

**Silver Ruler Award for Excellence in Public Relations Measurement**  
**“Liechtenstein – Introducing the Global Village:  
Linking Identity, Reputation, and Communication”**  
**Executive MScom Project Team, University of Lugano, Switzerland**

Client: The Government of Liechtenstein

Consultancy: Participants in Executive Master of Science in Communications Mgmt. Program  
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### **Introduction**

Between the years 1999 and 2001, the Principality of Liechtenstein and its financial industry came under pressure from international organizations, namely the European Union and the OECD. They also became the target of a considerable amount of negative press coverage. This development has supported the people's rising fear that their country's reputation might be suffering, and given momentum to a growing awareness that Liechtenstein's reputation must be managed actively through systematic reputation management efforts. Against this background, the Government of Liechtenstein gave the Executive MScom Project Team (hereinafter referred to as the “project team”) the mandate to identify the factors affecting Liechtenstein's reputation and prepare a plan, or handbook, for managing that reputation in coherence with the country's identity (for detailed research questions, see p. 1 of Project Report). The project team consisted of five communication professionals enrolled in the Executive Master of Science in Communications Management program at the University of Lugano, Switzerland.

### **Research**

The project team used a three-stage process, which incorporated conducting a diagnostic review of the country's current state, identifying its desired future state, and ensuring a smooth transition to the desired future state.

The analysis of the status quo represented the backbone of the reputation management framework developed for Liechtenstein. The project team first conducted extensive secondary research, including compiling and analyzing literature available on Liechtenstein's image and identity, determined the country's strategic position, and conducted a stakeholder analysis. However, the key insights were gained from primary research, for which the project team developed its own innovative research framework (see p. 13 of Project Report). Embedded in this framework are research elements carried out both within Liechtenstein as well as internationally. They included a reputation audit, an identity audit, an expert focus group, and a communication and media audit, effectively combining quantitative and qualitative research methods.

#### *The Reputation Audit*

Since the desk research had shown that no validated instrument was available for measuring country reputations which would yield standardized results and allow for benchmarking, the project team pursued a deductive approach and adapted a validated instrument designed to measure corporate reputations. Using as a reference the Harris-Fombrun Reputation Quotient, it developed, jointly with Charles J. Fombrun and the Reputation Institute, the new “Fombrun-RI Country Reputation Index” (CRI) for measuring country reputations, used for the first time in this study. The questionnaire consists of 20 items to be rated on a ten-point scale and one open-ended question asking respondents what the country could do to improve its reputation should it wish to do so.

The reputation audit was the most comprehensive research element. It provided a coherent picture of Liechtenstein's reputation in six countries of strategic importance to Liechtenstein, namely Austria, France, Germany, Switzerland, the UK, and the US. In order to be able to put the results into perspective, the same survey was also undertaken for five countries or territories which were defined as Liechtenstein's competitive set. In the reputation audit, 6,739 respondents shared their perception of Liechtenstein and its competitive countries.

<b>Countries</b>	Austria, France, Germany, Switzerland, UK, US
<b>Project scope</b>	Measuring the reputation of six countries or territories: Belgium, Channel Islands, Liechtenstein, Luxemburg, Monaco, Switzerland
<b>Target group</b>	General public
<b>Net sample size</b>	6,739 respondents
<b>Questionnaire</b>	22 questions per country rated; 10-point scale
<b>Time</b>	July 18 through mid-August 2002

#### *The Identity Audit*

The identity audit focused on the self-concept, or self-perception, of the people of Liechtenstein. This survey was based on the same questionnaire as developed for the reputation audit to ensure comparability of the collected data. This allowed a direct comparison between the internal and external perceptions. In addition, the respondents were asked what they believed were the overall reputation ratings of their country abroad. To gain further qualitative information, an open-ended question inquired about the possibilities Liechtenstein has to improve its reputation, if it should wish to do so.

<b>Country</b>	Liechtenstein
<b>Project scope</b>	Measuring the identity of Liechtenstein (self-perception)
<b>Target group</b>	General public
<b>Sampling method</b>	Convenience sample of the Liechtenstein population
<b>Net sample size</b>	156 respondents
<b>Questionnaire</b>	23 questions; 10-point scale
<b>Time</b>	August 5 through August 30, 2002

#### *The Expert Focus Group*

To gain solid insight into the uniqueness and core values of Liechtenstein and its people, the project team complemented the identity audit with qualitative research. It invited five participants of varying backgrounds who all had, in one way or another, studied the identity of Liechtenstein and its people. From the discussion with and among the experts, the team produced a short statement which described the most salient traits of the Liechtenstein identity. In a Delphi-like approach, the statement was further refined and agreed by the experts and the project team.

#### *The Communication and Media Audit*

The communication and media audit was designed so as to determine the coherence – or possible gap – between the external and internal views. The project team compared the press coverage of Liechtenstein and the press releases issued by the Liechtenstein Government as the “official voice” of Liechtenstein. This analysis also allowed statements on the effectiveness of the press releases examined.

### **Findings, Strategy Selection, and Recommendations**

Liechtenstein’s reputation capital was found to lie in the country’s physical appeal and its attractive business environment, with the country’s landscape being its biggest asset, both internally and externally. The research conducted also pinpointed issues Liechtenstein was faced with: negative conceptions concerning Liechtenstein’s financial sector, the country’s lack in leadership appeal, and relatively low familiarity of respondents with Liechtenstein, as compared with the other countries of the competitive set.

A synthesis of the identity audit, the expert focus group, and other research components showed that Liechtenstein’s uniqueness lies in the polarity of “naturalness” and “sophistication.” In accordance with this finding, the project team suggested a dual strategy for tackling the three issues at hand by leveraging the country’s uniqueness and core competences. The first area of focus should be the country as a center of competence for highly sophisticated products and services in the financial sector, with the second being the country as an oasis of unspoiled landscape and personal touch. As a backup strategy, the project team suggested leveraging the country’s diverse manufacturing industry, which exports its products worldwide and was found to be well regarded among the people in Liechtenstein.

Based on this strategic thrust, various recommendations were made. They include institutionalizing reputation management, establishing a messaging concept which builds on the unique qualities of

Liechtenstein, developing a strapline as well as a logo distinct from national symbols, developing teaching materials, assessing the tourism offering, and further developing financial expert meetings.

### **Contribution to the Practice of Public Relations**

Reputation management is by no means restricted to companies and other organizational entities. In fact, nations, regions, and cities are increasingly concerned with their reputation relative to their competitors, and turn to actively measuring and managing that reputation. The research model developed outlines a strategic framework for effective national reputation management. Due to its design, it may be used for consecutive studies, which will allow valuable comparisons and show developments over time. The CRI questionnaire is available in English, German, and French and can be administered in an international environment. The results of the study have encouraged the project team to suggest that its approach and the instrument developed can be used for measuring the reputation of any country. To validate this, however, further research is needed.

Recent developments in Liechtenstein have shown that the recommendations drawn from the findings were effective and are contributing to a more positive and realistic perception of Liechtenstein internationally. Various recommendations have already been implemented successfully (see Follow-up Fact Sheet). The Project Report was translated into German and is freely available in print and electronic versions and was therefore able to stimulate a broad discussion within Liechtenstein.

### **Follow-up Fact Sheet as of August 2004**

In December 2002, the Executive MSc<sup>1</sup> Project Team presented the Liechtenstein Study (“Liechtenstein – Introducing the Global Village”) to both representatives of the University of Lugano, Switzerland, and the client, the Government of Liechtenstein. In May 2003, the Government Spokesperson presented the German translation of the Project Report to the public. Since then, many recommendations made by the project team have been implemented with great success.

In accordance with Liechtenstein’s bipolar identity (“naturalness” and “sophistication”) and the values of its society, the project team suggested following a dual communication strategy with the first area of focus being the country as a center of competence for highly sophisticated products and services in the financial sector, and the second being the country as an oasis of unspoiled landscape and personal touch.

In order to implement this strategy, the government set up a national PR agency to institutionalize reputation management, as recommended in the Project Report. This agency, called the “Foundation Image Liechtenstein,” incorporates key stakeholders with a strong influence on the decision making process in Liechtenstein.

To visualize the strategy and build on the core values of “expertise,” “authenticity,” “community,” and “openness” – as determined from the findings of the expert focus group and the identity audit – the Foundation Image Liechtenstein turned to Wolff Olins in London, one of the world’s most renowned brand consultancies. Wolff Olins successfully visualized the tension between the modern and the traditional underlying the identity of the Liechtenstein people. In May 2004, the new brand “Liechtenstein” was presented and has since been successfully introduced in various applications ([www.liechtenstein.li](http://www.liechtenstein.li)).

With regard to the financial sector, the Government of Liechtenstein followed another important recommendation set out in the Project Report: In October 2004, the “Liechtenstein Dialogue on the Future of the Financial Markets” will take place for the first time at the University of Applied Sciences in Vaduz, Liechtenstein ([www.dialogue.li](http://www.dialogue.li)). With the Liechtenstein Dialogue, the Government aims to establish a high-quality dialogue platform for people working in and with the financial markets. The forum is an ideal platform to promote Liechtenstein as a competence center for financial services and to present the new “Liechtenstein” brand.

The research framework, and in particular the development of a new instrument for measuring country reputations yielding standardized results, have also been acknowledged in the academic world. In

<sup>1</sup> Until April 2003, the Executive MSc program was known under its historical brand name MPR.

May 2003, the team presented two papers at the “7<sup>th</sup> International Conference on Corporate Reputation, Identity and Competitiveness” at the Manchester Business School in the UK. The first paper (“Paper A”) introduces the “Country Reputation Index” while the second (“Paper B”) describes the “Country Reputation Cockpit,” as the strategic framework for effective national reputation management was named.

The extensive research, which served as a basis for the strategy development, gives credibility to the specific recommendations made, and guides and assures decision makers. The research, which produced solid quantitative and qualitative data, allowed the project team to draw relevant and far-reaching conclusions. As recent developments have shown, the recommendations effectively support the Liechtenstein people in portraying their country by leveraging its strengths and achieving greater congruence between the country's image and its identity.