEARCH

As already stated in the previous chapter, the purpose of this research was three-fold: critically to evaluate the merits of South Africa as an international brand, from the point of view of the British business community; to establish what mention of South Africa's name conjured up in the minds of British business leaders; and to identify what it is with which they immediately associated the country. The primary sources for this research, then, were British business leaders themselves.

This part of the study was conducted through the distribution of a four-page questionnaire, headlined "South Africa as an international brand", which was sent to 100 chief executive officers (CEOs) and managing directors (MDs) of British and British-based businesses. The latter, like Hewlett-Packard, Nestle or Coca-Cola, are international companies with headquarters in other countries, while having a significant presence in the United Kingdom, with either a national or regional office based here.

The companies were chosen from those listed on the London Stock Exchange, with those big enough to have investments in South Africa or other countries picked. Postal and electronic mail (e-mail) addresses of these companies were then obtained through a painstaking search on the Internet. The questionnaires, addressed to the CEO or MDs of these companies (by name where names were known or given on the companies' web sites, otherwise just to the CEOs or MDs), were sent to them in three different ways: by e-mail where e-mail addresses were given, by fax (facsimile numbers were almost always given) and, in the case of a minority of 11 companies, through Royal Mail.

A covering letter, giving the author's postal and e-mail addresses as well as his home fax number, was sent with the questionnaires. The covering letter reminded these business leaders of South Africa's crucial role in Africa with regards to the promotion of democracy and good governance, and asked them "to take a few minutes off your busy schedule to fill in the following short questionnaire on South Africa as an international brand" to help the country improve its image or brand identity abroad (a copy of this dissertation will be made available to the South African government).[4]

The questionnaire itself has seven questions (Appendix 1). In addition to asking the business leaders if their companies have a presence or business interests in South Africa, and whether they were considering the country as an investment destination, the survey gives respondents an opportunity to choose answers regarding their perception of the country as an international brand. Respondents are also asked to give the main strengths and weaknesses of South Africa as an international brand, as they perceive them, and to characterize the country's dominant brand identity and indicate how they believe that identify could be improved. Finally, they are asked if they have ever been to South Africa; if their perceptions of the country on their return were the same, more negative or more positive than they were before their visits, and why that was the case; and to give their normal source of news and information about South Africa.[5]

It is the author's view that the questions, though deliberately kept few in number in recognition of the fact that business leaders do not have much time and would be less likely to participate in a long, winding survey, adequately cover the most important aspects of establishing South Africa's merit or demerit as an international brand. The

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[4] See cover letter and questionnaire, as appendix 1
[5] *ibid.*

questionnaires were sent over a three-week period, from the beginning to the third weeks of July. The first responses were received days after the first batch had been dispatched to business leaders.

2.4 SECONDARY RESEARCH

In addition to the primary research described above, secondary sources were also used for the research. These were the influential, opinion-forming business publications *The Economist, Financial Times* and *The Business* (formerly called *Sunday Business),* all of which are read by business leaders in the United Kingdom and beyond. In particular, these publications' perceptions of South Africa, as reflected in their coverage and commentaries, were followed closely and analysed over a three-month period.

The Economist and *The Business* are weeklies published from London. The former is a magazine circulating in a number of English-speaking countries, while the latter is published on Sundays and circulates in Britain and some parts of Europe. Unlike the first two publications, the *Financial Times* is an authoritative daily newspaper which circulates in the United Kingdom and some parts of Europe, with a recently-launched American edition.

2.5 CONCLUSION

Described in this chapter was the research methodology used to conduct this study. First to be outlined was the context within which the research took place, followed by the direct and indirect ways in which information was obtained. Next comes a review of the academic literature first on branding and brand management, and then, a chapter later, on the idea of countries as international brands.

CHAPTER 3

LITERATURE REVIEW:

BRANDING AND BRAND MANAGEMENT

3.1 INTRODUCTION

Africa, whose condition British Prime Minister Tony Blair movingly described last year as "a scar in the conscience of the world," is said to be the poorest of the five continents. Many of its countries are faced with numerous problems and challenges, ranging from abject poverty and illiteracy, through to various schemes – like the European Union's Common Agricultural Policy – by the West designed to keep Africa's agricultural produce out of Western markets, at a time when the World Trade Organisation, the International Monetary Fund and others call on Africa to open its markets to international competition.[1]

And yet, even in the poorest of African countries, advertisements can be found on billboards and heard on radio exhorting people to buy a particular brand of toothpaste or soft drink. As a result, some brands have become so dominant in the minds of some people that the illiterate among them would use the name of those brands as generic terms for products of that kind. In the rural areas in South Africa, for instance, there are many uneducated people to whom "Colgate" is a short hand for toothpaste and "Coca-Cola" for a soft drink. To them every kind of toothpaste is a Colgate and every soft drink a Coca-Cola. It is not unusual, for instance, for a child to be sent to buy a particular kind of "Coca-Cola", which will be described in terms of the colour

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[1] Atkinson, Brian and Miller, Robin (1998). *Business Economics*, p.454-455. Essex: Pearson Education Limited

of the can containing it, when in fact parents have another brand of soft drink in mind, like Fanta Orange, for example. Accordingly, the child sent will come back not with a can of Coke, but, rather, with Fanta, which both parent and child will see and describe as a different kind of Coca-Cola.

This attests to the power of some international brands, in this case Coca-Cola and Colgate, even in the poorest of countries and among the most illiterate of people. The companies owning such brands have worked very hard over the years to promote those brands aggressively, using different kinds of media as demanded by the different markets. Brands, therefore, have become a very important part of businesses today. In a world where competition for customers continues to be fierce around the world, with many companies using different marketing strategies either to increase their market share or merely to remain profitable, strong brands increasingly offer competitive advantage.

3.2 A BRAND DEFINED

Naturally, there are many ways in which brands have been defined. The one thing that comes through strongly from the different definitions is that it is not possible or easy to define a brand as just one thing. It has been described variously as a name, a symbol, a design, a reputation, or, in the words of Unilever chairman Niall FitzGerald, "a storehouse of trust that matters more and more as choices multiply" [2] to help consumers simplify their lives.

Perhaps the best, all-encompassing definition is that given by the American Marketing Association. According to this organisation, "a brand is a name, term, sign,

[2] *The Economist*, 6 September 2001, "Who's wearing the trousers?". London: The Economist Newspaper Ltd

symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors".[3] This definition makes it clear that a brand is much, much more than just a name or symbol, but also gives the purpose served by brands and the advantage they confer on their owners. A brand makes it possible for a company and its products to form an on-going relationship with consumers, on the basis of the quality promised by the brand.

Baker (2000), who shares FitzGerald's view that brands make it easier for consumers to simplify decision-making, puts it thus:

> *A brand is therefore more than the actual product; it is the unique product of a specific owner which has been developed over time to embrace a set of values, both tangible and intangible, meaningfully and appropriately to differentiate products which may otherwise be very similar.*[4]

What is clear from these definitions is the strategic importance of brands – especially good, reputable brands – and the competitive advantage they confer on the companies that own them. In Doyle's view, such brands identify the products of a particular organisation as having "a sustainable differential advantage"[5] when compared to their competitors.

It follows that good brands are of great value to a business. They are important intangible assets of businesses and meet the four characteristics of assets set out by McLaney and Atrill (2002): they denote a probable future economic benefit;

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[3] Kotler, Philip (2000). *Marketing Management* (The Millennium Edition), p.404. New Jersey: Prentice-Hall, Inc.
[4] Baker, Michael J (2000). *Marketing Strategy And Management* (3rd edition), p.301. London: MacMillan Press Limited
[5] Doyle, Peter (1991), in Baker, Michael J (editor). *The Marketing Book*. London: Butterworth Heinemann

proprietary companies have exclusive rights to control the benefits arising from the brands; the benefits arise from past events like the registering of the brands; and, increasingly, brands are capable of measurement in monetary terms.[6]

According to McLaney and Atrill, the value of product brands is often regarded as part of the goodwill of a business, which can be listed on a company's balance sheet as an intangible asset. They regard brands as "a hotchpotch of attributes, which include the brand image, the quality of the product, the trademark and so on". The two men point out further that in recent years some large businesses, like Cadbury Schweppes plc, have attempted to give their brands a separate identity on the balance sheets and place a value on them. However, McLaney and Atrill add:

> *There is no doubt that product brands may be very valuable to a business because they can generate customer loyalty that, in turn, can lead to increased sales. This brand loyalty is often built up through many years of promotional and advertising expenditure. However, such expenditure may be difficult to trace and so some form of current valuation is often used as the basis for including brand names on the balance sheet.*[7]

Brands' capability of measurement in monetary terms is apparent from the annual rankings of the value of top international brands. According to the 2002 rankings, Coca-Cola narrowly beat Microsoft to retain its position as the world's most valuable brand. The soft drink rose from $68,95-billion in value in 2001 to $69,64-billion in 2002, while Microsoft declined in value from last year's $65,07-billion to $64,09-billion following "the bursting of the technology bubble".[8] Other brands in the top 10 were, in descending order and with monetary values in brackets, IBM ($51,19-

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[6] McLaney, Eddie and Atrill, Peter (2002). *Accounting: An Introduction* (2nd edition), p.29. Essex: Pearson Education Limited
[7] *ibid.*, p.50-51
[8] *Financial Times* Weekend, "Coca-Cola still world's most valuable brand", 27-28 July 2002. London: The Financial Times Limited

billion), General Electric ($41,31-billion), Intel ($30,86-billion), Nokia ($29,97-billion), Disney ($29,26-billion), McDonald's ($26,38-billion), Marlboro ($24,15-billion) and Mercedes-Benz ($21,01-billion).[9]

Quelch and Harding, who urge businesses to invest in brand equities, say for most consumer-goods companies the brand names they own represent their most important assets. They go on to quote James Burke, former chief executive officer of Johnson & Johnson, as describing a brand as "the capitalized value of the trust between a company and its customers".[10]

It follows, therefore, that the name given to a brand is very important. According to Kotler and Roberto (1989), a good brand name should be an integral reinforcer of the product concept, and not just a casual afterthought. It should have four qualities: be easy to pronounce, recognise and remember; capture or define the product's benefits; define a product's qualities or appeal; and be distinctive. Marketing research firms, say Kotler and Roberto, have developed elaborate tests for researching the effectiveness of brand names, ranging from association tests, memory tests, through to preference tests. The best brand names are often those generated through brainstorming followed by an evaluation of the chosen names using the three tests.[11]

Paliwoda and Thomas (2001) say branding is important as a means of distinguishing a company's offering and differentiating one particular product from its competitors, thus conferring advantage. They regard branding as a way of empowering the consumer by making it possible for him or her to identify a particular product and, if satisfied with it, ask for it by name. They argue that a company owning such a brand

[9] *ibid.*
[10] Quelch, John A and Harding, David (1999). "Brands versus Private Labels: Fighting to Win", in *Harvard Business Review on Brand Management,* p.39. Boston: Harvard Business School Press
[11] Kotler, Philip and Roberto, Eduardo L (1989). *Social Marketing: Strategies for Changing Public Behavior,* p.153. New York: The Free Press

benefits because it is able to differentiate its products more clearly and also to fetch a higher return than could be expected from generic products:

> *Branding is perceived as a means of guarantee of quality offered by the manufacturer. There is the expectation of standardization, that each and every product will meet these same specifications. Where there is a high degree of standardization accompanied by a high degree of customer satisfaction, the brand is likely to become, if it has not already done so, the market leader.*[12]

3.3 THE SIGNIFICANCE OF BRANDS

It is obvious from the foregoing discussion that brands are a very important part of business that can – and often do – offer competitive advantage to their owners. They represent a pact between consumers and producers that the products in question are of a particular quality. However, brands represent much more than the said promise of quality by a business to its customers; in addition, successful brands are also status symbols that say something about those who use them.

As Shepard (2000) puts it, a brand is much more than mere name recognition, but can be decisive in differentiating products and services from an ever-growing number of competitors. He sees a great brand as "a promise, a compact with customers about quality, reliability, innovation, and even community", and argues that while the concept of a brand is intangible, brand equity is not.[13]

Powerful brands are a marketing weapon, influencing as they do customer preference, strengthening the bottom line and even boosting market valuation.[14]

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[12] Paliwoda, Stanley J and Thomas, Michael J (2001). *International Marketing (*3rd edition), p.213 – 216. Oxford: Butterworth-Heinemann

[13] Shepard, Stephen B, *Business Week*, 6 August 2001, "The Best Global Brands". Boulder: The McGraw-Hill Companies Inc.

[14] www.corebrand.com/tool/tool.html

Corebrand, an organisation devoted to the promotion of such strong brands, describes their importance as follows:

> *A CoreBrand conveys the essence, character and purporse of a company and its products and services. It's the heart and soul of the brand from which all outward expressions emanate. When effectively managed and communicated, the CoreBrand has tremendous power.*
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> *A brand becomes a CoreBrand when it has been defined, directed and understood by all audiences.*[15]

According to Kotler, a brand can convey up to six levels of meaning, ranging from attributes, benefits, values, culture, personality and about the user. He uses the example of a Mercedes-Benz, which he analyses as follows under the different meaning levels:

Attributes – "Mercedes suggests expensive, well-built, well-engineered, durable, high-prestige automobiles."

Benefits – "The attribute 'durable' could translate into the functional benefit 'I won't have to buy another car for several years'; the attribute 'expensive' translates into the emotional benefit 'the car makes me feel important and admired'."

Values – "Mercedes stands for high performance, safety and prestige."

Culture – Mercedes, he says, represents German culture: "organized, efficient, high quality".

Personality – He says this car may suggest a no-nonsense boss.

[15] *ibid.*

User – "We would expect to see a 55-year-old top executive behind the wheel of a Mercedes, not a 20-year-old secretary."

From these, says Kotler, the most enduring meanings of a brand are its values, culture and personality, which define the brand's essence.[16]

Kotler and Gertner (2002) say in addition to having the added importance of speeding up consumers' information processing and learning,[17] brands also have numerous other uses:

> *Brands have social and emotional value to users. They have personality and speak for the user. They enhance the perceived utility and desirability of a product. Brands have the ability to add to or subtract from the perceived value of product. On [the] one hand, consumers expect to pay lower prices for unbranded products or for those with low brand equities. On the other hand, they pay premiums for their treasured or socially valued brands.*
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> *Brands have equity for both customers and investors. Brand equity translates into customer preference, loyalty and financial gains. Brands are appraised and traded in the marketplace. Brand equity has been pointed out to include many dimensions, such as performance, social image, value, trustworthiness and identification.*[18]

Baker argues that given their importance as assets, brands need continued investment if they are to maintain their value. He says that while in the short term it may be possible to increase profits by cutting back on brand investment, this practice could

[16] Kotler, *op. cit.*, p.404-405
[17] Kotler, Philip and Gertner, David (2002). "Country as brand, product, and beyond: A place marketing and brand management perspective", *The Journal of BRAND MANAGEMENT,* April 2002, Volume 9, Number 4-5, p.250. London: Henry Stewart Publications
[18] *ibid.*

lead to a situation where gradually competitors will erode the brand's strength and lead to its depreciation.[19]

In an issue with a special focus on brands, *The Economist* concurs with Baker's point, arguing that the flip side of the power and importance of brands is their growing vulnerability. The magazine says given their value to companies, brands must be "cosseted, sustained and protected", and warns that a failed advertising campaign, a drop-off in quality or a hint of scandal can all send customers fleeing.[20]

To counter such a negative possibility, Joachimsthaler and Aaker (1999) say it is important that the identity of the brand, which they define as the brand concept from the point of view of the brand owner, is recognised to be the foundation of any good brand-building programme. They say whether pursuing alternative brand-building approaches, accessing multiple media or both, a company must have a clear brand identity with depth and texture so that those designing and implementing the communications programme do not inadvertently send conflicting or confusing messages to customers.[21]

Gilmore (2002) advocates that, given its importance, a brand has to sit at the heart of the organisation, "driving its strategy and its direction". She says this is so because, if correctly defined, a brand represents "the core values and ideology of the organisation, its *raison d'etre* and its reputation in this world":

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[19] Baker, *op. cit.*, p.295-296
[20] *The Economist*, 6 September 2001, "The case for brands". London: The Economist Newspaper Limited
[21] Joachimsthaler, Erich and Aaker, David A (1999). "Building Brands Without Mass Media", in *Harvard Business Review on Brand Management*, p.39. Boston: Harvard Business School Press

> *Such a correctly defined brand comes to represent the organisation itself, and will endure even as the industry changes, the competition changes and industry boundaries fall. This brand acts as a guide to the strategic decision-making process of management and also acts as a motivating and driving force behind the efforts of all its employees, whether in R&D, production, marketing, finance or sales.*[22]

According to Baker, the trend is now for companies to regard – and market – themselves as brands. This, he says, is "the subjective, difficult-to-define aspects of service and reputation associated with a company which will position it in the consumer's mind and the market-place":

> *But such brand-building will have to be very different from most managers' current perceptions of 'brands' as fast-moving consumer goods or possibly the company's logo and corporate identity programme. In future the company 'brand' will have to encapsulate and communicate what an organisation is and what it stands for – its mission, culture and aspirations*
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> *In doing so it will be as important for the internal marketing of the firm as it is for its efforts to win a distinguished and distinctive place in the perception of its actual and prospective customers. To achieve this will require organisations to be market-oriented and customer driven in a manner which embraces all members and functions of the organisation.*[23]

Baker cites Nike as a company that has been successful at branding itself in addition to its products. He refers to a study conducted by Seth (1988), in which Seth concluded that Nike's external messages were consistent and its heroes – US basket

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[22] Gilmore, Fiona (2002). "A country – can it be repositioned? Spain – the success story of country branding", *The Journal of BRAND MANAGEMENT,* April 2002, Volume 9, Number 4-5, p.281. London: Henry Stewart Publications

[23] Baker, *op. cit.*, p.305

ball icon Michael Jordan, golf sensation Tiger Woods, athlete Magic Johnson, boxer Lennox Lewis and footballers Eric Cantona and Ian Wright, among others – are given high visibility.[24]

The Competence Center for Corporate Communications at the MCM Institute for Media and Communications Management at the University of St. Gallen in Switzerland says a corporate brand consists of both factual and emotional elements, with the amount and quality of these elements of knowledge stored in what they call the brand network being the key factors in regulating the degree of trust a business is accorded by its target market. The Center says media targets – such as financial analysts, journalists and political lobbyists – are very important because they have a powerful influence on the targets and, therefore, play an important role in the corporate branding process.[25]

The Center also adds the following:

> *Corporate branding is about creating positively loaded knowledge in the minds of all relevant target communities in order to build trust in the company, its products, services and actions and to differentiate it from its competitors. It is about communicating corporate strategy with all its facets to the target communities. This creates the corporate brand, which can be depicted as a network of knowledge about the company stored in the mind of the target person.*[26]

The Center warns that everything a company says and does, whether or not it is intended, creates knowledge in the brand network, and that, therefore, care has to be taken to ensure that the communications strategy reflects the true identity of the

[24] *ibid.*
[25] www.communicationsmgt.org/communicationsmgt/communicationsmgt.nsf
[26] *ibid.*

company in order to create a coherent "brand network" that does not contain contradictory elements.

Martin (2001) makes the important point that employees are a company's best brand ambassadors. He says when employees understand the values of the organisation and see the strategy for the brand being reflected in specific behaviours, the gap between the actual brand promise and the perceived brand promise will close.[27]

3.4 CONCLUSION

In the world in which we live today, brands are very important parts of business and can confer a sustainable competitive advantage on companies owning them. Where once consumers were happy merely to own a car, now they are much more conscious of the type and name of car that they buy. Naturally, given Maslow's hierarchy of needs, those consumers who have reached the self-esteem stage are concerned with "factors such as recognition, status, prestige, and so on, most of which can be inferred from an individual's *possessions, mode of dress, and so on"* (emphasis mine).[28]

It is this consciousness on the part of the consumers about the kind of car they drive or clothes they wear that makes brands so important to businesses. It is because of the advantage that strong brands confer on their owners that even companies are now beginning to brand even themselves, in addition to their products.

This chapter has made a critical assessment of brands in general, whether they be products and services or corporate companies, and the next chapter will evaluate the notion of countries as international brands.

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[27] Martin, David (2001). "New York State of Mind – branding in the big apple", www.imc.org.za/documents/us_brandig.html

[28] Baker, *op. cit.*, p.224

CHAPTER 4

LITERATURE REVIEW:
COUNTRIES AS INTERNATIONAL BRANDS

4.1 INTRODUCTION

While it was possible, some centuries ago, for countries to survive on their own, without any need to interact with others, today they are dependent on one another to various degrees and compete for numerous opportunities. Not even the richest countries – the United States of America, Japan, Germany, the United Kingdom, France, etc. – are self-sufficient.

Among the many things for which countries compete today are foreign direct investment and tourism, both of which can help improve the standard of life in a country and create employment, as well as opportunities to host international sporting events like the Soccer World Cup and the Olympics, among others. The hosting of such sporting events and major international conferences – like the World Conference Against Racism that took place in Durban, South Africa in July 2001 and the World Summit for Sustainable Development held in Johannesburg, South Africa in August-September this year – affords countries a wonderful opportunity to market themselves to the outside world.

For instance, the achievements of the Sydney 2000 Olympics, coupled with the country's aggressive branding before and after the Olympics, are said to have created "a new view of Australia as a cosmopolitan, outward-looking country. Morgan, Pritchard and Piggott (2002) cite a study conducted by Morse, which found that many Australian politicians saw the Sydney 2000 Olympics as symbolising the modernisation of their country's economy. Morgan, Pritchard and Piggott quote the Morse study as saying it had been estimated that the exposure gained through hosting the Olympic Games had accelerated Australia's marketing by 10 years and that it would generate an additional AUS$6,1-billion in foreign exchange earnings between 1997 and 2004.[1]

As Atkinson and Miller (1998) point out, international trade has become very important for firms and countries alike.[2] This goes back to Adam Smith's argument that if two countries specialised in producing those goods in which they had an absolute advantage (when a country is more efficient in the production of that good than the other country), and then traded with each other, both countries would benefit. International trade, then, results in an increase in the amount of goods and services produced, as well as in competition. As a result, the power wielded by domestic monopolies is reduced, with the resulting improvement in efficiency and lower prices benefiting consumers.[3]

Given this competition among countries in what is now regarded as a global village, it stands to reason that those countries that have a positive image internationally have an advantage when it comes to attracting much-needed foreign direct investment, tourists and even human capital in the form of educated immigrants. It follows, too, that, like products, services and companies competing with one another for patronage, countries also have to distinguish themselves from their competitors by developing a

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[1] Morgan, Nigel, Pritchard, Annette and Piggott, Rachel (2002). "New Zealand, 100% Pure. The creation of a powerful niche destination brand", *The Journal of BRAND MANAGEMENT,* April 2002, Volume 9, Number 4-5, p.341. London: Henry Stewart Publications

[2] Atkinson, Brian and Miller, Robin (1998). *Business Economics*, p.411. Essex: Pearson Education Limited

[3] i*bid.,* p.412

unique selling proposition that sets them apart from other countries. This they do by branding themselves.

4.2 COUNTRIES AS BRANDS

When citizens in democratic countries cast their votes for heads of states in their respective countries, they are probably not aware that the men and women they elect will have the added responsibility of serving as their countries' brand managers. The leaders themselves will certainly know what considerable powers they will wield once in office, but even they themselves might not consider acting as their countries' brand managers to be one of their important responsibilities.

It is these men and women who are the most visible personalities in their countries, and whose words are taken seriously and analysed rigorously at home and abroad. Their pronouncements, let alone their actions, have the capacity either to depress or to boost their respective countries' stock exchanges.

According to Kotler and Gertner (2002), in a world of over six billion people – approximately 80 percent of them in the Third World, most of them poor – living in "nearly 191 states (and in many others still fighting for their sovereignty)" today, the challenge of building a nation's wealth has become critical. They say the challenge of national economic development has gone beyond the limits of public policy and become a market challenge.[4]

As a result, say Kotler and Gertner, there are many more reasons today – competition for tourists, for factories, for companies and for talented people, as well as to find

[4] Kotler, Philip and Gertner, David (2002). "Country as brand, product, and beyond: A place marketing and brand management perspective", *The Journal of BRAND MANAGEMENT,* April 2002, Volume 9, Number 4-5, p.253. London: Henry Stewart Publications

markets for their exports – why countries should manage and control their branding. To this end, they have to adopt strategic marketing tools and conscious branding.[5]

Strategic place marketing, according to Kotler and Gertner, concerns the enhancement of a country's position in the global marketplace and requires understanding those forces in the environment that may affect marketability. This entails conducting a SWOT analysis for a country, critically looking at its strengths, weaknesses, opportunities and threats vis-à-vis its competitors.

Kotler and Gertner say country names amount to brands and help consumers evaluate products and make purchasing decisions. They argue that the names are responsible for associations that may add to or subtract from the perceived value of a product from the country concerned. They also point out that even when a country does not consciously manage its name as a brand, people still have images of that country that are called to mind by the mere mention of the country's name. These images are likely to influence people's decisions related to purchasing, investing, changing residence or travelling.

A country's image, according to Kotler and Gertner, results from many features, among them the country's geographical location, history, proclamations, art and music as well as famous citizens. They draw attention to the important role played by the entertainment industry and the media in shaping people's perception of places, "especially those viewed negatively":

> *Not only are product categories such as perfumes, electronics, precision instruments, wines, cars and software strongly identified with certain places, but so also are societal ills such as Aids epidemics, political riots, civil rights*

[5] *ibid.*

violations, attacks on the environment, racial conflict, economic turmoil, poverty and violent crime. All of these have been repeatedly and strongly associated with certain locales.

…Most country images are in fact stereotypes, extreme simplifications of the reality that are not necessarily accurate. They might be dated, based on exceptions rather than on facts, but are nonetheless pervasive.[6]

The difficulty for countries comes from the fact that, as Kotler and Gertner point out, country images or knowledge structures related to places are commonly used as short cuts for information processing and consumer decision heuristics, with people usually resisting change or adjusting their prior knowledge. Instead, "they prefer to adjust what they see to fit what they know; they may fill in information that is not presented or distort the reality to fit their mental representations":

People are also more likely to pay attention to information that confirms their expectations. They disregard information that challenges their knowledge structures in a process known as confirmation bias. They avoid the effort necessary to reconstruct their cognitions, unless misrepresentations have a cost for them or they find utility in the revision of their schemas. Therefore, images can be long lasting and difficult to change. They can be assessed and measured, and they may be managed and influenced by place marketers as well.[7]

Given these challenges, Gilmore (2002 sees country branding as an answer. She says in this age of uncertainty "effective country branding is like a preventive injection against bad publicity", arguing that great brands – whether they be countries, companies or products – are not easily destroyed by disaster. To support her thesis,

[6] *ibid.*, p.251
[7] *ibid.*

Gilmore draws attention to Perrier, which "withstood the effects of a contamination disaster".[8]

4.3 HOW COUNTRIES ARE BRANDED

Since countries, like products and companies, are engaged in competition, it follows that those with positive brand identities are at an advantage, while those with low brand equity are at a significant disadvantage. The challenge facing countries that are strong international brands is to retain their positive images, while those on the other side of the spectrum have to battle to improve their images.

Since most countries already have certain strong identities – often stereotypes or "extreme simplifications of the reality that are not necessarily accurate", as Kotler and Gertner put it – in the minds of foreign publics to which they need to be marketed, the starting point for any branding campaign has to be an attempt to deal with the reality which exists and gradually to overturn those stereotypes. This is considerably easier in the case of products like Perrier, Coca-Cola or Nike, but much more difficult in the case of countries. This is because in the case of a country the brand manager has no control over "environmental factors that may keep tourists and investors away, such natural disasters, political turmoil and economic downturns". The biggest problem is controlling how the foreign media report on a country's problems, "often creating or perpetuating stereotypes".[9]

As with any effective branding or public relations campaign, the first priority for those charged with the responsibility of improving a country's brand equity is to

[8] Gilmore, Fiona (2002). "A country – can it be repositioned? Spain – the success story of country branding", *The Journal of BRAND MANAGEMENT,* April 2002, Volume 9, Number 4-5, p.284. London: Henry Stewart Publications

[9] Kotler, Philip and Gertner, David, *op. cit.*

confront problems head on and to get them fixed, instead of pretending they do not exist. After all, without addressing the problem of its contamination, Perrier would not have been able to persuade the public that its water was contamination-free.

This is a view shared by Kotler and Gertner, who say that a common mistake made by some countries' brand managers is to attempt to fix their countries' images without first dealing with the problems which gave rise to the negative images. They warn that no amount of advertising or public relations will make an unsafe place safer, and that attracting tourists to such a place without first fixing the problem can only lead to visitors bad-mouthing the country, thus making things worse. It is vital, therefore, that the desired country image must be "close to reality, believable, simple, appealing and distinctive".[10]

According to Gilmore:

> *The important thing to realise about branding a country is that it must be an amplification of what is already there and not a fabrication. A country or region's positioning can never be an artificial creation, imposed from the outside. Taking a proactive approach to repositioning a country does not, therefore, mean whitewashing the canvas, painting the desired picture of it and expecting that picture to sell. The country's brand should be rooted in reality and in fundamental truths about the destination, and it needs to connect people. Individuals' very clear sense of place and its values, in almost a spiritual and certainly an emotional sense, would indicate that, if the right nerve was touched, the connection could be very powerful indeed.*[11]

Tourism is an important foreign exchange earner for many countries, with some countries more dependent on it than others. According to Gnorth (2002), tourism has the added advantage of presenting local producers with a unique opportunity to showcase their products and services to visitors, to convince them of the products'

[10] *ibid.*
[11] Gilmore, *op. cit., p.284*

quality and benefits, and to turn the tourists into customers of their products in their respective countries once they have returned home.[12]

Tourism as an industry has grown phenomenally over the years, with the total international demand for it having been estimated at US$4,495,5-billion in 2001. It is expected to contribute 4,2 percent to the world's gross domestic product and employs one in every 12,2 persons, and this figure is expected to grow to one in every 11,2 jobs by 2011.[13]

According to Gilmore, every country needs to remember that many nations are involved in the process of branding themselves, and that those countries which do not engage in proactive branding run the risk of being positioned by their competitors to the advantage of the competitors. Such a situation would make it even more difficult for that country to control its economic destiny. She cautions that unless carefully managed, a country can come to be dominated by a particular negative image or stereotype.[14]

She refers to the example of Spain, which managed successfully to turn around its image as country that is isolated, poverty-stricken and not really part of modern Europe, to one that is a modern European democracy with much-improved economic prosperity, as a destination of choice for holidays, second homes, retirement homes and partygoers "anxious to have spent the obligatory summer at Ibiza". Gilmore says the fact that Spain could do this is proof that country branding can be done successfully, and that this makes it even more important that Spain continues to take an active approach to maintaining its brand in the years ahead.

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[12] Gnoth, Juergen (2002). "Leveraging export brands through a tourism destination brand", *The Journal of BRAND MANAGEMENT*, April 2002, Volume 9, Number 4-5, p.262. London: Henry Stewart Publications

[13] *ibid.*

[14] Gilmore, *op. cit., p.283*

Gilmore contends that if Spain could achieve so much despite its negative history, then there was scope for “younger” countries which had become independent in the past 40 years and were thus still in a nation-building mode to do more. Such nations, she says, were in a unique position to brand themselves because they were at an early stage of development and might not have acquired any negative perceptions or associations, or such perceptions were still not yet deeply embedded.[15]

Gilmore cautions that just as in the case of businesses where brands have to be situated at the heart of the organisation, driving their strategies and directions, so, too, should it be the case with countries as brands. She says that, if correctly defined, a brand in business represents the core values and ideology of an organisation, its *raison d’etre* and its reputation in the world. Such a correctly-defined brand then comes to represent the organisation itself, “and will endure even as the industry changes, the competition changes and industry boundaries fall”. In such a case, the brand acts as a guide to the strategic decision-making process of the company’s management and as a motivating and driving force behind the efforts of all its employees in all parts of the company.

Similarly, the core of a country’s brand has to capture the spirit of the people of that country and their shared purpose, with the spirit of the people and that of their place deeply connected. Part of this spirit, according to Gilmore, consists of values that endure throughout the times because they represent what a country’s citizens believe in and believe about themselves. She maintains that other factors such as the environment, resources, culture, history, the economy and the people’s experiences

[15] *ibid., p.282*

will also have played a part in influencing the development of this spirit, thus making it unique to the country.[16]

Gilmore says a country also needs to be positioned in the marketplace, just as though it were a product with numerous competitors. She recommends the use of what she calls a positioning diamond, which has at its corners four important factors to be considered for each country.

These are macro-trends as evidenced through environmental scanning using the traditional PEST (political, economic, social and technological) analysis; a clear identification of the target audience the country seeks to attract; similarly-positioned countries to be regarded as competitors; and an evaluation of the country's core competencies, whether these be physical or human assets. As an example of a country's core competency, Gilmore uses Botswana, which is blessed with huge deposits of diamonds. She says these diamonds give the country "a specific advantage that cannot be replicated by another country, unless the same physical conditions of pressure and geographic changes and tectonic movements have reoccurred elsewhere".[17]

On human assets, Gilmore says part of the branding exercise has to involve searching out exceptional individuals who will have the potential to place their country on the world map irrespective of its population size, economic wealth or political power. She says exceptional individuals and their exceptional stories have the potential to bring a country's brand alive and to make it more real to audiences around the world "for the simple reason that people relate to people". As an example, Gilmore says the Virgin brand derives much of its recognition from the exploits of its chairman, Richard Branson.

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[16] *ibid., p.285-286*
[17] *ibid.,* p.289

She says a country's brand must be used as the anchor upon which to build loyalty with its people. This is so because that loyalty is necessary if a country is to realise its brand since "each of the country's citizens becomes the living embodiment of the brand", and the actions and behaviours of a country's citizens while abroad will impact on the country's brand. Failure to engender loyalty among a country's citizens can damage and undermine a country's brand, with disillusioned citizens possibly even emigrating.

That is why in the process of branding a country abroad there also needs to be a parallel promotional campaign back home targeting citizens. For the branding programme to have credibility, Gilmore says the domestic campaign has to be supported by real changes in the physical infrastructure, the promotion of strategic industries through tax incentives, the attraction of venture capital, the encouragement of creativity, and getting citizens with an international profile and local opinion formers to serve as brand ambassadors. She stresses that since much of what is known about a country is through word of mouth, increasing the number of "informed country believers" is similar to creating a pool of brand ambassadors who will promote a country to whomever they meet and wherever they go.

In conclusion, Gilmore reiterates that the are two aspects of delivering on a country's brand promise: ensuring that the country is able to substantiate what its brand says about it; and, once developed, using the country's brand to discern what other activities, industries or projects the country should jumpstart because they complete the brand.

Papadopoulos and Heslop (2002) liken a country to a corporation that produces many products, and argue that it also needs a corporate positioning strategy based on the country's core competencies that arise not from raw materials or low business operating costs *per se,* but largely from people, ideas, approaches and styles of doing business. They concur with Gilmore that country images exist and will continue to evolve, but warn that without attention by the countries themselves these images will often be based on misconceptions, with potential negative consequences for the countries concerned. In their view, a country's failure to develop an attractive brand image would leave target markets free to create "whatever stereotype they wish".[18]

Supphellen and Nygaardsvik (2002) say just as in the case of products with their winning slogans – Nike's "Just Do It" immediately comes to mind – countries can also benefit from slogans. They say powerful slogans can contribute to brand equity in a number of ways, given their capacity to play off the brand name (country) in a way to build both awareness and images.[19]

4.4 CONCLUSION

In this chapter a systematic review of the latest literature on countries as brands has been conducted, with evidence by academics and researchers marshalled to support the thesis that countries are indeed powerful international brands that can benefit from a conscious branding effort. It has been argued that, in a fast-shrinking world in which countries are involved in a competition with one another for investment and tourism, among other things, it is those countries the mention of whose names conjures up positive images or evokes good memories that will emerge as winners.

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[18] Papadopoulos, Nicolas and Heslop, Louise (2002). "Country equity and country branding: Problems and prospects", *The Journal of BRAND MANAGEMENT,* April 2002, Volume 9, Number 4-5, p.308-309. London: Henry Stewart Publications

[19] Supphellen, Magne and Nygaardsvik, Irene (2002). "Testing country brand slogans: Conceptual development and empirical illustration of a simple normative model," *The Journal of BRAND MANAGEMENT,* April 2002, Volume 9, Number 4-5, p.385. London: Henry Stewart Publications

The next chapter will look at South Africa as such an international brand. This will be done first through the use of the questionnaire referred to in chapter two to establish British business leaders' perceptions of South Africa as an international brand, and then through the monitoring of the country's coverage in influential publications specifically aimed at the British business community, *The Economist*, *Financial Times* and *The Business*.

CHAPTER 5

FINDINGS:

SOUTH AFRICA AS PERCEIVED BY

BRITISH BUSINESS LEADERS

5.1 INTRODUCTION

Since the transition to democracy in 1994, South Africa has been trying to attract more foreign direct investment to the country so that more jobs can be created and rising unemployment arrested. Britain, which has close historical ties with South Africa and has been its biggest trading partner until recently, is one of the countries that have been targeted by South Africa as part of the latter's investment drives. During his State Visit to the UK last year, President Thabo Mbeki brought along with him a number of his Cabinet Ministers and South African business leaders to help him persuade the local business community to invest in South Africa. At a "South African Investment Seminar" hosted by the Confederation of British Industry (CBI), Mr Mbeki shared a platform with British Trade Secretary Patricia Hewitt, CBI Director-General Digby Jones and Unilever Chairman Niall FitzGerald.[1]

To establish British business leaders' perceptions of South Africa as an international brand, a four-page questionnaire was sent to 100 British business leaders. Their companies' names were taken from the London Stock Exchange listing in the *Financial Times,* with the addresses and facsimile numbers obtained from the companies' respective websites. By far the vast majority of the companies chosen are British, and some, like Coca-Cola, are not. The questionnaires, together with identical

[1] www.cbi.org.uk/ndbs/Search.nsf

cover letters asking business leaders to make the time to participate in the survey, were sent in July by fax and e-mail. Where responses were still outstanding, the questionnaires were sent again a month later, all by fax this time, with another request for the business leaders to complete them. The writer's home facsimile number was given and the business leaders asked to return the questionnaire by either fax or post. Out of recognition of the fact that business leaders are very busy and have many things competing for their time, the questionnaire was kept fairly short and straightforward to improve the chances of its being completed.

Two months after the questionnaire was first sent out, a total of 58 responses were received. Of these, 45 respondents completed the questionnaire and 13 declined to participate in the survey, saying their companies received too many requests to complete various questionnaires and that as a result they had developed a policy of non-participation. Among such leaders were the chairmen and chief executives of Shell, Uniliver, Coca-Cola Great Britain, Elementis, Bloomsbury Publishing and Cambridge Antibody Technology.[2] There were no responses – or acknowledgements of receipt – from leaders of the other 42 companies to which the questionnaires were also sent.

5.2 THE QUESTIONS ASKED

The questionnaire had seven questions. The first three were preliminary in nature. They sought to establish if the companies already had investments in South Africa or were considering the country for investment, and why they were or were not attracted to it as an investment destination. Answers to the last question would reveal the first perceptions of the country as an international brand as held by the respondents.

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[2] See Exhibit 2

The next two questions, with the second divided into four parts, related directly to the business leaders' perceptions of South Africa's brand equity. The answers to them would give a clear idea of how the country was regarded as an international brand competing with other countries for investment and tourism. In the first question respondents were first told that Coca-Cola, Sony, Mercedes-Benz, Toyota, Nike, McDonald's and Microsoft were some of the top international brands today, and then asked for their perceptions of South Africa as an international brand. They were given five different options from which they had to choose no more than two. The options were the following:

- That South Africa is a stable country with a strong economy;
- That South Africa is another typical African country with an uncertain future;
- That South Africa is a dependable country that my/our company can do business with;
- That it is a country riddled with problems and in which my/our investment would not be safe;
- That it is a beautiful country with a First World economy and infrastructure and Third World problems/challenges.

The options given accurately reflected the views generally held about South Africa, from the most negative and stereotypical to the most positive.

Respondents were then asked to give South Africa's main strengths, main weaknesses and dominant brand identity as they saw them, in their own words, and to say what they believed the country needed to do to improve its international brand identity.

The penultimate question asked the respondents if they had ever been to South Africa; and, if yes, whether on their return their perceptions of the country had been more negative, more positive or the same. If their perceptions had become more negative or positive than they were before they visited the country, the respondents were further asked if this change was as a result of the kind of feedback they received from those they met and spoke to in South Africa, if it was the result of media coverage of South Africa in the British media before their visits, or if it was as a consequence of the South African media coverage to which they were exposed during their stay in the country. Finally, respondents were asked what their normal source of news on South Africa is, with seven options listed for them to choose from: the British media, including radio and television; the South African High Commission; the Internet; international organisations like the World Bank and the International Monetary Fund; British business contacts and friends; South African business contacts and friends; or hearsay.

Answers to these last two questions would be important when it came to making recommendations about possible strategies to be adopted by South Africa to counter or consolidate the dominant perceptions of the country held by British business leaders and, by extension, the British public in general.

5.3 ANALYSIS

5.3.1 Presence or interest in South Africa

Of the 45 companies whose leaders completed the questionnaire, 33 (73 percent) had either a direct presence or business interests in South Africa and the other 12 (27 percent) did not. Ten of the companies that had no investments in South Africa were not considering the country as an investment destination. Only the other two, Dyson and Exel Computer Systems, expressed an interest in finding a South African distributor for their products because, in Dyson International Distribution Manager Tracey Scully's words, South Africa is "a large market for domestic electrical products".[3]

The reasons given by the companies that had no presence in South Africa and were not considering the country for investment were many and varied, although they all had to do with the companies' business strategies and priorities and little to do with the country itself. The reasons ranged from that the company did not invest overseas (Bristol Water), that there was no silicon chip industry in South Africa (ARM Limited), that opportunities for the company lay elsewhere (IMI), that the company's limited resources were focused on areas that were "more attractive and relevant to our core market" (British Energy), that the South African market was small for the company's products (Smiths Group), that South Africa had "relatively low perceived funding of schools" (Pearson Publishing), that the company's target markets were "financial centres of the globe, e.g. London, New York, Tokyo" (Cognotec), through to that the company did not invest outside Europe and the United States of America (Powergen).

The vast majority of the companies that already had a presence in South Africa had been there for many years for a number of reasons, the main one being the size of the market for the companies' products. One company, which described itself as "a marketer of international brands," said South Africa was an important market "due to its relative wealth and influence". Reuters saw its presence in South Africa as necessary because the company was "a global business and needed to be in all the key

[3] This and all other direct and indirect quotes in this chapter come from the responses given by the respondents

cities"; GlaxoSmithKline described South Africa as "a sophisticated healthcare environment offering a reasonable return on investment" and said there was "a strong demand" for its products in the country; Nestle UK Ltd was in South Africa because the country was of "strategic importance in Africa [and there is the] prospect of business growth in the longer term"; while Severn Trent Water International Ltd was in South Africa because it wanted to have "a local presence in a potentially developing market [which is] a regional hub".

5.3.2 South Africa as an international brand

In response to the question asking for their perception of South Africa as an international brand:

- 54 percent of the respondents chose "That it is a beautiful country with a First World economy and Third World problems/challenges" only;
- 12 percent chose "That it is a beautiful country with a First World economy and Third World problems/challenges" and "That South Africa is a dependable country that my/our company can do business with";
- 14 percent chose "That South Africa is a dependable country that my/our company can do business with" only;
- and 19 percent chose "That it is a beautiful country with a First World economy and Third World problems/challenges" and "That it is a country riddled with problems and in which my/our investment would not be safe".

Overall, the dominant impression that British businesses have of South Africa is positive. Altogether, 84 percent of the respondents chose the positive description "That it is a beautiful country with a First World economy and infrastructure and Third World problems/challenges", and 24 chose the option "That South Africa is a dependable country that my/our company can do business with". More importantly, the 19 percent of respondents who regarded South Africa as “a country riddled with problems and in which my/our investment would not be safe” also chose the positive “That it is a beautiful country with a First World economy and Third World problems/challenges” to go with it. No respondent chose that negative option alone.

5.3.3 South Africa’s main strengths as an international brand

More answers were given to the question asking for respondents’ perceptions of South Africa’s main strengths as an international brand than to any other, with the number of identified strengths far outnumbering the given weaknesses. The strengths mentioned ranged from the weather/sunshine, reconciliation, Nelson Mandela, the country’s affordability (the South African Rand-British Pound exchange rate has hovered in the 15:1 ratio for much of this year), the country’s beauty, good infrastructure, racial diversity, wildlife, natural wealth, the economy and its management by the Government, financial and political stability, through to democracy, sporting prowess and good growth prospects.

Among other things mentioned, Imperial Tobacco Group also identified “the spirit of reconciliation and forgiveness” as a strength; Bayer said South Africa “will bend over backwards to attract interest from international business”; Philips Electronics cited the country’s “reasonably competent economic management”; Nestle UK Ltd gave “reasonable growth prospects”; and Independent News & Media said South Africa had “the greatest GDP in Africa”. Also, Cognotec gave as a strength the fact that “the world wants (South Africa) to succeed”, Vodafone described the country as “the positive side of Africa” and Powergen said it was “the best of the bunch in Africa”.

The most often-cited attribute was the weather/sunshine (37 percent), followed by the country’s beauty (28 percent), mineral wealth (24 percent), its affordability (24 percent) and its good infrastructure (20 percent). Others, in descending order, were racial and cultural diversity (18 percent), reconciliation (16 percent), Nelson Mandela (16 percent), a First World economy (12 percent), Africa's best hope (12 percent), democracy (eight percent), financial and political stability (eight percent), good growth prospects (eight percent), sporting prowess (eight percent), wildlife (seven percent), and the Government's management of the economy (four percent).

5.3.4 South Africa's main weaknesses as an international brand

Although not as many answers were given to the question on South Africa's main weaknesses, they were fairly consistent. As will be evident in the following chapter about coverage of the country in the business publications that were monitored for the purpose of this study, there were five dominant issues repeatedly mentioned as weaknesses. These were crime (63 percent), HIV-AIDS (41 percent), events in Zimbabwe in particular and elsewhere in sub-Saharan Africa generally (26 percent), uncertainty about what will happen in South Africa after Mandela's death (20 percent) and corruption (16 percent).

Clearly, crime is South Africa's biggest weakness as an international brand. A number of respondents were concerned more not so much about the crime itself, but rather about the fact that it was accompanied by violence and the publicity given to it. Imperial Tobacco Group's G Davis put it succinctly: "Crime (or at least the reporting of it) is a major negative and increasingly we hear of lawlessness in RSA (the Republic of South Africa)." Bristol Water, on the other hand, gave it as "reported violence".

On the second identified weakness, it is not so much the existence of the health scourge that is seen as a problem, but, rather, "lack of a strategic approach to HIV-

AIDS", as Rentokil Initial's Martin Ellis put it. This means that these are seen as problems about which the country can and should do something, as opposed to ones about which it can do nothing.

According to Ellis, one of the main things detracting from South Africa's brand equity is "geography (Africa) – Zimbabwe". Philips Chairman and Managing Director David Jordan described it as "the adverse knock-on effects of instability in neighbouring countries", Independent News and Media Chief Executive Officer Ivan Fallon said it was "African contamination" and British Airways said it was "proximity to troubled Zimbabwe".

5.3.5 South Africa's dominant brand identity

Not surprisingly, the attributes listed by respondents as the country's dominant brand identity are not dissimilar to those given as South Africa's main strengths as an international brand. The difference is that unlike in the case of the main strengths where many attributes were listed, here it was that one dominant attribute, captured by the respondents in one sentence or no more than five words. In the respondents' view, that is the one thing on which South Africa would have to market itself abroad, particularly in Britain, and would be the equivalent of Nike's "Just Do It".

For British Airways's Alan Burnett, South Africa's marketing slogan should be "Value combined with quality" and for Philips's Jordan it should simply be "Unique in Africa".

Generally, three main themes emerged: diversity, tourism and former president Nelson Mandela. Diversity was the dominant brand identity by Imperial Tobacco Group, Vodafone ("diverse cultures"), Philips ("a democratic, diverse country") and

EMI ("cultural diversity"), among others. South Africa's attractiveness to tourists was identified as the dominant brand identity by Rentokial Initial ("good holiday destination"), Sage ("geographical beauty"), Severn Trent ("holidays"), Independent News and Media ("sunshine, beauty, wildlife), Smiths Group ("sunshine"), GlaxoSmithKline and ARM Limited ("tourist destination"), among others. Many other respondents (Bristol Water, Pearson Publishing, Cognotec, Powergen, Royal & SunAlliance, among them) saw Mandela as South Africa's dominant brand identity.

In addition to these, there were other perceived dominant brand identities given by some respondents. Imperial Tobacco Group's G Davis listed "determination to overcome the problems faced by the country" as such a dominant brand identity, Nestle said it was "fragile optimism", Reuters identified "racial progress", Cadbury Schweppes chose "Enigma" and Bayer regarded South Africa's being "a global economic player despite its problems" as the country's unique selling proposition.

5.3.6 What South Africa should do to improve its brand image

Just as responses to the question on South Africa's dominant brand identity generally mirrored those on the country's perceived main strengths, so, too did responses to this section correspond to the perceived main weaknesses; the difference was that here respondents were saying those ills needed to be addressed. Respondents said South Africa had to be seen to be dealing with HIV-AIDS, crime, post-Mandela uncertainty and corruption and actively differentiating itself from Zimbabwe and the neighbouring countries if it was to improve its international brand equity. There was a strong call on South Africa to tackle these issues urgently and purposefully. IMI's Graham Truscott's advice, shared by many other respondents, was for the country to "tackle social and health issues", while Cognotec advised South Africa to "reassure people that the violence and danger of the country is being tackled". On events in Zimbabwe and what Independent News and Media's Fallon called general "African contamination", Smiths Group Chief Executive Keith Butler-Wheelhouse's advice was succinct: "Align with the world, not Africa."

Respondents also advised South Africa to do a number of other things in addition to visibly being seen to be tackling HIV-AIDS, crime and corruption and differentiating itself from Zimbabwe. The advice included the following:

- "Encourage more visitors by opening its skies" (British Airways).
- "Greater projection of current leaders as people who see South Africa as open for business and encouraging to serious inward investment" (Imperial Tobacco Group).
- "Lead truth and reconciliation as a way of life for all nations" (Vodafone).
- "Simplify the approach to positive discrimination [affirmative action] and improve literacy levels" (Rentokial Initial).
- "Strive for three things: post-Mandela progress/security; that the positive image is South African, not white or black; that South Africa is the natural leader of the continent" (company name withheld at respondent's request).
- "Stabilise currency, open up exchange controls and take a stand against corrupt state regimes to the north" (Sage).
- "Address poverty and establish partnership with business" (GlaxoSmithKline).
- "Further strengthen its economic and managerial competences and give strong signals that it will avoid the excesses seen elsewhere in Africa" (Philips).
- "Convey optimism and confidence in future direction" (Nestle UK Ltd).
- "Reduce political interference in business" (Severn Trent).

- “Market the fixed direct investment potential” (Independent News and Media).
- “Deliver stable politics and economic climate” (IMI).
- “Develop political leadership in the region, promoting development free from corruption, healthcare to attack the AIDS issue, and promoting democracy in preference to tribal dictators” (Powergen).

5.3.7 Impressions after visiting South Africa

The majority of the respondents (74 percent) had been to South at least once. Of these, 30 percent returned with their impressions of the country being more negative than they were before they went there, 35 percent returned with their impressions of the country being more positive than they were before their visits, and 35 percent came back with their impressions of South Africa unchanged.

Of those whose impressions were more negative on their return from South Africa compared to before they went there, 83 percent attributed this to “negative feedback from people I met and spoke to in South Africa” and 17 percent attributed it to both “negative, sensational coverage of South Africa” to which they were exposed in the British media before their visits to South Africa and “negative South African media coverage during my stay in that country”. On the other hand, of those respondents whose impressions of the country were more positive on their return than they were before their visits, 86 percent attributed this to “positive feedback from people I met and spoke to in South Africa” and 15 percent attributed it to “positive South African media coverage during my stay in that country”.

The important picture that emerges is that the majority of both those whose impressions of South Africa were more negative and those whose impressions were more positive on their return were influenced more by things they heard said by the people they met in South Africa, rather than by media coverage either here in Britain or in South Africa. This suggests that business leaders attach more significance to what they hear in face-to-face discussions with people they consider to be more knowledgeable on the issue under discussion, rather than to what they read or see in the media.

5.3.8 Sources of information on South Africa

Although respondents were given seven possible sources of information on South Africa, they were not restricted to a certain number of choices. In theory, then, they could have ticked off all seven options, but none of them did so. The biggest number of options chosen was three, with most respondents ticking off two sources.

Most respondents (85 percent) relied on the British media (both print and electronic) for information on South Africa, two-thirds (67 percent) relied on their South African business contacts and friends, 37 percent got their information from their British business contacts and friends, and four percent used the Internet and the World Bank for information on South Africa. Respondents who used just one source of information relied on the British media, although most used both the local media and their South African business contacts and friends. None used the South African High Commission in London as a source of information.

5.4 CONCLUSION

The majority of the respondents were knowledgeable about South Africa. Most of their companies (73 percent) have investments in South Africa and they themselves (74 percent) have been to the country. Overall, the respondents – including those whose companies have no presence in South Africa – were generally positive about the country and saw it as "the positive side of Africa", in the words of Vodafone Brand and Channel Marketing Director Colin Morley, and "unique in Africa", in the words of Philips Chairman and Managing Director David Jordan. For most of them (84 percent) South Africa as an international brand has the following message: "That it is a beautiful country with a First World economy and infrastructure and Third World problems/challenges." Another 24 percent saw the message projected by the country as a brand as being "That South Africa is a dependable country that my/our company can do business with".

However, there were also serious concerns which, in the respondents' view, sullied South Africa's international brand image and needed to be addressed as a matter of priority. These were crime (63 percent), HIV-AIDS (41 percent), problems in Zimbabwe in particular and "African contamination" in general, post-Mandela uncertainty and corruption. South Africa was advised to tackle these issues vigorously and to differentiate itself from its African neighbours and, in the words of Smiths Group Chief Executive Keith Butler-Wheelhouse, "align with the world, not Africa."

South Africa continues to enjoy international goodwill because, among other reasons, "the world wants it to succeed", as one respondent put it. Apart from the serious weaknesses identified by respondents, there was also a strong feeling that the country's macro-economic fundamentals are fine and that it would be much more successful in selling itself as an international brand if it were not in Africa. However, other respondents saw South Africa's geographical location as an opportunity for the country to assume a leadership position on the continent and to promote democracy and good governance.

Perhaps more importantly, the country's perceived dominant brand identity – ranging from its attractiveness as a tourist destination, its rich racial and cultural diversity, through to its being home to world-renowned statesman Nelson Mandela – is positive. This creates opportunities for the country to market itself better internationally.

CHAPTER 6

FINDINGS:
SOUTH AFRICA AS REFLECTED
IN THE BRITISH BUSINESS PRESS

6.1 INTRODUCTION

Although it is no longer as dominant as it once was during the era when there was no electronic media to offer competition, the press nevertheless continues to play an important role in most educated societies today. It serves a number of functions, ranging from the crucial role of informing the public what is going on in the world today, why things happened the way they did and what the possible implications are, through to offering entertainment and, depending on the degree of development in the different countries, even rendering a public service.

For the purpose of this study, three publications were monitored over a three-month period to assess their coverage of South Africa and the overall image of the country created through their coverage. These publications – *The Economist, Financial Times* and *The Business* – were chosen because they are business media read by the British business leadership, with the first two generally regarded as influential among those who run companies and make decisions about where to invest their companies' money. As was evident in the preceding chapter, most respondents to the questionnaire said they obtained their information on South Africa from the British media. It follows, therefore, that the image of South Africa conveyed – or created – by the British business media would influence the perception that local businessmen and women will have of South Africa.

Of the three, *The Economist* circulates internationally and therefore reaches many more business leaders around the world. What appears in that weekly publication is read by many more business leaders, all of whom South Africa has a vested interest in persuading either to invest in the country or, if their companies already have a presence in South Africa, to remain there for years to come. Accordingly, *The Economist*'s coverage of South Africa has been monitored much more closely and over a longer period than that of the *Financial Times* and *The Business.*

Overall, South Africa featured more often and much more prominently in *The Economist* and the *Financial Times* on a regular basis, than was the case in *The Business.* Generally, the South African issues covered in the three publications tended to be similar. These ranged from the problems of HIV/AIDS, crime and political instability in neighbouring Zimbabwe, through to South Africa's emergence as a political force in Africa, especially through the advocacy of democracy, sound management of the economy and a peaceful resolution to the conflicts that have raged for years in the continent.

Given the fact that on the whole the three publications covered the same South African issues and therefore painted the same picture of the country to British business leaders, the chapter focuses more closely on *The Economist*'s coverage of South Africa. Since the image of South Africa created by the magazine's coverage is consistent with that created by the *Financial Times* and *The Business,* articles and commentaries appearing in the latter two publications will be referred to specifically only in those instances where they are different from – or add to – *The Economist*'s coverage.

To facilitate this study, the author took out a subscription to *The Economist* and the *Financial Times* and purchased *The Business* on Sundays.

6.2 SOUTH AFRICA'S PORTRAYAL IN THE LOCAL BUSINESS PRESS

The Economist has a separate unit called the Economist Intelligence Unit (EIU), which compiles detailed information, statistics and analyses on different countries. This information, which is updated regularly and is marketed as "an essential tool for planning international business strategies[1], is made available for sale to businesses keen to invest in a particular country and therefore wishing to know more about that country.

The EIU's fact sheet on South Africa, updated on June 4 2002, gives the following information about the country (taken directly as it appears):

Population: 44,4 million as of 2001

Population growth: 2% per year (1997-2001)

Land area: 1,2 million square kilometres

Fiscal year: Starts April 1

Currency: South African Rands 8,61:US$1 (2001 average); R10,17:US$1 (May 16th 2002

GDP: R964 billion (2001); US$112 billion (2001 at exchange rate); US$320 billion (2001, at PPP[2])

GDP growth: 2,2% (average 1997-2001); 2,2% (2001)

GDP per head: US$2 519 (2001, at exchange rate); US$7 882 (2001, at PPP)

Inflation: 6,3% (average, 1997-2001); 5,7% (2001, average).[3]

[1] www.economist.com/countries/SouthAfrica, Economist Intelligence Unit
[2] Purchasing Power Parity
[3] www.economist.com/countries/SouthAfrica, Economist Intelligence Unit

Under "Political structure", the EIU describes South Africa as a constitutional democracy with a bicameral parliament and an indirectly elected executive president. The unit explains that the constitution is "the supreme law of the land", that the 400-member National Assembly is elected by proportional representation, that the Senate (now called the National Council of Provinces) is made up of indirectly elected representatives of the nine provinces and that elections for the provincial legislatures are held at the same time as the general election. "The judiciary," says the EIU, "is fully independent and includes a nine-member Constitutional Court. The constitution provides for an independent corruption watchdog, the public protector, and for independent commissions on human rights, gender equality and the restitution of land rights."

Under "Policy issues", the EIU says:

> *Black economic empowerment, correcting social imbalances and job creation within the context of fiscal and monetary discipline are the main aims of government's economic policy. The consolidation of democratic processes, which dominated the first five years of ANC rule, have given way to a sharper focus on economic issues – specifically growth and job creation, within the broader context of political and economic transformation and the Africanisation of society. Although core policies will continue to be informed by the ANC's macroeconomic blueprint, Growth, Employment and Redistribution, the strategy itself is taking on a deeper market-oriented perspective, making growth a higher priority than redistribution.*[4]

In a discussion of the country's economic structure, the EIU notes that the distribution of income in South Africa is one of the most unequal in the world, adding that the country "encompasses displays of affluence the equal of any in the developed world and level of poverty associated with developing countries". The unit also

[4] *ibid.*

mentions that although best known for its precious metals, fruit and wine, South Africa has in fact moved from an economy historically dominated by mining and agriculture to one where manufacturing and financial services contribute the larger share of the gross domestic product. However, the EIU also makes the point that mining nevertheless remains an important foreign-exchange earner, with gold accounting for over one-third of exports.[5]

This background is important in order to ensure that coverage of the country, as well as the assessment of that coverage, is situated within the proper context. Also important for the same reason is *The Economist's* last special focus on South Africa, published just over 18 months ago, as part of the magazine's regular surveys on different countries. The survey is a critical look at a democratic South Africa seven years after the end of apartheid. It is only once an overview of the survey has been given in this study that an assessment of the coverage will be made.

The problems and challenges catalogued in the survey mirror those reflected in the coverage of the country, as will be seen later. An article headlined "Africa's great black hope" opens with a statement that of all the horrors of the 20th century, South Africa's was unique because it did not happen. It says that, judged against that achievement, any subsequent shortcomings of the country's new rulers "should perhaps be judged tolerantly".[6]

The story goes on to say that the catastrophe that did not happen was not the end of the story, but that another catastrophe, the one caused by the Acquired Immunodeficiency Syndrome (AIDS), was stepping in to take the place of the one that did not occur. The story says that, although not yet visible to most people, the shadow of AIDS "hangs over almost every aspect of South African life". It goes on to

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5 *ibid.*

6 "Africa's great black hope", in *The Economist*, 22 February 2001. London: The Economist Newspaper Ltd

say if the forecasts are correct, the disease will kill an estimated four million people in the next 10 years, but notes that if pessimists were right that figure could be as high as six million. “That,” says the story, “would mean that AIDS would have claimed as many lives as Hitler’s Holocaust, in South Africa alone”. And yet there are high expectations of South Africa:

> *[South Africa] has huge mineral wealth, roads, railways, ports and connections to the rest of the world unrivalled in Africa. No wonder, therefore, that as one country after another adds to the general sense of disillusion, more and more seems to be expected of South Africa. Africans flock there. It has become the continent’s great black hope. Yet there is also fear – fear of AIDS, of unemployment, of a future under a different president, Thabo Mbeki, without the reassuring Mr Mandela, fear, in short, of failure.*[7]

Another story, published as part of the survey, takes an in-depth look at another problem: that presented by crime. It says that the number of crimes – especially rapes, car hijackings, serious assaults, housebreakings and common robberies – has been increasing since 1996 and that the trend has been sharply upwards since 1998. It says of the 2,2 million crimes reported to the police in 1998, almost half were considered “‘undetected’, meaning that the evidence was insufficient or that the suspect had disappeared”, that half a million were withdrawn and that of the 524 000 cases that reached court, 203 000 resulted in convictions. However, the story also says tourists to South Africa can take comfort from the statistic that about half the country’s murders were committed by people who knew their victims.

The story also gives the cost of crime to business and private individuals to have been about R40-billion in 1996, and says the only group to benefit was the

[7] *ibid.*

burgeoning security industry, whose turnover had risen from an estimated R1,2-billion in 1990 to R11-billion in 1999.[8]

A separate story on housing for the poor and land restitution challenges concludes with reference to the fact that Article 25 of the South African constitution "gives clear guarantees about property rights", and adds that no wide-scale land invasions of the kind that have occurred in Zimbabwe seem likely in South Africa.[9]

As indicated earlier, the general news coverage of the country itself is consistent with the picture that emerges from both the EIU's fact sheet on South Africa and the above-mentioned country survey. South Africa appeared in three consecutive issues of *The Economist* in February. The first article, headlined "South Africa and AIDS: People Power", refers to differences between President Mbeki's national Government and the provincial government of KwaZulu-Natal over the provision of anti-retroviral drugs to HIV-positive pregnant women in an effort to ensure that the virus is not passed on to their unborn children. The story tells how KwaZulu-Natal Premier Lionel Mtshali had announced that his provincial government would provide the drug nevirapine to HIV-positive mothers in the areas under its jurisdiction, as was already being done at many public hospitals in the richer provinces of Gauteng and Western Cape, in defiance of the national Government's position.[10]

A week later, the magazine reported on rising unemployment. It said if a strict definition were used, then about one in four South Africans would be said to be out of a job, and that this figure would rise to 37 percent if all the people who would like to work but could not get jobs were counted. For black people, the unemployment figure was 43 percent. *The Economist* said since the African National Congress had come to power in 1994 many formal jobs had disappeared and many informal ones created,

[8] "The endless assault", in *The Economist,* 22 February 2001
[9] "The bare necessities", in *The Economist*, *op. cit.*
[10] "South Africa and AIDS: People Power", in *The Economist,* 2-8 February 2002

although the job total had not changed. It said it made sense that most South Africans regarded unemployment as "their biggest problem".[11]

The following week the magazine returned to the subject of AIDS, this time reporting on former president Nelson Mandela's implied criticism of his successor's lack of decisive action to deal with the scourge. Mandela is quoted saying: "This is a war; it has killed more people than has been the case in all previous wars. We must not continue to be debating, to be arguing, when people are dying."

The report goes on to say South Africa has "the largest absolute number of HIV-positive people in the world", with studies suggesting that in KwaZulu-Natal over a third of all adults may be infected. It says notwithstanding this serious situation, "from the president down", there is a failure to talk publicly about the scale of the problem, but the Government was in denial. The report says further that if the people were dying in war, the situation would be considered an emergency.[12]

The next time South Africa featured in *The Economist* again was at the end of April, following the Government's acceptance that "anti-retroviral treatments in general could help improve the conditions of people living with AIDS" and its decision to make nevirapine available to infected mothers-to-be.[13] The Government's about-turn on HIV-AIDS marked a major change in the magazine's coverage of South Africa, with stories appearing in *The Economist* after that dealing with other issues which reflect less negatively on the country.

This compared well with coverage of South Africa in the other media, but especially the *Financial Times*, which had also carried a number of stories on the AIDS controversy.

[11] "South Africa's economy: Joy, confined", in *The Economist*, 9-15 February 2002
[12] "South Africa and AIDS: Stop denying the killer bug", in *The Economist*, 23 February-1 March 2002
[13] "South Africa and AIDS: Reason prevails", in *The Economist*, 27 April-3 May 2002

The change in *The Economist*'s coverage was evident from the next edition, which carried a story on South Africa's intentions to rationalise the country's tertiary institutions, with some universities and polytechnics previously serving different racial groups earmarked for mergers.[14] A month later the magazine reported on a new immigration law passed by the South African Parliament and subsequently by the president. Originally intended to make immigration easier for people with skills needed by South Africa, the law had been watered down by African National Congress Members of Parliament who had introduced a quota system for foreigners, with Government officials given the power to decide how many skilled workers were needed in each industry.[15]

Two weeks later, the magazine featured a story on South Africa again, this time about proposed legislation which would transfer ownership of the country's mineral resources to the Government, which would in turn lease mining rights to companies for renewable 30-year periods. The legislation – also covered by the *Financial Times* and *The Business* – intended to give blacks a bigger stake than they have at the moment in the country's mining industry. In the report, *The Economist* again stated that South Africa had "the world's largest deposits of gold, platinum, chrome, vanadium and manganese, as well as large lumps of diamonds and other mineral goodies".[16]

Six weeks later, two stories appeared in the magazine about South Africa. The first was on the country's increasing involvement in peace-keeping efforts in Africa, and the second on mining giant Anglo American's announcement that HIV-positive employees will be counselled and given anti-retroviral drugs at the company's expense. The former story made the point that South Africa's army was Africa's most

[14] "South Africa's universities: Rumbles on campus", in *The Economist,* 4 –10 May 2002
[15] "South African immigration: Want them, throw them out", in *The Economist,* 8-14 June 2002
[16] "South African mining: The diggers are restless", in *The Economist*, 22-28 June 2002

sophisticated and was seen to be neutral, and that, upon assuming the chairmanship of the African Union (formerly called the Organisation of African Unity) in June, President Mbeki had declared “Africans should take responsibility for ending their own conflicts”. It noted that he had subsequently given “his admirable words credibility, by offering 1 500 troops as UN peacekeepers in Congo, while nudging Ghana and Senegal to follow suit”.[17]

In addition to the above issues, *The Business*, in a feature article published a week before the World Summit on Sustainable Development in Johannesburg, also catalogued the same issues, ranging from crime, HIV-AIDS, rising unemployment and the mining legislation. In addition, the paper also linked the harassment of white farmers in Zimbabwe to South Africa, saying President Mbeki’s “refusal to do anything about [President Robert] Mugabe, even though the Zimbabwean president flouts every principle of the new African Union that Mbeki launched last month with much rhetoric”, damaged South Africa’s investment prospects.[18]

6.3 CONCLUSION

From these reports, the picture that emerges before the Government’s decision to make anti-retroviral drugs like nevirapine available to mothers-to-be is a negative one. It is one of a country that is ravaged by HIV-AIDS – most reports have repeatedly described the country as having the highest incidents of HIV-AIDS in the world – and crime. Events in Zimbabwe have also strengthened this image, with suggestions made that South Africa’s failure to condemn President Mugabe publicly and unequivocally have created the impression that Pretoria condones what has been

[17] “Peacekeeping in Africa: Where others fear to tread” and “Business and AIDS: Digging deep”, in *The Economist*, 10-16 August 2002

[18] *The Business*, 18-19 August 2002, “World of extremes splits South Africa”. London: ………

happening in that country and that, therefore, the same might happen in South Africa in years to come.

That is the dominant image created in the minds of British business leaders who read *The Economist,* the *Financial Times* and *The Business.* The few positive reports that have been carried on South Africa – on the Government's sound management of the economy and on the country's growing influence and leadership in African politics and peace efforts – are dwarfed by the consistent focus on AIDS and crime, in particular. Inadvertently the South African Government's initial response to the HIV-AIDS crisis, which has ensured that the resulting row receives so much coverage at home and abroad, has contributed in no small way to both the negative coverage and the negative image which resulted.

The emerging picture is bound to have an influence on the decisions taken by British business executives on investment in South Africa and on the number of British tourists who visit the country. The impression created by the HIV-AIDS figures, in particular, are likely to be factored into the decision-making process by local companies deciding on whether or not to invest at all or, if they already have a presence in South Africa, on the extent of that investment.

CHAPTER 7

SUMMARY AND DISCUSSION

7.1 INTRODUCTION

This penultimate chapter, which concludes this study, will present a broad overview of the research conducted and then draw conclusions from the research findings. For the benefit of the reader, the aims and objectives will be restated briefly, the research methodology that has been used will be outlined and the findings summarised before conclusions are drawn. The bulk of the chapter is dedicated to the conclusions and their discussion.

7.2 AIMS AND OBJECTIVES

7.2.1 Aims

As was explained in Chapter 1, this study, premised on the knowledge that countries are increasingly being regarded as international brands, aimed to examine post-apartheid South Africa as such a brand and critically to assess how British business leaders perceived the country's brand identity.

South Africa was ideal for such an assessment, because the country has changed dramatically since the coming to power of a democratically elected, black-led government less than a decade ago. The challenges it confronted were different from those that used to face the apartheid government which had been isolated by most countries around the world, and internationally South Africa was no longer regarded in the same way that it had been under apartheid. The country had come in from the cold and had been embraced by the world community, actively participating in many international organisations like the United Nations, the Commonwealth and the African Union, among others, and was at the forefront of efforts to promote democracy in Africa and to improve the continent's image through the New Partnership for Africa's Development.

The study's aim was to assess how business leaders in Britain perceived the country as an international brand today, given the changes that had taken place since April 27 1994 when South Africa held its first non-racial elections.

7.2.2 Research objectives

The objectives of the study were three-fold: to assess South Africa's merits as an international brand, to evaluate if South Africa's image as an international brand could be improved, and to make recommendations on how South Africa could improve its brand identity.

7.2.2.1 South Africa's merits as an international brand

The main objective was critically to assess the merits of South Africa as an international brand, from the point of view of the British business community. The intention was to establish what mention of the country's name conjured up in the minds of British business leaders. The main objective, then, was to evaluate if, eight years into the new political dispensation in South Africa, British business leaders were positively or negatively disposed towards the country and why that was the case, and to establish what it was with which they immediately associated South Africa.

7.2.2.2 Whether South Africa's brand identity can be improved

The second important objective of the research was to evaluate if, irrespective of whether the British business community was favourably or negatively disposed towards South Africa as a country and a brand, the country's brand identity could be improved.

7.2.2.3 How the country's brand image can be improved

If South Africa's image as an international brand could be improved, the third objective, which is closely related to the second one, was to identify how, from British business leaders' point of view, that could be done.

A related objective of the study was to make recommendations regarding ways in which South Africa could improve its brand identity abroad, but especially in the British market. This will be done in the next and final chapter.

7.3 RESEARCH METHODOLOGY

Before outlining the methods used, the study was first contextualised. In Chapter 2 it was pointed out that South Africa was the economic powerhouse of Africa, with its GDP of US$126,5-billion in the year 2000 being bigger than that of such First World countries like Finland, Portugal, Ireland and Greece. Attention was drawn to the facts that the economy of the industrial province of Gauteng (which includes Johannesburg and Pretoria) alone was bigger than that of any other country in Africa, except Egypt, that South Africa's GDP represented 23 percent of Africa's GDP and that the country was now the European Union's 15th biggest trading partner, having overtaken the former Asian tigers of Malaysia and Singapore. However, despite this economic performance, a democratic South Africa had not succeeded in its efforts significantly to increase the level of investment into the country.

That was the context in which the research took place. It was the context of a country that had been praised by various Western governments and international organisations for political stability and a sound management of its economy, but which still had to realise its full potential when it came to attracting foreign direct investment.

7.3.1 Primary Sources

Since the intention was to establish British business leaders' perceptions of South Africa as an international brand, the primary sources for the research were British business leaders themselves. A four-page questionnaire, headlined "South Africa as an international brand", was sent to 100 chief executive officers (CEOs) and managing directors (MDs) of British and British-based. The latter are international companies with headquarters in other countries, while having a significant presence in the United Kingdom, with either a national or regional office based here.

The companies were chosen from those listed on the London Stock Exchange. Postal and electronic mail (e-mail) addresses of these companies were then obtained through a painstaking search on the Internet. The questionnaires, addressed to the CEOs or MDs of these companies (by name where names were known or given on the companies' websites, otherwise just to the CEOs or MDs), were sent in three different ways: by e-mail where e-mail addresses were given, by fax (facsimile numbers were almost always given) and, in the case of a minority of 11 companies, through Royal Mail. The questionnaire was against sent out, this by fax and mail only, to all the companies that had not yet responded a month later.

7.3.2 Secondary Research

Secondary sources used for the research were the influential, opinion-forming business publications *The Economist,* the *Financial Times* and *The Business* (formerly called *Sunday Business),* all read by business leaders in the United Kingdom and beyond. In particular, these publications' perceptions of South Africa, as reflected in their coverage and commentaries, were followed closely and analysed over a three-month period.

7.4 FINDINGS AND DISCUSSION

7.4.1 British business leaders' perceptions of South Africa as a brand

Findings of the study were outlined at length in Chapters 5 and 6. These were as follows:

1. Of the 45 companies whose leaders completed the questionnaire, 33 (73 percent) had either a direct presence or business interests in South Africa and the other 12 (27 percent) did not, although two of the companies that had no investments in South Africa were keen to find a South African distributor for their products given the size of the South African market. The companies that had no presence in South Africa and were not considering the country for investment had their business reasons that had little to do with the country itself.

2. The dominant impression that British businesses have of South Africa is positive. In a question asking for their impressions of South Africa and to which they were given five possible answers from which to choose two, a total of 84 percent of the respondents regarded South Africa as "a beautiful country with a First World economy and infrastructure and Third World problems/challenges", and 24 percent chose the option "That South Africa is a dependable country that my/our company can do business with". More importantly, the 19 percent who regarded South Africa as "a country riddled with problems and in which my/our investment would not be safe" also chose the positive "That it is a beautiful country with a First World economy and Third World problems/challenges" to go with it. No respondent chose that negative option alone.

3. Asked to give South Africa's main strengths as an international brand, respondents mentioned the weather/sunshine (37 percent), the country's beauty (28 percent),

mineral wealth (24 percent), its affordability (24 percent) and its good infrastructure (20 percent). Other attributes mentioned were racial and cultural diversity (18 percent), reconciliation (16 percent), Nelson Mandela (16 percent), a First World economy (12 percent), Africa's best hope (12 percent), democracy (eight percent), financial and political stability (eight percent), good growth prospects (eight percent), sporting prowess (eight percent), wildlife (seven percent), and the Government's management of the economy (four percent).

4. Asked to list South Africa's main weaknesses as an international brand, respondents cited crime (63 percent), HIV-AIDS (41 percent), events in Zimbabwe in particular and elsewhere in sub-Saharan Africa generally (26 percent), uncertainty about what will happen in South Africa after Mandela's death (20 percent) and corruption (16 percent).

5. According to the respondents, racial and cultural diversity, tourism and former president Nelson Mandela are South Africa's dominant brand identities.

6. All respondents were positive that South Africa could improve its image. They advised that in order to achieve this goal, the country had to combat crime, contain HIV-AIDS, reassure investors that it will continue to be stable and democratic even after Mandela's death, and differentiate itself from Zimbabwe in particular and other countries in the region.

7. The majority of the respondents (74 percent) have been to South at least once. Of these, 30 percent came back with their impressions of the country being more negative than they were before they went there, 35 percent returned with their impressions being more positive than they were before their visits, and 35 percent came back with their impressions unchanged. Both those whose impressions were more negative (83 percent) on their return from South Africa and those who came

back with more positive impressions (86) attributed this to the kind of feedback that they got from those they met and spoke to in South Africa, with only a minority (17 percent negative and 15 percent positive respectively) attributing it to both the coverage of South Africa in the British press before their visits, and media coverage in South Africa during their stay there.

8. Most respondents (85 percent) relied on the British media (both print and electronic) for information on South Africa, two-thirds (67 percent) relied on their South African business contacts and friends, 37 percent got their information from their British business contacts and friends, and four percent used the Internet and the World Bank for information on South Africa. Respondents who used just one source of information relied on the British media, although most used both the local media and their South African business contacts and friends. None used the South African High Commission in London as a source of information.

7.4.2 South Africa as reflected in the British press

Although the information kept by the Economist Intelligence Unit on South Africa is more balanced, with both accomplishments and challenges given, the general coverage of the country in the three business publications monitored – *The Economist*, the *Financial Times* and *The Business* – focused more on the problems. The majority of the reports carried on South Africa during the period of this study concentrated almost exclusively on the country's high crime rate, the HIV-AIDS crisis and the "contamination" of South Africa by events in Zimbabwe in particular and elsewhere in the continent in general.

Corruption, which emerged as the fourth issue of concern among British business leaders, did not feature prominently in the reports. However, in August Transparency

International dropped South Africa from five to 4,8 on its Corruption Perceptions Index for the year. Transparency South Africa attributed this to “the perception that corruption was not being adequately addressed in the country”, and the fact that the South African media and non-governmental organisations had played “a critical role in raising public consciousness of corruption”.[1]

The few positive reports that have been carried on South Africa – on the Government’s sound management of the economy and on the country’s growing influence and leadership in African politics and peace efforts – were dwarfed by the consistent focus on AIDS and crime, in particular. Inadvertently the South African Government’s initial response to the HIV-AIDS crisis, with President Mbeki denying the link between HIV and AIDS and the country subsequently refusing to get anti-retroviral drugs prescribed for those affected, ensured that the resulting row received much more coverage at home and abroad and contributed directly to both the negative coverage and the negative image of the country that resulted.

7.4.3 Discussion

From British business leaders’ responses to the survey, the overall picture that emerges of South Africa is a positive one. It is the picture of a country rich in mineral wealth, natural beauty and racial diversity, which in Nelson Mandela boasts the world’s foremost statesman and which the international community expects to continue to play a leadership role in Africa. It is the picture of a country that continues to enjoy the goodwill of the international community, a country that the world wants to succeed, and whose importance as the political and economic power in the continent is appreciated and encouraged.

[1] www.mg.co.za/Content/13.jsp?a=11&o=8027, 1 September 2002

This is consistent with the fact that South Africa was the best performing tourist destination in the world in the first five months of 2002, with international tourist arrivals up by 7,5 percent, at in a time when other international tourism destinations were still struggling as a result of the September 11 2001 terrorist attacks in the United States. The number of tourists from Britain had increased by 20,6 percent, and the number of tourists from Germany and France had increased by 19,4 percent and 14,5 percent respectively. The country had even managed to outperform its biggest tourism competitor, Australia, although the overall number of people visiting Australia was still higher than that of people visiting South Africa.[2]

However, it is also a picture of a country beset with serious problems – crime and HIV-AIDS, in particular – and whose attempts to deal with these ills have so far been disappointing. It is the picture of a country whose international image is seriously besmirched by both the anarchy that has been going on in Zimbabwe and its failure to differentiate itself from Zimbabwe and its other neighbours. It is the picture of a country about whose future stability there are question marks in some quarters that credit Nelson Mandela alone for the stability that has existed in South Africa since the dawn of democracy.

Crime remains South Africa's biggest weakness as an international brand. A number of respondents to the survey were concerned more not so much about the crime itself, but rather about the fact that it was accompanied by violence and the publicity given to it, and by the fact that the Government has so far failed to end or even contain it. Regarding the second-biggest weakness cited, HIV-AIDS, here the concern was not so much the virus's existence, but the fact that not enough was being done to counter and eradicate it.

[2] *The Star*, 14 August 2002. Johannesburg: Independent News and Media South Africa

This presents the country with opportunities, because on both issues respondents hold the view that the problems are not insurmountable and that, therefore, it is within the Government's power to do something about them. Indeed, respondents suggested that South Africa should deal with these weaknesses as a matter of priority if they were not to continue to detract from its brand equity.

Yvonne Jonston, Chief Executive Officer of the International Marketing Council (IMC), a body charged with marketing South Africa as an international brand, told this author that her organisation's research had also shown the above problems "were indeed the top concerns affecting the brand". She said the IMC had noticed that the weighting of these issues tended to change, with Zimbabwe having superseded HIV-AIDS and crime as the main weaknesses around the time of the United Nations World Summit on Sustainable Development which took place in Johannesburg in the last week of August and the first week of September this year. Johnston added that the problems faced by South Africa "compete in scale with (those) encountered by many developing and indeed very advanced economies".[3]

However, the September 11 attacks on the US had changed people's perceptions of safety. According to a survey conducted by South Africa's Potchefstroom University together with tour operators from the US, Australia, Britain, Germany and France, South Africa had been found to be "the safest destination around the world after September 11".[4] This, too, creates enormous opportunities for South Africa to market itself aggressively as an international tourism destination out of the sight of the kind of terrorists who struck at the US on September 11, while also working hard to bring domestic crime under control.

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[3] Johnston, Yvonne in a 3 September 2002 e-mail to the writer responding to this research's findings
[4] *Sunday Times*, 11 August 2002. Johannesburg: Times Media Limited

From the monitoring of the coverage of South Africa by the three business publications, however, the resulting image is more negative than the one that emerges from the responses to the survey. Since most respondents cited the British media as their main source of news on South Africa, it follows that the picture of South Africa painted by these influential publications would have strongly coloured the respondents' perceptions of the country. However, overall the respondents were more positive than the coverage because the feedback they received from their South African business contacts and friends was generally more positive than negative.

7.4.4 South Africa's marketing efforts

To help improve the country's international image, the South African Government launched the IMC, made up of 40 prominent leaders from both the public and private sectors, with marketing expert Yvonne Johnston as its Chief Executive Officer. Launched in August 2000, the IMC had the following mission:

- "First, the establishing of a brand for South Africa which positions the country in terms of its investment and creditworthiness, exports, tourism and international relations objectives.
- "Second, the establishment of an integrated approach within government and the private sector to the international marketing of South Africa.
- "Third, the building of national public support for the brand within South Africa itself. For this the IMC seeks the co-operation of government departments, public entities, the private sector and the non-governmental sector."[5]

The IMC contends that all the negative things cited by respondents to this study and reported on in the media are part of the legacy of apartheid. The organisation also

[5] www.imc.org.za/whoweare.html

says there are many positives – “a progressive Constitution and Bill of Rights”, a smooth transition to democracy, strong economic fundamentals, improved credit rating, world-class tourist destinations, well-developed infrastructure and being “a regional leader of considerable influence” – that generally receive less publicity at home and abroad, with more publicity given to the negatives.[6]

This is borne out by the fact that almost all the positives mentioned by the council were also given by the respondents as South Africa’s main strengths as an international brand, but did not feature much in the monitored publications during the course of the research.

The IMC is aware of the importance that foreign investors and visitors attach to the opinions that South Africans have of their own country, as borne out by the responses to the questionnaire. South African citizens, then, are a very important part of the country’s marketing efforts.

This is in keeping with Gilmore’s (2002) view that a country’s brand must be used as the anchor upon which to build loyalty with its people, since national loyalty cannot be assumed to be a given. Loyalty, according to Gilmore, is essential if there is going to be realisation of the country’s brand because, “like it or not, each off the country’s citizens becomes the living embodiment of the brand (and) their actions and behaviour abroad will also have an impact on the country’s brand”. Gilmore says that if left alone, sceptics with their lack of pride in and commitment to the country and their active doubting of its potential can damage and undermine a country’s brand.[7]

[6] *ibid.*
[7] [8] Gilmore, Fiona (2002). “A country – can it be repositioned? Spain – the success story of country branding”, *The Journal of BRAND MANAGEMENT,* April 2002, Volume 9, Number 4-5, p.291. London: Henry Stewart Publications

The IMC is aware of the difficulties identified by Gilmore and sees the creation of a South African brand as a process that creates "shared consensus towards a bright future, that creates shared ownership and shared patriotism for better or for worse":

> *We are integrating diverse views, perceptions, paradigms and perspectives. We must all speak with one voice and convey the same message consistently because we believe in ourselves and the future of South Africa.*[8]

The problem, according to IMC Chairperson Wendy Luhabe, is cynicism on the part of some sections of the country's population. She says for these sections of the population to give up negative perceptions will be "the greatest challenge" because negative perceptions are so deeply entrenched that some people were not even aware of this fact when they spoke. Luhabe says the challenge facing the country and the IMC is to turn the situation around because "being positive promotes well being, synchronicity and abundance [even] in the most impoverished society."[9]

IMC executive committee member Joel Netshitenzhe says some progress is being recorded: "Steadily, it is dawning on more and more South Africans that what we do and say to other nationals and among ourselves has a profound impact on how we are viewed as a positive investment and tourist destination."[10]

7.5 LIMITATIONS

Although the survey was sent to the leaders of 100 London Stock Exchange-listed companies, 58 of them responded, with 45 participating in the survey and 13 declining to do so. Another 42 did not reply or acknowledge receipt of the questionnaire at all. This is a possible limitation of the study. However, the study took

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[8] www.imc.org.za/documents/imc_role.html
[9] *ibid.*
[10] www.imc.org.za/whoweare.html

place at a time when big business was under attack following accounting scandals in the United States in particular, trading conditions were tough and listed companies' shares were falling. Under such circumstances, it is understandable that business leaders would have had far more important things to worry about. However, the overall findings of the study are unlikely to have been affected by the failure of the other 42 business leaders to participate in the survey, especially because they, too, would have relied heavily on the monitored business publications for information on South Africa than on any other source.

7.6 CONCLUSION

This study has shown that South Africa is a country rich in mineral resources, natural beauty and the diversity of its people, and which also possesses First World infrastructure. It is a country of infinite potential and which, eight years into its democracy, continues to enjoy a considerable amount of international goodwill. The West, in particularly, looks up to South Africa to offer leadership in Africa and regards the country as a force for the good.

However, as this study has shown, there are also problems – crime, HIV-AIDS, events in Zimbabwe, and post-Mandela uncertainty – which continue to detract from South Africa's brand equity. In particular, it is the perceived lack of urgency in dealing with these challenges that seriously harms South Africa as an international brand, although there was belief among respondents that the country can and should deal with these problems reasonably successfully.

This chapter has also shown that the South African Government is indeed aware of and concerned about the identified problems, and that the IMC represents an effort by the Government to establish both domestic and international perceptions of the country and to devise a strategy to market the country as an investment and tourism destination. Since the IMC's job will be difficult unless the Government dealt with the issues identified by the IMC as obstacles towards improving South Africa's international brand image, the council's appointment must therefore be seen as an indication of the Government's willingness to tackle the problems.

The next and final chapter will make recommendations on what South Africa should do to improve its image as an international brand.

CHAPTER 8

RECOMMENDATIONS

8.1 INTRODUCTION

With the three main objectives of the study – assessing South Africa's merits as an international brand from the point of view of British business leaders, evaluating if the respondents felt the country's brand identity could be improved and establishing how they believed this could be done – having been accomplished, the only thing now remaining is the author's recommendations on what South Africa should do to improve its image as an international brand. That will now be done in this chapter.

8.2 RECOMMENDED ACTION

8.2.1 Tackle crime and HIV-AIDS

As has been shown in this study, the biggest problems affecting South Africa's brand equity are crime and HIV-AIDS. These affect not only the people of South Africa, but also how foreign investors and potential tourists perceive the country. After all, no amount of marketing can change a negative reality into something positive.

This is in consistent with the view by Kotler and Gertner (2002), cited in Chapter 4, that the starting point for any branding campaign has to be an attempt to deal with the reality which exists and gradually to change it for the better. South Africa will have to heed their advice that it is important to change the reality on the ground first before embarking on a marketing campaign which would have to ensure that the desired country image is "close to reality, believable, simple, appealing and distinctive".[1] As Gilmore (2002) put it, branding a country "must be an amplification of what is already there and not a fabrication".[2]

8.2.2 Draw a clear distinction between South Africa and Zimbabwe

The third problem detracting from South Africa's brand identity, according to respondents to the survey and the three publications monitored, was the general lawlessness in Zimbabwe. South Africa needs to draw a clear distinction between itself and Zimbabwe by publicly denouncing the situation in that country and repeatedly stating that a similar situation would not be allowed in South Africa.

8.2.3 Crack down heavily on perceived corruption

To counter the small but growing perception of corruption, South Africa must show zero tolerance for corruption by charging and prosecuting those alleged to be involved. Cases of corruption now before the courts should be publicised widely to send a message to the domestic and foreign audiences that South Africa actively discourages corruption.

8.2.4 Win hearts and minds at home

Given the fact that many respondents believe the things that South Africans tell them about their country, and that many respondents said they relied on their South African business contacts and friends for information on the country, it is crucially important that South Africa embarks on a campaign to win hearts and minds at home. As Gilmore said, "increasing the number of informed country believers is similar to

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[1] Kotler, Philip and Gertner, David (2002). "Country as brand, product, and beyond: A place marketing and brand management perspective", *The Journal of BRAND MANAGEMENT,* April 2002, Volume 9, Number 4-5, p.253. London: Henry Stewart Publications

[2] Gilmore, Fiona (2002). "A country – can it be repositioned? Spain – the success story of country branding", *The Journal of BRAND MANAGEMENT,* April 2002, Volume 9, Number 4-5, p.284. London: Henry Stewart Publications

creating a pool of brand ambassadors who will promote the country to whoever they meet, wherever they are".[3]

Admittedly, this will not be easy for South Africa because those among the white minority who refuse to embrace the transformation that is going on in the country – a growing number of them is to be found in the UK, Australia and New Zealand, in particular – are not likely to be won over as such ambassadors.

8.2.5 Take advantage of the country's three Nobel Peace Prize laureates

South Africa's peaceful political transition is admired around the world and has been used as a model to inspire other countries facing similar social or racial cleavages. Three men who played an important role in that transition – Anglican Archbishop emeritus Desmond Tutu who led opposition to apartheid from inside the country, last white president Frederik W De Klerk and democratic South Africa's founding president Nelson R Mandela – are still alive and continue to command respect at home and abroad. All three are Nobel Peace Prize laureates. South Africa should use them in its marketing efforts to make the point that it is a country of peaceful co-existence.

This is consistent with Gilmore's advice that part of the branding exercise must involve searching out "exceptional individuals" who will have the potential to place their country on the world map irrespective of its population size, economic wealth or political power. In her view, exceptional individuals and their stories have the potential to bring a country's brand alive and make it more real to audiences around the world "for the simple fact that people relate to people".[4]

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[3] Gilmore, Fiona (2002), *op. cit., p.292*
[4] *ibid.,* p.290

8.2.6 Contextualise South Africa's political transition

Nelson Mandela, who is revered around the world, is often solely credited with South Africa's peaceful political transition, hence the concerns about what will happen in the country after his death. In its marketing efforts, through its agencies like the International Marketing Council, South Africa should make the point – often made by Mandela himself – that although Mandela played a leading role in the efforts to liberate the country and to get it to embrace reconciliation, he was not alone in doing so. Instead, he was part of a team of African National Congress leaders who all desired the same end and believed – and continue to believe – in the same principles. They should draw attention to Mandela's oft-repeated assurances that he has full confidence in the present ANC leadership.

8.3 CONCLUSION

South Africa, it was clear from both the responses to the survey and the coverage of the country by *The Economist,* the *Financial Times* and *The Business*, has the potential to attract more investment and tourists than it has been able to do so far in the first eight years of its democracy. Detracting from its international brand image have been the problems faced by the country at home, mostly crime, HIV-AIDS and perceived corruption, in addition to the negative impact of events in Zimbabwe.

The country needs to deal with these problems if it is to succeed in its efforts significantly to improve its brand equity. In addition, South Africa will also have to turn its citizens into its brand ambassadors and draw international attention to the numerous positives in the country, including its three Nobel Peace Prize laureates.

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