

Image Resilience after Multiple Crises. The Case of Switzerland in the United States



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Country's image, Reputation, Nation branding, Public communication, Crisis management, Banking secrecy

Landesimage, Landesmarketing, Reputation, öffentliche Kommunikation, Krisenmanagement, Bankgeheimnis

In today's world, country's reputation and image have become key issues, widely believed to be success factors both economically and politically. Nevertheless, managing a country's brand is complex and leads to two positions that are potentially contradictory: On the one hand, a country's image can be influenced either by promotional activities. On the other hand, a country's image is a construct that is very difficult to delimit and is highly stereotyped. This contribution study the impact of two major crises on the image of Switzerland in the United States: the unclaimed wartime deposits crisis in 2000 and the UBS and banking secrecy crisis in 2009. It shows that despite the fact that a substantial proportion of the public and of opinion leaders was aware of both crises, the image of Switzerland was unaffected, which tends to support the hypothesis of strong stability of a country's image.



In der heutigen Welt sind die Reputation und das Image eines Landes als wichtige Faktoren für den wirtschaftlichen und politischen Erfolg angesehen. Jedoch ist die Pflege der Marke eines Landes komplex und führt zu zwei Positionen, die sich potentiell widersprechen: Einerseits kann ein positives Erscheinungsbild eines Landes durch aktive Massnahmen gefördert werden. Andererseits ist es schwierig, das Bild eines Landes abzugrenzen und es ist mit Klischees behaftet. Dieser Beitrag analysiert die Auswirkungen von zwei grösseren Krisen auf das Image der Schweiz in den Vereinigten Staaten: die Krise um die nachrichtenlosen Vermögen aus der Zeit des 2. Weltkriegs im Jahr 2000 sowie die Krise um die UBS und das Bankgeheimnis im Jahr 2009. Die Studie zeigt, dass das Erscheinungsbild der Schweiz unberührt blieb, obwohl ein beachtlicher Teil der Bevölkerung und der Meinungsführer von beiden Krisen wusste. Dies stützt die Hypothese, dass das Image eines Landes eine hohe Beständigkeit aufweist.

1. Introduction

Many countries today spare no effort – political, diplomatic, media, marketing – to promote their image abroad (Dinnie, 2008). Organizations¹ are set up and substantial financial resources allocated for this purpose².

In a globalized world, a country's reputation has become a key issue, widely believed to be a success factor both economically (promotion of products and services, tourism, attracting businesses) and politically (the basis for establishing relationships of trust). The academic world has also seized on the concept, producing numerous studies, as Chan and Marafa (2013) show in their review of the literature.

A significant problem in what is known as “nation branding” arises from the particularly subjective and highly stereotyped way in which a country is perceived (Weiss Richard, 2003). Kotler and Gertner (2002, 251) emphasize the great difficulty in altering perceptions of a country's image: “[People] 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.” Moreover, managing and controlling a country's image, establishing related objectives, and determining the field of action are highly complex activities that fuel lively debate (Dinnie, 2008; Pasquier and Yersin, 2009; Fan, 2010).

While many authors highlight the importance of communications measures to support a country's image, others, like Weiss Richard (2003) and Pasquier and Yersin (2009), have demonstrated the great stability of this image and hence the limited impact of communications measures. This paper examines the impact of two major crises that Switzerland underwent in the United States which should have had a substantial impact on the country's image: the unclaimed wartime deposits crisis of 2000 and the UBS bank crisis of 2009. After a short presentation of the theoretical framework of this analysis and the two crises that Switzerland had to confront, we present and discuss the results of studies conducted in the wake of these crises.

2. Theoretical framework

Our image of a country is based on our perception of multiple characteristics such as its history, the forms of culture that exist in its territory, iconic products, or influential personalities who live there (Kotler and Gertner, 2000). This multidimensional aspect makes the process of pinning down the country's image accurately a perilous activity, particularly because of the subjectivity of individual perceptions. Anholt (2007), like Pasquier and Yersin (2009, 11), makes the point that: “[...] Although promoting the image of a country involves the use of classic marketing tools (advertising campaigns, distribution of brochures, organizing events, etc.), a country cannot be considered as a brand whose image can be managed independently.”

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- 1 *Loi fédérale sur la promotion de l'image de la Suisse à l'étranger du 24 mars 2000: RS 194.1 Art. 2 al.1* “Présence Suisse directs the setting up and development of a network of relationships between persons and institutions that contribute to promotion of the image of Switzerland abroad and gathers the information necessary for the performance of its duties. It takes initiatives and supports and coordinates the activities of its members and its partners” (free translation).
 - 2 Présence Suisse has at its disposal special credits for the promotion of Switzerland at certain events, for example CHF 1.6 million for the Winter Olympic Games at Sochi in Russia in 2014 (DFAE 2014).

References such as these to marketing tools used in managing a country's image have generated an ongoing debate in the scientific literature. These considerations, which come under the concept of "nation branding," mainly attest to the difficulty of defining and delimiting the concept. Anholt (2007, 5) points up this limitation by comparing the classic use of branding and that of a nation's image: "The brand identity is the core concept of the product, clearly and distinctively expressed. (...) This aspect of brand has some parallels with the idea of national identity, but the comparison is a tricky one. The techniques of brand communication (...) don't have much relevance for countries, since countries aren't single products or organizations that can be 'branded' in this sense." In the view of Anholt (2008, 23), nation branding should form part of national policies aimed at promoting a country and not be used as a marketing campaign, too remote, in the author's opinion, from various themes relevant to countries such as governance and economic development.

If a country's image can have multiple facets for its own citizens, its conception is yet more diversified and complex for foreigners. An analysis that took only marketing techniques as its criteria would not be able to grasp the sensibilities of a nation in its entirety, as indicated by Dinnie (2008, 15): "Nations do not belong to brand managers or corporations; indeed, if they 'belong' to anyone, it is to the nation's entire citizenry."

This complexity in managing a country's brand leads to two positions that are at once complementary and potentially contradictory. On the one hand, a country's image can be influenced either by promotional activities aimed at improving the general perception of the country or some of its characteristics, or by external events (crises, for example) – positively or negatively. On the other hand, a country's image is a construct that is very difficult to delimit and is highly stereotyped. As a result, both measures taken to promote the country's image and external events have only a very limited impact, at least in the short term.

This contribution studies the impact of two major crises on the image of Switzerland in the United States: the unclaimed wartime deposits crisis in 2000 and the UBS and banking secrecy crisis in 2009. In both cases, the political authorities (the Federal Council and the Parliament) were strongly concerned about the consequences of these two crises on Switzerland's image. Indeed, *Présence Suisse*, charged with managing Switzerland's image abroad, owes its creation to the unclaimed deposits crisis, which led to the allocation of a special budget to counteract the supposed effects of the crisis (Guinand, 2012). As we shall see, a country's image is very stable and generally changes only very slowly, and it is not possible to establish causal relationships between measures, events and the evolution of the image.

3. The crises studied and data gathered

3.1 The two crises

The unclaimed wartime deposits crisis

The unclaimed wartime deposits affair shook Switzerland in the 1990s and led the Federal Council to bring in a bill for a federal law on the matter in the 2000s. During World War II, Jews deposited money in Swiss accounts protected by banking secrecy in order to safe-

guard their assets³. The sums deposited in the bank accounts were not all withdrawn after the war, leaving a large number of inactive accounts. The controversy over these deposits in the 1990s led to a world crisis concerning Switzerland's presumed role during the Holocaust. Despite efforts made to track down the heirs of the owners of these accounts, not all the amounts deposited were restored, leading to the levelling of two major criticisms: on the one hand, of the lack of transparency on the part of the Swiss, and on the other hand of deliberate profiting at the expense of victims of the Third Reich.

The United States played a major role in this affair by their publication in 1996 of reports on relations between Switzerland and the Nazi regime. Neutrality and democracy, two central concepts by which Switzerland represents itself, came under fire with these accusations, thereby jeopardizing Switzerland's image in certain countries, the United States among them (Cowell, 1997). The international press also seized on the affair, with Switzerland's image taking a beating throughout the world. As a consequence, Switzerland decided to set up a commission to define its role during World War II. The affair revealed a legal void in Swiss law, leading the Federal Council to table a bill for a federal law on unclaimed deposits in the 2000s. In the end, in 2007, the Federal Council abandoned the idea of enacting a special law on unclaimed deposits, preferring to make amendments to various existing laws from time to time.

The banking secrecy crisis

In 2008, the American authorities asked Union des Banques Suisses (UBS) for the names of over 20,000 American customers alleged to have deposited money in Swiss bank accounts in order to defraud the US tax authorities (Affaire UBS, 2010). These deposits had not been declared to the US Internal Revenue Service, which could not therefore collect income taxes on these substantial sums. In 2009, the issue significantly soured relations between Switzerland and the United States, and threatened Swiss banking secrecy. The affair led Switzerland to review some of its agreements with the United States in order to preserve its numerous interests. In February 2009, the Swiss federal financial market surveillance authority (FINMA) authorized UBS to hand over banking data on 300 customers to the American authorities, but this did nothing to calm a very tense situation. Indeed, the United States subsequently requested information on the accounts of 52,000 customers from UBS. This request, with which the bank refused to comply, with the support of the Federal Council, contributed to a definitive chill in relations. After the adoption of OECD standards placing restrictions on banking secrecy and a review of the double taxation standard, UBS at last undertook to reveal the identity of the owners of accounts held by 4,450 American customers (Affaire UBS, 2010). The banking secrecy crisis had the effect of undermining Switzerland's assurance regarding fiscal relations with other countries, thereby potentially tarnishing its image. The economic, political and judicial repercussions of the crisis are still being felt today.

3 *Rapport relatif à l'avant-projet de loi fédérale portant révision partielle du code civil, du code des obligations et du code de procédure civile 2009* ("Report on preliminary federal bill to partially amend the civil code, the code of obligations and the civil procedure code 2009").

3.2 Studies conducted

The results presented in this article are essentially based on two studies ordered by the Federal Council in the year following each crisis (Kühn and Weiss in 2000 and Pasquier and Weiss in 2009). Research design was similar for these two studies and for studies on Switzerland's image conducted in other countries.

Two universes were defined: the country's general public and opinion leaders (see Table 1). For the general public, a representative sample was surveyed (in principle, 1,000 persons). In the United States, only members of the public having a high-school education were included. As for opinion leaders, several categories were defined: politicians, media representatives, managers, university teaching staff and members of think tanks (these groups varied from one study to another). One hundred people in each group were surveyed. Surveys were conducted by a specialized institute operating in the country.

Table 1: Samples used in the studies conducted in 2000 and 2010

	2000 study	2010 study
General public (GP)	Representative sample of 1004 persons	Representative sample of 1002 persons
Opinion leaders (OL)	450 persons from political, media and academic circles	401 persons from 4 groups: politics, the media, universities, think tanks

The questionnaire was divided into five parts, in addition to the usual socio-demographic data. The first part focused on theme-country relationships, such as “When you think about banking and finance, what countries first come to your mind other than the United States?” The second part, more conventional, consisted in asking respondents what score they would give to various countries. In order to allow for a degree of comparison between results, the Netherlands was always included in the list of reference countries. The third part concerned the assessment of dimensions connected with the image of Switzerland and the Netherlands, such as “Switzerland/the Netherlands has top-level education and research.” The next part looked at themes specific to the crisis (unclaimed deposits in 2000 and finance in 2009). The fifth and final part concerned the extent of knowledge of themes connected with Switzerland, both general and topical. The studies were rounded out using data published by the Nation Brands Index 2013 (calibrated data based on several selected countries).

4. Results

Four main results emerge from the studies. First, the studies showed that a substantial proportion of the public and of opinion leaders were aware of both crises. Next, despite the fact that these crisis situations occurred within a relatively short span of time, the image of Switzerland was unaffected, which tends to support the hypothesis of strong stability of a country's image. A third result tends in the same direction, since confidence in the Swiss financial system remained undiminished despite the 2009 crisis. The last, and somewhat surprising, result was that knowledge of these crises did not have an impact on perception of the country's image in comparison with respondents who stated that they were unaware of these crises.

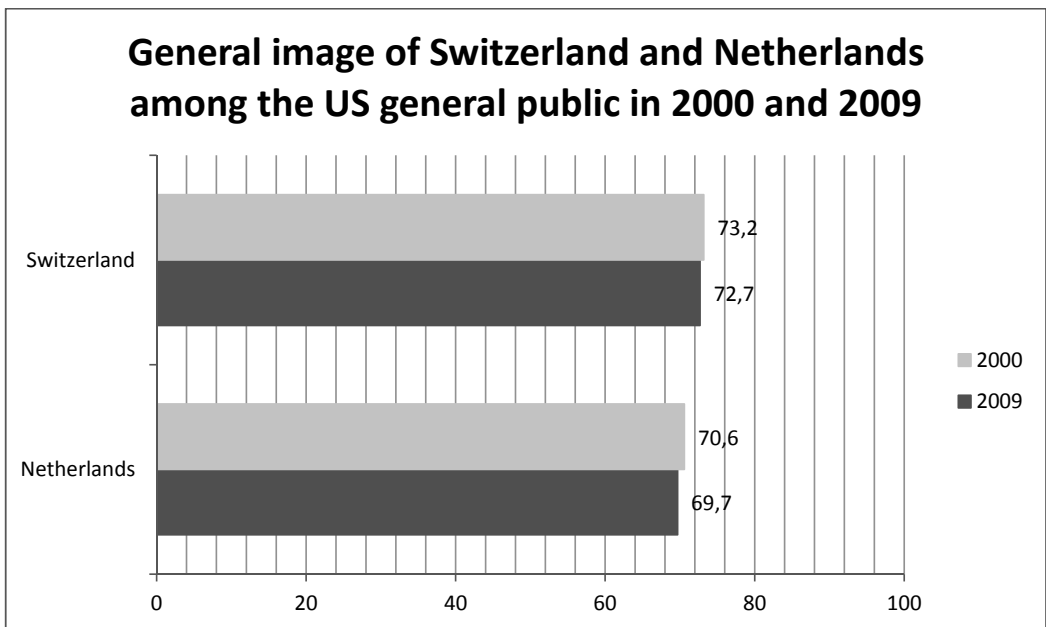
The crises were known

It is interesting to note that both the unclaimed wartime deposits crisis and the banking secrecy crisis were known to the American public. The study of Switzerland’s image in the USA (2000) revealed that 56% of the general public and 84% of opinion leaders knew of the unclaimed deposits crisis. The same is true in 2009, where 55% of the general public and 62% of opinion leaders were aware of the difficulties that Switzerland was facing in the matter of banking secrecy. These figures clearly demonstrate that both the public and opinion leaders were informed of the two crises that concern us in this article.

Switzerland’s image not affected by the crises

Graph 1 shows that the image of Switzerland held by the public is quite positive. With an average evaluation among the public of 73.2% in 2000 and 72.7% in 2009, Switzerland enjoys an excellent image, in spite of the two crises that ought to have damaged its brand. These results show that changes in perception over time are very weak. The results also confirm the hypothesis that the general representation of a country remains stable over time, in spite of the impact of the two crises in question. It is also instructive to compare these results with those of the Netherlands, which show that small changes were observed in a similar manner regarding the Netherlands, a country that had not had to face crises of this nature.

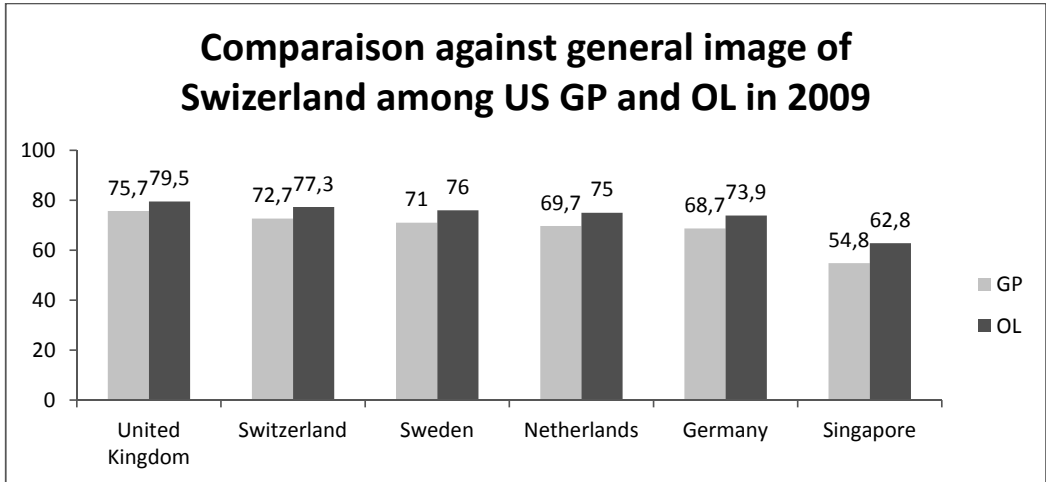
Graph 1: General image of Switzerland and the Netherlands among the US general public in 2000 and 2009



Base: US general public 2009, 1002 persons, US general public 2000, 1004 persons
 Scale 0-100, 0=very bad, 100=very good

Another result supporting a similar conclusion is shown in graph 2. The 2009 study reveals that Switzerland ranked second among countries having the best image in the minds of the American public, behind the United Kingdom and in fourth position in the minds of opinion leaders⁴ even while media coverage of Swiss banking secrecy was particularly widespread and manifestly negative in the American press.

Graph 2: General image of Switzerland in the USA



Base: US general public (GP) 2009, 1002 persons, US opinion leaders (OL) 2009, 401 persons
Echelle 0-100, 0=very bad, 100=very good

Lastly, Table 2, which shows Switzerland’s image in the United States in 2013 based on the Nations Brand Index, corroborates the previous observations, confirming the tendency towards a highly stable image over time. In comparison with both Sweden and the Netherlands (see graph 1), the image of Switzerland, remains very stable, even if it shows a slight regression. The small changes observed are not sufficiently large to be significant and attributable to the crises in question.

Table 2: General image of Switzerland among the US general public in 2013

	2009	2013 (NBI – calibrated data)
UK	75.7	75.2
Germany	68.7	71.9
Sweden	71	70.7
Switzerland	72.7	70.1

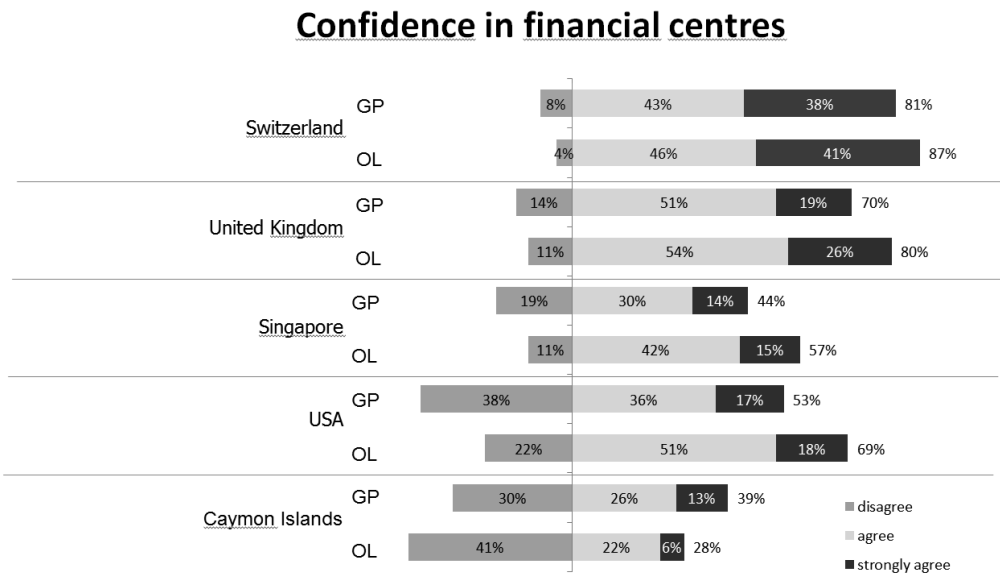
Base: US general public 2009, 1002 persons; US general public 2013, 1000 persons

4 Behind the United Kingdom, Sweden and the Netherlands.

Confidence in the financial system unaltered

One might assume that even if these crises had little effect on the country’s overall image, they might have had a specific impact on the issues involved in the crises. And yet, despite the problems encountered by the UBS bank and attacks on banking secrecy, 87% of opinion leaders and 81% of the general public expressed confidence in the Swiss financial system, as shown in Graph 3. This level of confidence is similar to those in other competing financial centres such as the United Kingdom and the United States. Thus, although we have no data from the time before this crisis arose, it seems reasonably certain that the problems encountered had no adverse effect on either the country’s overall image or specific dimensions of the image.

Graph 3: Confidence in financial centres



Base: US general public 2009, 1,002 persons

Question: “Investors can feel fully confident in the financial centre of ...”

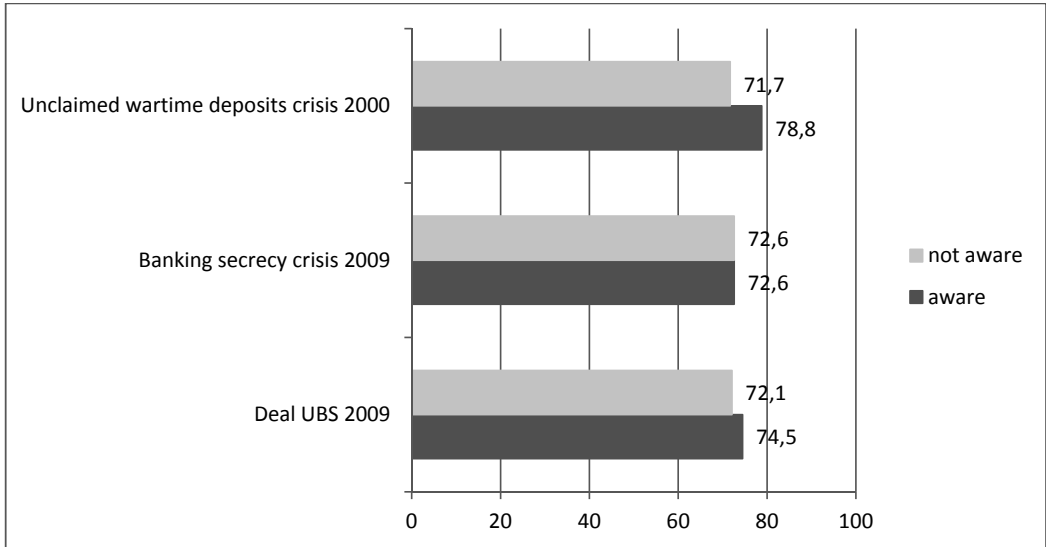
Knowledge of facts about Switzerland improves perceived image

The last result that is of interest for this article concerns the difference in perception of the country’s image between people who were well-informed about these crises and those that knew nothing about them. Measurements taken both in 2000 following the unclaimed wartime deposits affair and in 2009 following the problems of banking secrecy show that people who were familiar with the subject tended to have a better image of the country than those who were not.

Graph 4 shows that the average evaluation of Switzerland’s image in 2000 was 78.8% among people who knew about the unclaimed deposits crisis whereas it was only 71.7% among people who were not aware of the crisis. This tendency is repeated. A generally

more positive image of Switzerland can be seen among people informed about and aware of the banking secrecy crisis and the “UBS Deal” than those who were unaware.

Graph 4: Effect of awareness of topics related to Switzerland on the country’s image



5. Discussion and conclusion

The results of these studies would appear to demonstrate that a country’s image remains stable regardless of major crises. Of course, caution is called for in generalizing this finding given that the data came from different studies and that the direct impact of these crises on image was not measured. Neither were positive elements taken into account that could have weighed in the balance during the same period, or at other times but with a potentially prolonged effect. Lastly, taking other countries as a basis for comparison allows only for study of relative evolution, taking little account of absolute evolution.

Nevertheless, one can hypothesize that the strongly stereotyped nature of a country’s image protects it, limiting the influence both of events and of activities designed to promote the image. In addition, the concept of an image and how it is constructed are highly complex and it is very difficult to establish connections between specific events and the general perception that people may have of a territory. In the case of the two crises, some exploratory interviews revealed that the readiness of the Swiss to acknowledge the problem and seek solutions was very well perceived by the Americans, in whom the culture of problem solving is strongly rooted. It is not so much the conflict that may create a problem but the absence of will to solve it and resorting either to denial or to a power struggle, both of which can have negative impacts on image.

This observation allows us to highlight the importance of stereotyped elements in the potential uses that corporations can make of a country’s image. If activities have to do with these elements – which in the case of Switzerland are, particularly, precision (watches, machines, knives), milk-related food products (cheese, chocolate), Alpine landscapes (tourism), or discretion (banks, data management) – then the use of visual or textual codes

suggestive of Switzerland can prove very effective in communications. Conversely, sectors that promote the value of technology or innovation, for example, would do well to avoid tying themselves to such elements because of the strongly traditional and conservative characteristics associated with the country.

Attention paid to countries' image has grown steadily in recent years. For many researchers and practitioners, the increase in competition between countries means that proactive measures must be developed, particularly in the field of communications, in order to preserve – or improve – a country's position. However, studies have highlighted the fact that a country's image remains very stable over time and the results presented in this paper attest to the fact that even major crises affect neither the image of the country concerned nor that of the dimensions directly involved.

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