

# Branding the National Interest

15 December 2006

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**Abstract** The purpose of this paper is to show that intangible assets like brands are sources of soft power that can help states fulfill their national interest. National interest is defined for purposes of this paper in terms of wealth and image creation. Furthermore, national brands are reflective of corporate brands. This collective value imbedded in the national brands gain states a favorable national image which largely constitutes soft power. This paper will substantiate conceptually how brands can be a source of such attractive power.

**Keywords:** Soft power, national interest, national brand, corporate brands

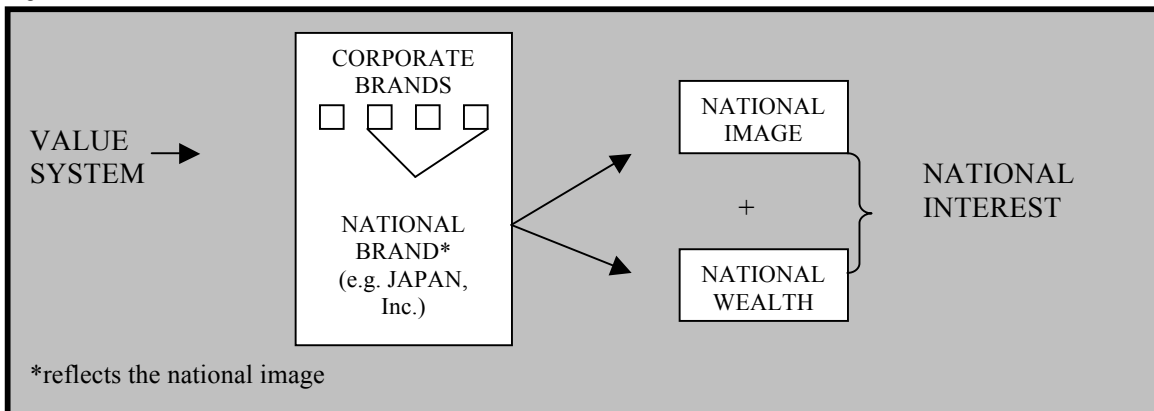
## INTRODUCTION

National interest is usually defined as a country's goal or ambition and primarily for the purpose of a state's survival or security. Countries generally seek to accumulate economic and military wealth to become powerful figures in the world stage. Mearsheimer (2001) calls this power of force in military terms the *ultimata ratio* of international politics. While international relations has largely studied the rise of great economic powers in world diplomacy using these *hard power*<sup>1</sup> capabilities, this paper is

interested in exploring the other face of power – the intangible capabilities of what is called *soft power*. This power of attraction where states use culture, values and ideologies to create a positive image is less-studied in international relations.

The paper attempts to show that intangible assets like brands are sources of soft power that can help states fulfill their national interest. Figure 1 shows the theoretical construct of the conceptual argument.

Figure 1.



<sup>1</sup> The power of coercion or the ability to get the outcomes you want through force or threat (Nye, 1991).

## **THEORETICAL BACKGROUND**

Before the twenty-first century, the struggle for world dominance has been largely governed by economic and territorial expansion. It was the age of guns, steel and machinery. Trade and commerce have been at the forefront of economic development giving rise to a world class system of production. These systems of production led to the rise of multinational corporations and international markets. The growth of multinationals and the impact of globalization also brought about the rise of brands.

In marketing literature, brands have long been argued to have an attractive value that earns brand owners recognition and trust. This intangible value that cannot be measured easily can be assessed in terms of wealth and profits. But brands are more than just economic goods that embody ideals consumers admire and help firms and nations maximize wealth.

National brands have managed to create a new set of associations in the consumer's mind in the form of images. The presence of these images in a consumers' mind is considered the attractive power of brands. More than just corporate brand images, national images rooted in a country's value system as a collective enterprise is found in the national brand. National images are important for the state as an international player because this world of images forms a decision-maker's belief system and informs his decision as an international actor (Holsti, 1962).

Most literature on marketing or international relations deal with the study of one phenomenon or the other, hardly linking the power of the brand to the power of the state. Similarly, marketing has long studied brand and product images in order to access outcomes in purchasing behavior. But they are not

substantially framed in the context of soft power – never quite brought to the realm of international relations. This paper posits that national brands with their attractive power can be used by the state to achieve desired outcomes thus yielding more than just economic value for the country in the international system.

## **BRAND VALUE**

Brands were first used for identification. The word 'brand' derives from the Old Norse word *brndr*, which means to burn. Owners of cattle mark their animals as their own and potters identified their pots by a thumbprint into the wet clay at the bottom of the pot with a mark such a wet star, cross or circle (Stobart, 1994). The mark represented proof of origin and recognition for the customer.

For the most part of the 19<sup>th</sup> century, brands were measured in terms of economic value. Branding enjoys continued survival because it enhances the present value of future cash flows of the company. The economic value comes from the price premium and from building brand loyalty by using emotional and rational values. These values are considered important because they are exchangeable as cash in the market, affecting the perception of the company and its products (Gilmore, 1997). It is the collective nature of these perceptions, the everyday conventional stories that are continually reinforced by interactions that eventually become truths (Holt, 2004).

There are many elements that make up a brand – images, stories and associations – that are shared collectively by a group and form generally accepted conventions about brands (Roll, 2006). Brands tell stories and form images in the minds and hearts of the consumer. While a brand's visible face is its packaging and visual identity and its voice spoken through advertising, a brand's actual personality is

something that still exists in the consumer's mind (Anholt, 2000). Even the logos that are part of brand packaging from ABC, Westinghouse, UPS to IBM have a life. The Nike swoosh, the Mercedes star, the ABC round logo, the IBM logotype, the UPS shield, the Ralph Lauren polo player, and the Coca-Cola dynamic ribbon all have a story to tell and a meaning for our hearts (Gobe, 2002).

It is useful to recognize here that the financial valuation of a brand in terms of equity is driven by brand image. There are three components of brand image: 1) image of the provider of the service or product; 2) image of the user and 3) image of the product itself (Aaker, 1993). In some instances the corporate reputation hardly plays a role in the formation of the brand image and while the product itself reflects the brand image, the strongest contributor is still perhaps the impression people have on the brands. Thus, the greatest battle for brand warriors is with the mind.

### **CORPORATE BRAND**

By the end of the 1940s there was a burgeoning awareness that the brand was more than just a mascot or a picture printed on the product label. Despite perhaps being the largest anti-branding voice, Naomi Klein acknowledges that the company as a whole could have a brand identity or an ephemeral quality that can be called corporate consciousness (Klein, 2000). Her skepticism in fact attests to the true meaning of brands or brand essence by stating that while agency was taken away from the individual product and attribute, there was a movement towards a psychological/ anthropological examination of what brands mean to culture and people's lives. According to Klein (2000), corporations may manufacture products, but what consumers buy are brands.

For a brand to come to life to its consumers, a corporate brand must stand for the relationship an organization has with its employees. Corporate brands should be internally aligning its brand promise through the organization's culture, structure and reward systems with the employees living the brand values in their day-to-day interactions (Lury, 2004). These brand values that are aligned with the corporate brand also embody the collective desires and anxieties of a nation (Holt, 2004).

Globalization has enabled nations to compete in perception as well as reality. Brand images are deeply entrenched in the collective psyche and have implications for both the nation and the brand. The best and most successful brands can ignore or capitalize on their product origins and their national characteristics. Brands have the ability to compress and express simple, complex and subtle emotions. They can make those emotions immediately accessible, in certain instances overriding mountainous barriers like ethnicity, religion and language. Brands are seen to have an immense emotional content and inspire loyalty beyond reason (Olins, 2003).

Thus, a brand carries both the national characteristics but more importantly, to be discussed further, the national image.

### *Country of Origin Effect*

A study on *Country-of-Manufacture Effects for Known Brands* shows that there is congruence between brand origin and country of manufacture. For example, a Sony television is recognized as a product "Made in Japan" (Hui and Zhou, 2003). Decades ago, "Made in Japan" connoted a negative concept based on the consumer perception of Brand Japan as shoddy and cheap. Most Japanese traders in the early 1870's concluded that their

customers in the United States and Europe were interested in cheap merchandise and were in most cases tasteless bargain hunters. The traders made chiefly for export Yokohama *muke* which flooded the markets with jerry-built junk that became synonymous with Japanese products. It was only in 1950, when prominent photographers like Carl Mydans and Alfred Eisenstadt replaced their German Leicas with Japanese Nikons that the West was able to witness the wonders of Japanese technological skill (Lyons, 1976).

Success of high-profile brands such as Finland and Nokia led to country associations such as Korea with various corporations like Hyundai, Daewoo, Samsung and LG. In Nokia's case as a nation-brand, it has transformed itself from a moderately successful domestic producer of rubber boots into one of the world's most successful high-tech brands. It has managed to create an entirely new set of associations of Brand Finland in many consumers' minds – no longer just a quaint fairyland perched on the fringe of Europe, this is a country that can do technology, can do marketing, and can become world-beating (Anholt, 2000).

Despite all the praises heaped on the importance of brand and country branding, there are people that would argue that nationality does not affect product categories. For example, most non-Finnish people would think Nokia is a Japanese brand and would not make the country of origin association. Similarly, while computer technology is assumed to come from the United States, it doesn't really matter to some consumers whether they come from Korea or Taiwan or California for as long as it works. Thus, the nations and the brands derived from it are admittedly unemotional, variable and unpredictable, largely springing from

myth, legend, rumor and anecdote. This however, doesn't mean though that the connection between nation and brand isn't important (Olins, 2003).

The existence of well-defined national brands of good international reputation gives a country competitive advantage. According to Rothacher (2004), "other things being equal, a country with strong brands across the board will do better in international trade than one which produces faceless commodities" (p.16).

Country image effect can also help produce better brands. In studies on brand and country compositioning, the effects of producing American brands in Japan and Japanese brands in the United States showed that resulting images were functions of the relative strength of the brand and country images that a country with a better image than the brand will slightly improve the image of the end product (Jaffe & Nebenzahl, 2001). Country image effect was considered as either a halo effect – stereotyped country image that colors brand image, or a summary effect – the average image of the country's products which, in turn, affects the image of new brands or products coming from the country.

### *Cultural Branding*

While country of origin does matter and affect the brand image, the national brand is more than just the sum total of its national characteristics. Douglas Holt argues that corporate brands that attain the status of cultural icons in consumer society operate at the cultural level. Iconic brands create what he calls myth markets, the opportunities that arise when national ideology mixes with social reality. The brand's myth grows out of two assets – cultural and political authority. Holt developed the cultural model of brand equity through a Budweiser example in

the 1950s when Bud was crafting a myth that encouraged working men to share in America's new idyllic life of suburban leisure. Budweiser ads showed men how good times were to be shared with family and friends in leisurely activities (Holt, 2004). Brands in some ways carry a country's cultural value.

Rothacher (2004) echoes the importance of national business cultures in the formation of corporate identities and brand images by noting that "German and Japanese products stand for engineering prowess, reliable qualities and their business organizations for participative bureaucracies (role cultures). French and Italian products are reputed for their design, flair and creativity, their business organizations are typically power cultures with authoritarian distance and alienated work force" (p.6).

Just like corporate brands, national brands evoke certain values, qualifications, and emotional triggers in consumer's minds about the likely values of any product that comes from that country. According to Anholt, America has been the most powerful brand on the planet for at least a century. "The ways that people all over the world think about, talk about and relate to America are exactly the same ways that people think about, talk about, and relate to great brands" (Anholt, 2005).

### **NATIONAL BRAND**

A national brand is a reflection of the corporate brand. It has a collective value system that is part of the corporate brand's origin and culture. More importantly, a national brand competes on the level of wealth and image.

At the turn of the century and the rise of national advertising and print and media, manufacturers turned towards branded goods. In some ways, the term national brand is a marketing cliché in that

the manufacturers were developing and advertising their own products and marketing them to wholesalers and retailers within the channel of distribution.

Today's global brands were propelled into international heights of recognition by the presence of efficient communication systems that allow manufacturers to distribute their products more easily than the traditional modes of barges or ships. As companies opened up in new markets and geographical locations, they became more aware of the importance of developing a brand name. While the development of national brands in Asia that have global equity is largely more sluggish than its Western counterparts, there is an increasing awareness of the importance of branding and its long-term value.

Over the years, there has been a tremendous shift from manufacturing to branding as more and more companies outsource and move certain areas of their value added chain abroad. Products remain interchangeable, only the feelings attached to brands remain differentiated. These companies abandoned the nuts and bolts of production to contractors and entrenched themselves closer to the market to generate real money.

### *Wealth Maximization for Corporation*

A trust relationship is found in any brand's history. A brand is a contract, one which is implicit in nature and which governs the relations between a company and its customers. The relationship is considered two dimensional: economic and emotional (Chevalier & Mazzalovo, 2004).

In a world where more economic value comes from intangible than from tangibles, the trick is not to manufacture products and advertise them, but rather "to buy them and brand them" (Klein, 2000).

Companies that once measured their worth strictly in terms of tangibles such as factories, inventory, and cash have realized that a vibrant brand, with its implicit promise of quality, is an equally important asset. A brand has the power to command a premium price among customers and a premium stock price among investors. It can boost earnings and cushion cyclical downturns (Khermouch, 2001).

This *intangible* quality is a more powerful driver than price. Brands are more profitable long-term because they promote consumer loyalty. They form an emotional attachment that is enduring and transcend short-term profitability that is simply captured initially by price differential or product positioning.

Original Brand Manufacturing firms are seen as long-term profit drivers. On the average, the gross margin of Original Equipment Manufacturing products is 19% while the margin for OBM goods is 27%. However, margins for branded consumer goods can be more than 100% (Wreden, 2004). This long term profitability measure will propel Asian companies to make the movement despite the risk, expense and difficulty involved. Furthermore, brands are economically attractive because people believe that they are worth the extra dime. The large consumer brands may enjoy 15-20 percent greater margins than producers that are not household names (Anholt, 2003).

In a merger, the brand contract is found in the sum of its net assets, in a line called goodwill in the consolidated balance sheet. It is the sum total of the intangible, but extremely valuable, positive attitudes of consumers toward the acquired company and its products (Chevalier & Mazzalovo, 2004). Interbrand, a consulting firm that publishes an annual ranking of 100 of the *Most Valuable*

*Global Brands* calculates the present value of future profits engendered by brand power alone, through advertising resulting from brand name recognition to be worth nearly a trillion dollars (Roll, 2006). Having well-known and strong export brands accrues to company profits and a country's economic growth. Brands can also help improve the reputation of the industry and the country which makes it (Anholt, 2003).

#### *Wealth Maximization for Country*

Brands have long been viewed as a carrier of both shareholder and emotional value. The success of Brand America is an example of image being powerful enough to influence perception and generate wealth. The consumer is prepared to pay more money for functionally identical products, simply because of where they come from. Consumers will pay more for products manufactured by previously unknown brands, purely because they are perceived to be American. And this kind of worldwide consumer preference is of almost incalculable value to the country's economy as a whole (Anholt, 2000).

BusinessWeek has adopted Interbrand's Brand Value calculation by using the same method analysts use in evaluating assets. Interbrand first calculates the brand's overall sales, projects net earnings for the brand, deducts charge for the cost of earning tangible assets, deducts earnings from other intangibles (e.g. buying gasoline because of convenience in location rather than brand name) and assesses brand strength for future brand earnings using seven factors that include brand market leadership, stability and ability to cross geographic and cultural borders (BusinessWeek, 2003). Table 1 shows the intangible value of brands as calculated in the Global Brand Scoreboard.

Table 1. Intangible Value of Brands

| THE GLOBAL BRAND SCOREBOARD |                                 |                                 |                |                      |         |
|-----------------------------|---------------------------------|---------------------------------|----------------|----------------------|---------|
| Rank                        | 2003 Brand Value in \$ Billions | 2002 Brand Value in \$ Billions | Percent Change | Country of Ownership |         |
| 1                           | Coca Cola                       | 70.45                           | 69.64          | +1%                  | U.S.    |
| 2                           | Microsoft                       | 65.17                           | 64.09          | +2                   | U.S.    |
| 3                           | IBM                             | 51.77                           | 51.19          | +1                   | U.S.    |
| 4                           | GE                              | 42.34                           | 41.31          | +2                   | U.S.    |
| 5                           | Intel                           | 31.11                           | 30.86          | +1                   | U.S.    |
| 6                           | Nokia                           | 29.44                           | 29.97          | -2                   | Finland |
| 7                           | Disney                          | 28.04                           | 29.26          | -4                   | U.S.    |
| 8                           | McDonalds                       | 24.70                           | 26.38          | -6                   | U.S.    |
| 9                           | Marlboro                        | 22.18                           | 24.15          | -8                   | U.S.    |
| 10                          | Mercedes                        | 21.37                           | 21.01          | +2                   | Germany |
| 11                          | Toyota                          | 20.78                           | 19.45          | +7                   | Japan   |
| 12                          | Hewlett Packard                 | 19.86                           | 16.78          | +18                  | U.S.    |
| 13                          | Citibank                        | 18.57                           | 18.07          | +3                   | U.S.    |
| 14                          | Ford                            | 17.07                           | 20.40          | -16                  | U.S.    |
| 15                          | American Express                | 16.83                           | 16.29          | +3                   | U.S.    |
| 16                          | Gillette                        | 15.98                           | 14.96          | +7                   | U.S.    |
| 17                          | Cisco                           | 15.79                           | 16.22          | -3                   | U.S.    |
| 18                          | Honda                           | 15.63                           | 15.06          | +4                   | Japan   |
| 19                          | BMW                             | 15.11                           | 14.43          | +5                   | Germany |
| 20                          | Sony                            | 13.15                           | 13.90          | -5                   | Japan   |

Source: *BusinessWeek* (2003)

#### *Image Creation in the Corporation*

Brands, by their attractive nature, become a part of the consumer consciousness as well as the brand origin. “In the mind-share model, brand equity is based on the strength and distinctiveness of brand associations. The brand essence, lodged in the consumer’s mind, is its source of equity. The more firmly rooted the image, the stronger the brand (Holt, 2004).

Instead of competing against razor-thin margins with the next supplier, firms can increase returns by investing in brands

and using the power of images to capture consumers, reaping larger profits (Roll, 2006).

#### *Image Creation in the Country*

Businesses are the lifeblood of any country’s economy. Firms have long been valued for its economic contributions but never quite evaluated in McGray’s terminology as “Gross National Cool” (McGray, 2002). “National cool” is McGray’s idea and a reminder that commercial trends and products found in Japanese popular culture can have

attractive value. Brands are potential sources of soft power.

Brands act as global ambassadors when companies enter new markets or offer new products. Brand powers of persuasion can be used by countries to attract desired outcomes in the international stage. This political purpose of consumer capitalism is exemplified in the rise of branding and chain stores through the peaceful conquest of the American Emporium in Europe (de Grazia, 2005).

If modern day politics is also played on a game of perception, brands are the likely players on the chessboard because they seek entry in global markets and carry the national image. Since the goal of politics is to influence outcomes in the international system, national images matter. It is recognized that people whose decisions determine the policies and actions of nations do not respond to the objective facts of the situation but rather to their image of the situation (Boulding, 1959). Furthermore, Boulding adds that the images which are important in the international system are those which a nation has of itself and those of other bodies in the system that constitutes the international environment. He has reduced the complexity of images into two types of persons in a nation: the powerful (who are capable of making the actual decisions which leads to war and peace) and the ordinary (masses who are deeply affected by these decisions). It is in this arena of consumer perception that brands are a potent source of soft power. The next section will show how the values found in brands are potential sources of soft power for the country.

#### **BRANDS AND NATIONAL INTEREST**

Hans Morgenthau believes that all politics is a struggle for power (1967). Power is a widely studied concept in international

relations as well as business. Power is used in multiple contexts and carries with it a wide variety of meanings. It is called *li* in Chinese, *chikara* in Japanese and *poder* in Spanish. In sociology, it is the ability to make a person do something and in politics, it is the ability to make another country do something. Power is also measured variably from watts in physics to exponentiation in mathematics.

The various theories leveled on the word “power” dates back from early philosophers such as German philosopher Friedrich Nietzsche whose ideas on *will to power* show the greater human need to use power to dominate others and make them weaker to more recent philosophers such as Frenchman Michel Foucault whose works on power and knowledge bring light to the traditional notions of “discipline and punish” within institutions and belief systems (Foucault, 1979). For Machiavelli, power characteristically defines political activity, and hence it is necessary for any successful ruler to know how power is to be used. Despite the vast amount of thinking that has gone into the substantiation of this word, at a very basic level, power is the ability to get the desired outcome – it is the capacity to be able to influence the behavior of others. In some ways, the desired outcome of states is the fulfillment of national interest.

#### *National Interest*

The early history of national interest is based on survival as well as securing wealth and power. It is usually centered on the welfare of the nation and the preservation of its political doctrine and national lifestyle. Realism, coming from



*real politik*<sup>2</sup> or actual politics focuses on the balance of power among nation-states. Realists are concerned with the calculation of forces and the state as a self-interested, rational actor in pursuit of security. Nations strive to maximize national power to achieve and preserve the national interest.

National interest describes a state's desired outcomes and is considered the most comprehensive description of the whole value complex of foreign policy and has 3 levels: aspirational, operational and polemical (Frankel, 1970). A state's aspirational values are rooted in history and ideology, providing purpose and direction and containing some long-term, ideal set of goals that a state would want to realize. The operational objective level contains the sum total of a state's policies and interests actually pursued, generally short-term and found in capabilities rather than will. The polemical or exploratory level is used to explain or criticize foreign policy and is more useful in prescribing or describing oneself as 'right' and the opponent 'wrong'.

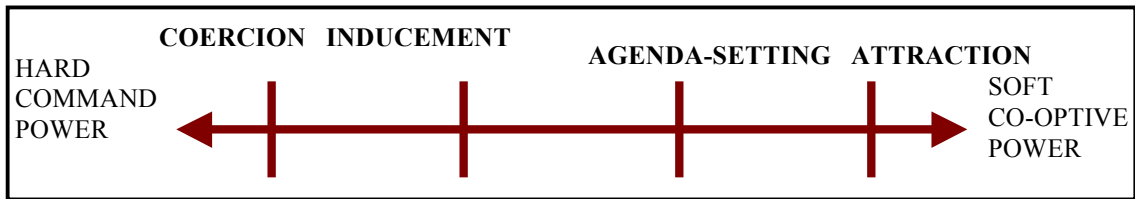
experiences that a national image is formed (Boulding, 1959). This sharing of images and values and collective ideologies are what largely constitutes soft power.

*Faces of Power*

Soft power was first coined by Joseph Nye in the late 1980s when he saw the decline of the United States as a great power from rising costs and diminishing military utility. In his book, *Bound to Lead*, he shows the difference between hard versus soft power (Nye, 1990).

Tangible economic and military power is linked to hard power while soft power is found in the realm of attraction usually in terms of culture (tourism), institutions (education) or information technology (mass media). It is in the context of soft power (culture and language) that Nye argues the United States can sustain its great power status. It is getting others to want the outcomes you want by co-opting people rather than coercing them. Figure 2 is a figurative description of Nye's power continuum.

Figure 2.



**Theory of Hard versus Soft Power**

Source: *Bound to Lead* (Nye, 1990)

Max Weber earlier noted that interests dominate the actions of men and nations, and according to realists, are self-interested actors. A nation is a body politic that carries a consciousness of having gone through something together. It is in this sharing of events and

Robert Dahl defines power as the ability to do things and control others (Dahl, 1957). This ability to control others has traditionally been associated with the possession of certain resources, mostly economic resources. This is the more familiar concept of power known as hard

<sup>2</sup> Term used to describe practical rather than idealistic notions of politics.

power. Hard power is the ability to get the outcomes through threats, commands and coercive factors. Soft power, on the other hand, is more *attractive* in nature and has the ability to shape preferences. Hard power is when a parent threatens to cut off a child's allowance if his grades don't improve. There is punishment or a sanction which compels someone to act accordingly. Soft power is when a child willingly studies because he is attracted to the idea of knowledge and learning and wants to do so because it is part of a system of beliefs. Hard and soft power, however, are not mutually exclusive. They will at one point or another, serve to either reinforce or support each other in shaping policy (Nye, 2004).

#### *Hard Power*

Hard Power is the usual "carrot and stick" phenomenon where military and economic might are used to influence or coerce nations, individuals or other entities to change positions. The outcomes are generally a result of threats or payoffs or some form of inducement.

In the 16<sup>th</sup> and 19<sup>th</sup> centuries, land and territorial expansion were the main metrics of a nation's power. According to Rosecrance (1985), even though states have traded extensively with one another (with and without restrictions) since before the sixteenth century, the theory of international relations has largely proceeded as if trading was unimportant. Boundaries, territory, sovereignty, independence, and military power have remained the key concepts. Nations are ranged in terms of power and territory from the greatest to the weakest with each nation seeking the same territorial objectives and similarly striving to be the leading power in the system.

As capital and labor gained importance during the Industrial

Revolution, British machine capital turned out textiles and national resources such as coal, iron and oil were becoming prime commodities. As the *trading state* emerged in the 1970's and the 1980's, the state sought international commerce rather than territorial expansion (Rosecrance, 1999). Rosecrance shows the movement in the mid 19<sup>th</sup> century from a territorial system where states compete for supremacy and recourse to war to a trading system exemplified during the Oil Crisis, an economic and political dispute without military involvement. He argues that it is in this system of reciprocal exchange or interdependence that the incentive to wage war is absent. The use of force is no longer an efficient first step in resolving differences or in shaping outcomes because arms conflict might jeopardize a country's economic objectives.

While Rosecrance accounts for the power quantified in economic terms, hard power fails to explain why France felt the need to promote its revolutionary ideology in the 17<sup>th</sup> and 18<sup>th</sup> century after its defeat in the Franco-Prussian War or why President Roosevelt, concerned about German propaganda in the late 1930s established the Division of Cultural Relations to promote American information and culture in Latin America. Roosevelt's concern stems from a notion that America's security depends on its ability to speak to and win the support of people in other countries (Nye, 2004). Trade cannot really account for the political power that comes from attraction – how countries obtain outcomes in world politics because other countries admire its values, ideologies and strive to emulate its example.

### *Soft Power*

The problem is that the 21<sup>st</sup> century game cannot be played by the 19<sup>th</sup> century rules (Joffe, 2000). Real hegemonists like Napoleon were out to conquer and subjugate. While guns, steel and commerce still account for a large portion of the power pie, the intangible forces of attraction and seduction are beginning to play into 21<sup>st</sup> century rhetoric. In the advent of the information age, with the rise of nuclear might and missile defense, the world's race to become the next superpower has inevitably begun.

The rise for supremacy in the next decade may transcend the commerce of ships and planes and could equally be fought with the bullets of values and ideologies. Robert Cox argues that the most critical feature for a dominant country is the ability to obtain a broad measure of consent on general principles at the same time offering some prospect of satisfaction to the less powerful (Cox, 1987). Cox touches on the peripheral concepts of soft, co-optive power being just as important as hard command power.

Nye (2004) cites the 2003 Iraq war is cited as an example of the interplay of the two forms of power. "America's military victory in the first Gulf War had helped to produce the Oslo process on Middle East peace, and its 2003 victory in Iraq might have a similar effect. Moreover, states like Syria and Iran might be deterred in their future support of terrorists. These were all hard power reasons to go to war. But another set of motives is related to soft power. In the next century, Nokia and Ikea as well as Harvard and Hollywood, may be just as powerful as the tried and tested methods of weaponry and artillery. While it is easy to measure hard power in

quantifiable terms such as military might, economic growth or technological capability, soft power is largely unquantifiable and largely deemed immeasurable.

One of the attempts at numerical quantification of soft power is by Yoshiyuki Sodekawa who created a metric for global influence called Soft Power Index (SPI). He assembled data on the three facets of power for 15 leading countries. The United States came out as the world leader in soft power with Britain, France and Germany, respectively. Japan was ranked six and was behind the United States in the leadership category, 10<sup>th</sup> in the culture and lifestyle attractive and 11<sup>th</sup> in the capacity to be emulated (Sodekawa, 2004). He provides three axes of measurement. The first axis of "chosen power" which Sodekawa attributes to the sphere of markets, firms and institutions, affects 31% of the overall SPI (with leadership taking 26.6% and culture and lifestyle completing the 42.4% of the overall index). Interestingly, Sodekawa found out that by correlating chosen power with cultural attractiveness, the stronger the cultural attractiveness, the higher the chosen power (Sodekawa, 2004).

Soft power can rest on the appeal of one's ideas or culture or the ability to set the agenda through standards and institutions that shape the preferences of others. If a state can make its power legitimate in the eyes of others, it will encounter less resistance to its wishes. If its culture and ideology are attractive, others will more willingly follow. If it can establish international norms that are consistent with its society, it will be less likely to have to change. If it can help support institutions that encourage other states to channel or limit their activities in ways the dominant state prefer, it may not need as many costly exercises of coercive

or hard power in bargaining situations (Nye, 2004). Krasner echoes this universalism of a country's culture and how critical sources of power can be found in its ability to establish a set of favorable rules and institutions that govern areas of international activity (Krasner, 1983).

Soft Power grows out of culture, domestic values as well as foreign policies. The nature of politics is changing. With the rise of new technologies, messages and images are communicated in real time and more powerfully than before. Whereas, radio, TV and newspaper were the traditional sources of communication, now we have the Internet and other wireless devices. The changing landscape of this century brings about a change in power structures with images and messages transmitted across continents at lightning speed. Trade is still a powerful commercial influence but along with it comes the power of consumer perception.

Thus, states can wield soft power through brands to get the desired outcomes that they want. Brands are holders of both economic and ultimately, political value.

## CONCLUSION

Brands wield in some form or measure, public diplomacy for states. In the same way that brands are deeply entrenched in the consumer psyche, the national image contains some form of collective memory and value system. It is in the attractive nature of this national image that soft power is at play.

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