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社群媒體下的企業聲譽與國家形象建立：
台灣的新模型

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Master's Thesis

**CORPORATE REPUTATION, NATIONAL IMAGE BUILDING AND
TAIWAN IN SOCIAL MEDIA
A PROPOSED MODEL**

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A PROPOSED MODEL**

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by

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Taipei, December 2011

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THESIS DECLARATION

I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

Taipei, December 2011

Zsuzsanna Mangu

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ABSTRACT

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The purpose of this paper is to illustrate the importance of national image and corporate reputation and the interrelating power of the two on national competitiveness. In addition I hope to develop a model for the improvement of Taiwan's nation branding project. The model points to the relevance of Social Media channels in nation branding projects. As a consequence of its increasing popularity and extensive usage, Social Media offers great opportunities for the reformation of public opinion.

Data has been collected through a comprehensive literature review of research papers, websites and books on the two major subtopics: Social Media and image construction. Besides, analyses of reputation ranking lists prepared by organizations and the public were conducted. In addition, the paper also includes research through Facebook to examine branding practices.

The research demonstrated the relevance of image/reputation, moreover the wide-ranging possibilities inherent in Social Media for exertion of influence. The data also showed that there is a broad public interest in product rankings of Tech Media Websites and that the top companies of those are usually distinct from the favorites of the official listings. The Facebook research did not show relevant differences between nation branding practices of the Taiwanese and the most reputable companies worldwide.

The data showed that Taiwan has a good reputation in terms of technological development and product quality. This paper states that Taiwan should concentrate on these features instead of the promotion of tourist attractions, as a spillover effect will eventually lead to improvements in all aspects of national image. Based on the results of the study, this paper includes a nation-branding model for Taiwan and for other nations with similar characteristics to Taiwan. The model emphasizes the necessity of collaboration between the state and the corporate sphere in order to improve the image of both. Additionally, the model illustrates that an effective nation-branding project needs to exploit the tools provided by Social Media.

Key Words: Acer, ASUS, Corporate Reputation, Corporate Social Responsibility (CSR), Country-of-Origin Effect, HTC, Nation Branding, Nation Brand Effect, National Image, Social Media, Soft Power, Taiwan

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IV. LIST OF ABBREVIATIONS AND ACRONYMS

CA:	Canada
CN:	China
CMKC:	Country of Manufacture of Key Component
COD/DC:	Country of Design
COM/MC:	Country of Manufacture
COO/OC:	Country-of-Origin
CSR:	Corporate Social Responsibility
e.g.:	Exempli Gratia = ‘for example’
esp.:	Especially
et al.:	Et alii = ‘and others’
etc.:	Et cetera = ‘and so on’
GCI:	Global Competitiveness Index
GCR:	Global Competitiveness Report
GDP:	Gross Domestic Product
ICT:	Information and Communication Technology
IT:	Information Technology
JP:	Japan
N/A:	Not available
NBE:	‘Nation Brand Effect’
NBI:	‘Nation Brand Identity’
No.:	Number
NR:	Not ranked
PR:	Public Relations
PRC:	People’s Republic of China
ROC:	Republic of China (Taiwan)
SK:	South Korea
SM:	Social Media
SNS:	Social Networking Sites
TW:	Taiwan
UGC:	User Generated Content
US:	The United States



CHAPTER 1

INTRODUCTION

1.1 Background

1.1.1 The Growing Importance of Social Media

1.1.2 Taiwan: From a Poor Agricultural Society to a Technological Powerhouse

1.1.3 Why do image and reputation matter?

1.2 Purpose of the Study

1.3 Problem Discussion

1.4 Research Questions and Arguments

1.5 Methodology

1.6 Scope and Limitations

1.7 Contributions

1.8 Definition of Key Terms

1.9 Thesis Composition

1.1. Background

National reputation influences individual companies' ability to sell their products abroad, and at the same time, these products influence the country's image and reputation as they appear in foreign markets. This 'virtuous circle' (Anholt, 2003: 134) greatly affects the national wealth of countries that rely on exports. Governments hold a vital position in this process and can benefit from collaborating with corporations to construct a fruitful national image. The practice of image construction has been greatly simplified and accelerated by the emergence of Social Media channels.

Social Media has grown beyond a simple communication tool and has emerged a popular stage for discussion and observation of political and social issues. It has become an alternative to the manipulative power of mass media and has created a tool for the emergence of a dominant transnational 'public sphere'. However, the massive opportunities opened up for society are accompanied by dangers to the well-being of a nation. Positive image cultivation; trust; marketing of local merchandise; attraction of foreign investment, tourism, business, and international events etc. are major contributors to national economic stability. By acknowledging the country-of-origin effect, local products are becoming associated with the nation itself, thus the company reputation, positive or negative, becomes a cognitive representation of the country. Social Media plays a significant role in this transfer process of reputation. Using the words of Jeffrey Hollender, Executive Chair Person of Seventh Generation, "Today... the brand lives in the mind of the dialogue that your consumers have about the company. It does not live on our website; it does not live in the press release" (Rowley J., 2009).

In contrast to Malcolm Gladwell's (Shirky, 2011b) main dilemma about the role of Social Media, this paper will pose the question of how the existing Social Media can be

turned into an effective, constructive power source, thus ignoring the issue of how things would be without Social Media. Company image illustrates this process. Since people like to exchange their experiences with different products corporate reputations spread quickly. However, products are often associated with the country they come from, thus even a high-quality product can be rejected if the country-of-origin has a bad reputation. Therefore, corporations and the government should intensively work together to establish a positive image not only for the local company but also for the nation itself. If such a high-level cooperation could be achieved, the nation, its products, its people etc. would highly benefit, since an image becomes reality as it becomes real in its consequences. This image must be persuasive enough to influence the decision of consumers, investors, tourists, students and thus, influence the overall well-being of a nation.

The branding of national products and services is one of the main concerns of national image building campaigns, but those are also concerns of the brands themselves. By collaborating to manage all the corporate reputational dimensions, such as Corporate Social Responsibility (CSR), the quality of products and services, financial efficacy and workplace environment, the country-of-origin effect can be enhanced to benefit both, the nation and the local corporations.

1.1.1. The Growing Importance of Social Media

The growing discussion surrounding New Media tools and the greatly increasing number of Social Networking Sites users inspired this thesis. Innovations and hidden opportunities in the field have especially important implications for a political entity like Taiwan, which is struggling for international recognition. Given the sensitivity of any formal discussion on Taiwan's international political status, Social Media as a platform for an

informal way of communication appear to be a promising alternative. Social Networking Sites (SNS), blogs, content communities etc. all provide an easy, fast and flexible way for people to announce news, facts, information as well as declare personal opinions. These new forms of information flow and education bring about new opportunities to influence the public not only domestically but internationally as well.

Interpersonal networking affects and extends individual thinking, brings about changes in subjective opinions and attitudes, and contributes to the spread of knowledge. The rise of digital technology simplified and extended the ways how people can communicate with each other.

Social Media tools' effect on political campaigning, elections, and political participation are the subject of much research. However, Social Media, including text messaging, e-mail sharing, social networking and so on, can be used for more complex goals, influence opinions, shape perceptions and agitate civil society. According to Katz and Lazarsfeld (1955) it is a two-step process: first, the media transmits facts and opinions and then, those are discussed among the society. The second step is the place in which Social Media can contribute just by being open to the public, posting information and opinions, and letting everyone to participate in discussions. The main question is how a nation can utilize these tools and turn them to its own advantage.

1.1.2. Taiwan: From a Poor Agricultural Society to a Technological Powerhouse

In the 1950s Taiwan was a poor, underdeveloped, agricultural society and now it is one of the most competitive economies in the world. Today it ranks among the world's top producers of information and communication technology (ICT) equipment with widely-

known brands, a strong capacity for innovation, a strong level of primary and higher education, and an effective market of products (World Economic Forum GCR, 2011-2012). The small island has achieved such a development without significant natural resources in only a half century, through strong government intervention, an energetic and highly motivated private sector and effective human resources (e.g., high level of science and technology graduates) (Dahl and Lopez-Claros, 2005).

Lin (2005, In: Dahl and Lopez-Claros, 2005: 107) originates its success in the ICT sector from two sequential 'miracles': First, Taiwan was transformed from an agricultural to an industrial economy between 1953 and 1986. Second, its low technology industries were forced to reposition abroad and were replaced by technology-intensive industries, especially in the Information and Technology (IT) sector, between 1987 and 2000.

Anholt (2005: 32-33) praises export promotion for the main success of the Taiwanese brand names in the consumer electronics and IT industries. Anholt states that a small size is a motivating power in the long run as export becomes a necessary element for growth. In order to boost exports and to compete with bigger economies, branding is essential. The winning strategies were the results of government intervention and central planning: first, excluding foreign imports in the less developed sectors, then imitating foreign products and finally, boosting the exports of domestic brands. In addition, high saving rates, investing in education and health, and supporting the development of the private sphere (Anholt, 2005: 34) were also among the most notable conditions for development.

Taiwan started to become a major player in the electronics industry in the 1980s. By 2001, its companies were already manufacturing 70 percent of all personal computer (PC) motherboards, 55 percent of all laptops and 56 percent of all liquid crystal display (LCD) monitors in the electronics industry (Berger and Lester, 2005: 4). Today its high tech

businesses, notably electronics, telecommunications, computers and peripherals, total up to more than half of Taiwan's overall exports (Exporter Guide – Taiwan, 2011: 3).

Taiwan's ICT industry revenue in 2010 was US\$424.6 billion, which represented a growth of 35.7% compared to 2009. More than half of this revenue came from sales in PC and handset sectors. According to information from the Taiwan Stock Exchange, there are at least ten companies forecasted to bring in more than US\$5 billion in revenues in 2011. Smartphones, LCD TVs and handsets are seen as the top competitive products in the ICT industry. As for brands, Acer, ASUS and HTC are perceived to be the key companies to create new business models in order to upgrade Taiwan's role in the IT industry. They are expected to "provide a strong product platform for international software developers to cooperate and build upon" (MOEA, 2011). These companies were also ranked as the first three on the Interbrand's Top Taiwan Brands List in 2010 and 2011 (Interbrand, 2010-2011).

1.1.3. Why do image and reputation matter?

The Reputation Institute claims that country reputation is essential in driving support: building political diplomacy, attracting tourists, bringing in investments and supporting companies. In order to increase these effects, nations are branding themselves (Reputation Institute, 2011a: 4-6).

The Reputation Institute determines three significant reputation drivers: (1) direct experiences, (2) things that the country does and says, and (3) things that others say about the country. These are elements that go into our mind and influence whether we trust, admire, and respect the country or how we feel about it overall. Positive feelings lead to support and result in an increase in tourism receipts, exports, Foreign Direct Investment (FDI) and GDP. Direct experiences come through familiarity with products or services, culture, place or

people. Countries do and say things through branding, marketing, politics and PR. We hear about a country from NGOs, politicians, friends and family, or through traditional media and Social Media channels (Reputation Institute, 2011a: 10).



Figure 1: Examples of Nation Branding Slogans

In the early 1990s Taiwanese nation branding concentrated on industrial power and technological competitiveness, since the 2000s, however, this focus shifted to an emphasis on nature, scenery, hospitality and so on, in short, the attraction of tourists (Amine and Chao, 2005: 196). Its slogan today – Taiwan: The Heart of Asia – stresses that Taiwan is the ‘centre’ of Asia with beautiful scenery, interesting architecture, kind people and good food. Many questioned the meaning and focus point of this new slogan, claiming that it does not tell anything to those who are unfamiliar with the place and does not express the differences

between Taiwan and other nations. Taiwan's nation branding project is an issue to which I will return in Chapter 5.

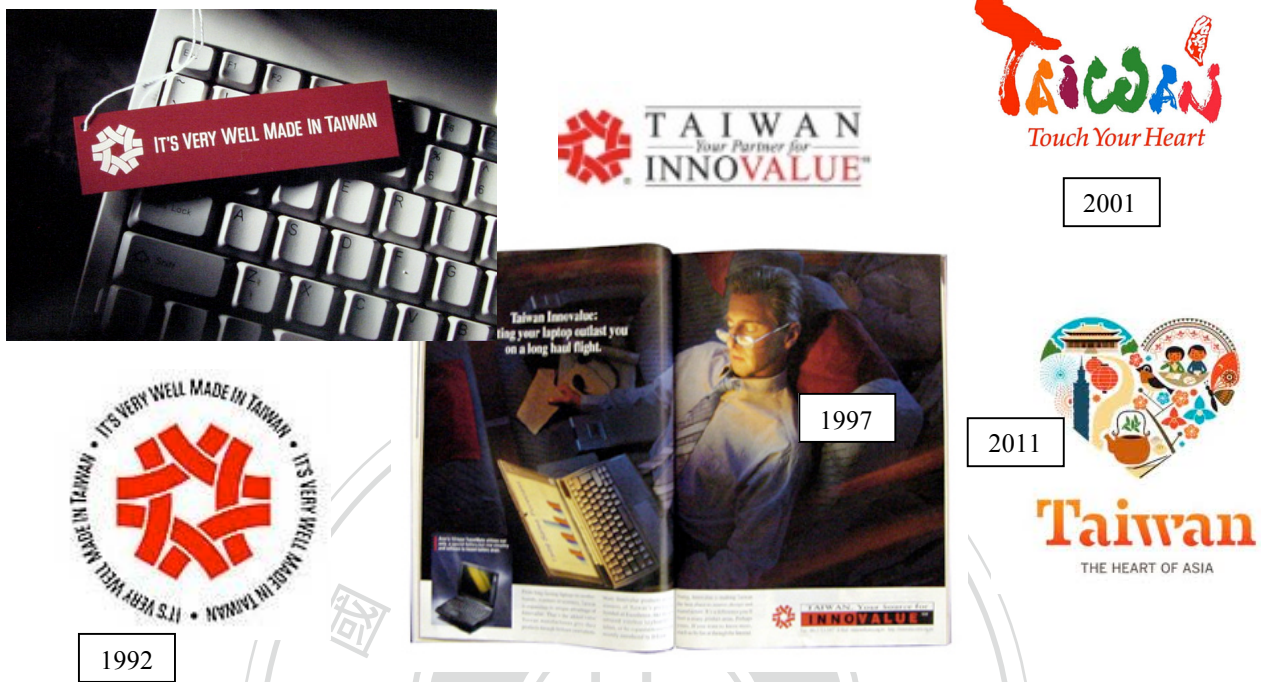


Figure 2: Examples of Taiwanese Nation Branding Slogans

The corporate branding model works similarly to nation branding. Good brand names drive support toward the company, which boost recommendations, sales, investments, and attract human excellence (Reputation Institute, 2011b: 5). The biggest drivers of reputation are social responsibility, consumer experiences (products/services, innovation) and corporate enterprise (leadership and financial performance) (Reputation Institute, 2011b: 9). The Reputation Institute found that if a company increases its reputation, recommendations towards it will increase and it will enhance its market value. Therefore, reputation has a direct affect on consumers' willingness to recommend the company and bring new consumers (Reputation Institute, 2011b: 19).

Nation branding and corporate branding work similarly and also have an effect on each other. Many companies recall their country-of-origin in their advertising slogan or brand

name since it is seen as a good tool to boost sales (ex. Colombian Supremo coffee). Others, however, rather hide their origin country since the negative image of that would withdraw sales (ex. Chinese Haier consumer electronics company). A country also gains a better or worse image through the reputation of brands originated from that country. Reputation and image matter because of their wide-spread effect on many elements which drive the success of countries and companies.

1.2. Purpose of the Study

The purpose of this paper is to illustrate the relevance of national image and corporate reputation, and their interrelating influence on national competitiveness and international viability in the frame of Social Media. The relations between these variables are analyzed in the case of Taiwan. The ultimate goal is to propose a model of nation branding, which heightens national industries, strengthens national competitiveness and is consistent with contemporary social trends.

1.3. Problem Discussion

It has been widely claimed that Social Media plays a role in the formation of political image by attracting public attention and catalyzing public opinion. It has also been commonly recognized as a tool for public actions through its function of reinforcing public interaction. It can also serve as a news-transmitting agent or a tool for promoting social relations. This paper discusses social media's role in the formation of national and corporate image.

The author observes that Social Media is not utilized by national representatives and corporations to its full extent, and the inherent opportunities of Social Media still need to be

exploited. The state and private sector can work together and establish a complete plan for reputation management by using the functions of Social Media.

This paper focuses on Taiwan and its current nation-branding project, which I view as an inadequate approach to image development. Taiwan focuses extensively on tourism and culture promotion through its “The Heart of Asia” campaign. This paper points out other assets which could be more appealing than its tourist attractions, emphasizing Taiwan’s high-tech achievements and product quality, especially in the Information and Communication Technology industry. Through the promotion of these assets, a better country-of-origin image can be established which can lead to further benefits in other aspects of national image. This can only be achieved by constant interaction between the state and the private sector, and moreover between these actors and the general public.

1.4. Research Questions and Arguments

Deduced from the purpose of this study and the above-indicated problems, the following research questions are proposed:

1. How do national image and corporate reputation matter to national well-being?
2. Why do national image and corporate reputation matter to national well-being?
3. How do national image and corporate reputation influence each other?
4. How can national image and corporate reputation be improved?
5. How can Social Media be turned into an effective, constructive power source of nations and businesses?

Consistent with the research questions, the arguments are stated as follows:

1. National image and corporate reputation play an extensive role in shaping national competitiveness and international viability.
2. National image and corporate reputation reinforce each other.
3. National image and corporate reputation can both benefit from a positive country-of-origin image.
4. National image and corporate reputation can be improved by the cooperation of the state sector and the private sector on issues that the global society is most concerned about.
5. National image and corporate reputation are best improved through Social Media channels, especially Social Networking Sites, such as Facebook, and blogs.

1.5. Methodology

The relevance of national image and corporate reputation and their interrelating power, along with the significance of Social Media and its relations to national image building were demonstrated through a comprehensive analysis of the existing literature.

In order to limit the scope of research, this study examines the case of Taiwan to test the arguments. This case is exemplary as many authors acknowledge that Taiwan is engaged in a false nation-branding project. The paper concludes that Taiwan should focus on its technological achievements and ICT product quality, rather than its tourist attractions promoting itself through Social Media channels.

Three Taiwanese information (and communication) technology and electronics corporations: Acer, HTC and ASUS were chosen to test the arguments. An analysis was conducted on Tech Media Websites/Blogs and Facebook to understand the current image of

these corporations. In addition, official ranking lists were also examined to see how these Taiwanese corporations are doing. To get valuable results these three Taiwanese corporations were compared to other companies in the industry and in general, on official rankings and Tech Media Blogs rankings. According to these lists, Taiwanese companies' biggest competitors were identified and those were all compared in a Facebook research. Wherein, Facebook pages of companies were examined to see how much they utilize the opportunities provided by Social Media.

Concerning national image analysis, official reputation rankings were examined to evaluate Taiwan's current national image. It was proposed to do research within Facebook itself, but official nation branding pages were only found to a limited extent. It was also observed how Taiwan's biggest competitor-nations conduct their branding projects according official reputation ranking lists.

1.6. Scope and Limitations

1. This research is only extended to the computer hardware and communications equipment industries. However, other Taiwanese products might do even better globally than these sectors. For example, Taiwan Semiconductor (semiconductors), Hon Hai Precision Ind. (electronics) and Formosa Petrochemical (oil & gas operations).
2. This study only covers two product categories within the electronics industry: phones and laptops. Further research might be necessary to see whether other ICT and IT products are doing worse or better.
3. The general public is often unaware of information regarding internal policies, actions, and business practices of the firm. This information is either unavailable for the public or they do not have expertise to understand them. This study does not consider the fact that

the general public often only has a limited understanding of corporations and their judgments are based on personal experiences (e.g., product purchases) from dealings with the company.

4. There was a limited access of information in many cases. For example, data of the 2005 Gallup Poll was only partially published as it was conducted for internal use. In addition, only the 2009 Anholt Nation Brand Index could be attained, as new data does not give detailed information about all nations. Facebook research regarding national image was no practical as there were not enough official nation branding sites found in the case of the examined countries. Finally, the Reputation Institute's report did not provide detailed information about all countries.

1.7. Contributions

First of all, this paper contributes to the literature on Social Media by carrying out a unique investigation into its role on image/reputation building. Social Media related research is relatively new and there is a need to understand better the numerous ways that it influences our lives.

Second, this study also fills a gap in image and reputation related research. Despite of the prolific literature and high productivity in the field, there are still questions to be answered. Many studies have pointed out the impact of national image on corporate reputation, but the effect of the latter on the former is a less researched area.

Third, as a practical implication, this study helps to better understand the role of nation branding in national image construction and the role of corporate branding in corporate reputation building. In addition, it provides the state and the corporate sector with practical advice on how to enhance the effectiveness of their nation branding projects. Therefore, the

findings will hold important implications for global companies and government representatives.

Finally, this paper also contributes to the English-language literature on Taiwan's national image, public diplomacy and soft power sources. It proposes a model of nation branding for Taiwan, which could enhance its future image as perceived by the international public.

1.8. Definition of Key Terms

Corporate Branding:

The process by which the company's or brand's images can be created or altered, monitored, evaluated and proactively managed in order to enhance the corporation's reputation among a target audience (see *p. 66*).

Corporate Image:

Receivers' (the concerned) momentary impressions of a corporation, which could vary according to (1) the many different types of receivers (such as consumers, prospective consumers, employees, shareholders) and to (2) the many different perspectives (such as brand image, industry image, COO image) of receivers (see *p. 62*)

Corporate Reputation:

Judgements made of the organization over time based on the organization's behaviours, performance, and the collective experiences of the organization. Corporate reputations tend to be stable, although ... subject to change in the wake of significant external or internal events such as an industry disaster or an ethical lapse by a company (see *p. 63*).

Corporate Social Responsibility (CSR):

Corporate efforts to meet the *nonfinancial* expectations of stakeholders (investors, employees, governments, international organizations, etc.), which expectations include advancements in tackling major (global) social challenges (see *p. 71*).

Country-of-Origin (COO) Effect:

The influence of country reputation on (1) international consumers' attitudes toward products originated from that country and (2) intentions to purchase products originated from that country (see *p. 49*).

Nation Branding:

A process by which a nation's images can be created or altered, monitored, evaluated and proactively managed in order to enhance the country's reputation among a target international audience (see *p. 54*).

National Image:

An attitude or opinion people of one nation have toward the people and governments of other nations, which continuously seem to form, fundamentally, through a very complex communication process involving varied information sources (see *p. 41*).

Social Media:

A broad term that describes websites or tools made up of primarily user-generated content that foster interaction between users (VanRysdam, 2010: 278) (see *p. 19*).

Soft Power:

The power of attraction and seduction as contrasted to power obtained by inducements and threats that is to say by using hard power (see *p.* 78).

1.9. Thesis Composition

This research focuses on three basic topics: Social Media, image/reputation, and Taiwanese national image management. Consequently, this paper is divided into three main parts, following the introduction.

Chapter two gives a thorough explanation on the term Social Media: summarizes all the related literature, defines the concept, lists its types and, at the end, it connects Social Media with image building.

Chapter three is divided into two major sections: the first is concerned about national image and the second introduces the concept of corporate reputation. Both sections review previous studies on the subjects, and define the concepts with all related terms. In the third section, the effect of national image on corporate reputation is examined, and at the end, an explanation is given on how the two can be and need to be simultaneously managed.

These two chapters are followed by a case study analysis on Taiwan. Chapter four gives a comprehensive overview on Taiwan's current national image and the reputation of its companies. First, Taiwan's soft power sources are examined according to the term's original definition. Second, Taiwan's national and corporate image/reputation is examined through official global rankings and public rankings displayed on Social Media channels. In addition, nation-branding projects of successful countries are examined to see whether they could be applied to Taiwan. The last section is a Facebook research of companies with good reputation compared to Taiwanese corporations.

The three main chapters represent different stages of the study, thus they need to be followed in order. By the analysis of all the related terms, a comprehensive review of literature, and an analysis of ranking lists and certain Social Media sites, wide-ranging clusters of data were collected. The last chapter summarizes all findings and conclusions and presents a practical nation-branding model, which could be especially constructive for Taiwan.



*“A brand is no longer what we tell the consumer it is –
it is what consumers tell each other it is.”*

Scott Cook, Founder of Intuit, 1952–

CHAPTER 2

LITERATURE REVIEW - SOCIAL MEDIA

- 2.1 Understanding Social Media
 - 2.1.1 Web 2.0 and User Generated Content within the Concept of Social Media
 - 2.1.1.1 The ‘Social’ Dimension of Social Media
 - 2.1.1.2 The ‘Media’ Component of Social Media
 - 2.1.2 Types of Social Media
 - 2.1.2.1 Blogs
 - 2.1.2.2 Social Networking Sites (SNS)
- 2.2 The Power of Public
 - 2.2.1 ‘Public Opinion’ and ‘Public Sphere’ in a New Context
 - 2.2.2 Civic Discourse via Social Media
- 2.3 Social Media and Image Formation
- 2.4 Chapter Summary

2.1 Understanding Social Media

2.1.1 Web 2.0 and User Generated Content within the Concept of Social Media

Kaplan and Haenlein (2010: 61) define Social Media as “a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content.” In this explanation, the authors clearly draw a line between the term and two related concepts that are frequently used together and often even equated with Social Media: the Web 2.0 and the User Generated Content (UGC). Kaplan and Haenlein claim that while the former stands as a platform for the development of Social Media, UGC can be seen “as the sum of all ways in which people make use of Social Media” (Kaplan and Haenlein, 2010: 61).

The term ‘Web 2.0’ was coined by Tim O’Reilly in 2004 and refers to a new era of the World Wide Web, a high degree of activity, in which readers could become writers at anytime and thus modify the content of the Web. O’Reilly (2006: 4) sets out three basic characteristics of this new trend: openness, network effects and most importantly user participation. The latter means that users have the chance to “play an active role in generating content, rather than only passively consuming that which is created for them by others” (Harrison & Barthel, 2009: 157). Therefore, an ‘active audience’ emerges which does not have to possess special technical skills to be capable of content creation or modification, which is built up by a three-step process: interaction, sharing and construction. O’Reilly calls this course of actions as the ‘architecture of participation’ (Harrison & Barthel, 2009: 159) which are now widely used by companies to build their own profit through user-generated content. Harrison & Barthel (2009: 162) state that Web 2.0 is based on the reconceptualization of users from consumers to producers or as Bruns (2007) put it:

‘producers’. While traditionally, media users are only observers, readers or consumers, new technologies transferred the media into a new industry which enables the audience to consume and produce at the same time: interact, share, collaborate and construct.

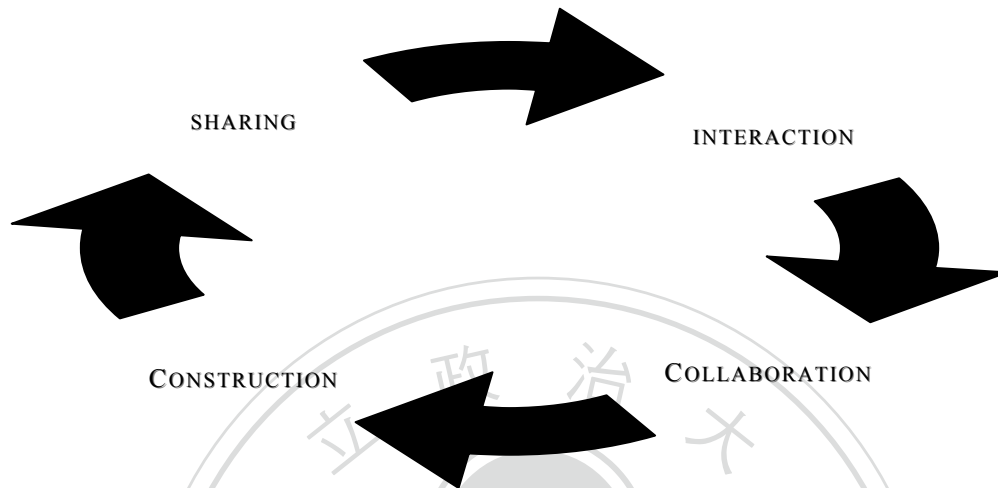


Figure 3: The Circle of Participation in Social Media

However, according to Tim Berners-Lee, inventor of the World Wide Web, there is nothing unique in the idea of Web 2.0, which is based on technologies, which have been available for years. He claims that the idea of content making and collaboration has been inherent in the creation of web, therefore there is nothing novel in the Web 2.0 which is purely a “blog and wiki thing” (Clarke, 2006). In contrast, Harrison & Barthel (2009: 161) state that what is new about Web 2.0 is the “now-widespread recognition and acknowledgment that users actively apply the affordances of new technologies in the service of their own creative and instrumental objectives...” Active media users have been present for a long time, but the number of participants was quite low before new media technologies have become easily accessible for everyone.

As this innovation empowered the users and their creativity grew, moreover by the ever-increasing availability of Internet access and advancements in technology, new types of User Generated Content have appeared and gradually the web developed further into Social

Media. The concept has two key components: it is social and it is media-related. Based on these two dimensions Kaplan and Haenlein (2010) determined six types of Social Media, which are divided in accordance with their closeness to the ‘media’ or to the ‘social’ part (see Table 1).

2.1.1.1 The ‘Social’ Dimension of Social Media

Kaplan and Haenlein see social processes like self-presentation and self-disclosure as the key elements of Social Media. The former states that in any social interaction, on the one hand, people present themselves in a way that others can get good impressions of them, but on the other hand they also want to display an image, which is more or less consistent with their personal identity. Self-presentation is generally performed through self-disclosure, the conscious or unconscious exposure of personal information (Kaplan and Haenlein, 2010: 61-62).

Vrasidas and Veletsianos (2010: 2) emphasize the fact that “human activity is by nature social” and place ‘interaction’ to its center. The authors state that the world by ‘meaning’ is based on social ‘interactions’ within a community and this meaning further develops through ‘interpretations’. They define “interaction as the reciprocal actions of two or more actors within a given context” thus “social interaction is an ongoing process that shapes human conduct as actors fit their actions with one another and form a continuous flow of interaction” (Vrasidas and Veletsianos, 2010: 3).

Expression of individual opinions along with social interaction constructs knowledge, which further develops through social activities and learning processes of individuals. This practice is facilitated by the development of communication technologies and the emergence of online communities.

2.1.1.2 The 'Media' Component of Social Media

The media dimension of Social Media is connected to the idea of Internet as a new media facet. In the beginning, the Internet was solely considered as a technology of 'interpersonal communication' and not yet of 'mass communication' (Leaning, 2009: 44). However, later it was identified that it possesses certain characteristics that distinguish it from other communication and media technologies. According to Leaning (2009: 50-61), these are human-technology interactivity, interpersonal communication, content production, and individualized media. With regards to the first three features, the Internet does not only provide a way for communication among humans, but interactions of humans with machines and thus, it allows users to modify the content of media through engaging with new technologies. The characteristic of individualized media refers to the Internet's ability to offer a more widely available media content geographically and temporally.

Kaplan and Haenlein (2010: 61), with regards to the media element of Social Media, introduce the theories of social presence and media richness.

The term "social presence" was coined by Short *et al.* (1976: 65) and defined "as a quality of the medium itself" to allow a certain degree of social presence or social interaction (acoustic, visual or physical) of the users. The higher is the social presence, the greater is the influence that the users have on each other. Vrasidas and Glass (2002, In: Vrasidas and Veletsianos, 2010: 9) stated that the indirect way of communication generated by new media facilities function better than face-to-face interactions since many fear of getting too close to the participants and of expressing themselves when those are physically present.

Media richness theory is found on the supposition that the goal of communication is to reduce the degree of uncertainty and ambiguity. Some media tend to be faster and more

effective than others in transmitting information and thus, achieving this purpose (Kaplan and Haenlein, 2010: 61).

2.1.2 Types of Social Media

Following Kaplan and Haenlein’s determination of Social Media, six types can be segregated: collaborative projects, content communities, virtual game worlds, virtual social worlds, blogs and Social Networking Sites (SNS).

		Social Presence/Media Richness		
		<i>Low</i>	<i>Medium</i>	<i>High</i>
Self-Presentation/ Self-Disclosure	<i>High</i>	Blogs	Social Networking Sites (e.g., Facebook)	Virtual Social Worlds (e.g., Second Life)
	<i>Low</i>	Collaborative Projects (e.g., Wikipedia)	Content Communities (e.g., YouTube)	Virtual Game Worlds (e.g., World of Warcraft)

Table 1: Classification of Social Media by Social Presence/Media Richness and Self-Presentation/Self-Disclosure (Kaplan and Haenlein, 2010: 62)

The idea of collaborative projects is based on the theory of the ‘wisdom of the crowds’, namely that groups are more effective than single-standing individuals in creating content. Although, many people use it to gather information and everybody is allowed to modify and create content, users have no direct interaction with each other.

Content communities are based on the objective of sharing, impersonal information, through different media types, like videos, pictures, books, and so on. Since users rarely contact each other and rarely provide information about themselves, its social dimension falls into the low category.

Virtual game worlds and virtual social worlds, although allow users to interact with each other, it also gives opportunities for changing real personalities and behavior.

2.1.2.1 Blogs

The first development toward the evolution of Web 2.0 was the creation of blogs in 1997 – by Dave Winer’s Scripting News – as one of the first User Generated Contents (Locatelli, 2010: 1). Since then, blogs have become much more easily accessible and available for everyone. Nardi *et al.* (2004: 1) determines blogs as “frequently updated webpages with a series of archived posts, typically in reversed-chronological order” and usually with additional comments by readers. Therefore, not only the writer but all the blog’s readers and commenters create the blog. The social aspect of blogs is well-presented in the definition of ‘weblogs’ in the Oxford English Dictionary: “A frequently updated website consisting of personal observations, excerpts from other sources, etc., typically run by a single person, and usually with hyperlinks to other sites; an online journal or diary” (Rettberg, 2008: 22).

Rettberg (2008: 9-17) found three types of blogs: diary-style personal blogs, filter blogs which list a set of links with some commentary and topic-driven blogs which quite often have political content and are sometimes run by a group instead of single individuals. This last type of blogging is aimed to encourage discussion on certain topics and often leads to far-reaching conversations across individuals and blogs.

2.1.2.2 Social Networking Sites (SNS)

Boyd and Ellison (2008: 210) define Social *Network* Sites as “web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system.” Attention should be paid on the determination of the term, which differs from the definition of Social Networking Sites. According to the authors, the word *networking* emphasizes relationship initiation, which is not the primary goal of SNSs. Instead of finding new friends, individuals are interested in “communicating with people who are already a part of their extended social network.”

While Boyd and Ellison’s conceptualization of Social *Network* Sites noticeably focus on the function of SNSs to keep in touch with friends, other researchers also highlight the fact that Social Networking Sites enable users to post information, thus function as blogs. According to Vickery and Wunsch-Vincent’s (2007: 38) definition, SNS “enable users to connect to friends and colleagues, to send mails and instant messages, *to blog*, to meet new people and to post personal information profiles.”

Following the aforementioned definition, as far as self publishing and social interactivity is concerned, this paper treats blogs and SNSs as belonging to the same category. Table 2 below illustrates the common features of blogs and SNSs (Note: Locatelli’s research covers three SNSs: Facebook, Twitter and MySpace).

	<i>Blogs</i>	<i>Social Network Sites</i>
<i>Visibility of Contacts</i>	Blogroll; Traffic feed (MyBlogLog).	List of friends.
<i>Levels of Actions</i>	Content (text, video, photo, podcast, links) publishing; Commenting; Graphic customization of layout; Addition of application and widgets; Connection with SNS.	Content (text, video, photo, podcast, mp3, links) publishing with limitation depending on platforms; Commenting; Limited graphic customization.
<i>Extent of Intimacy</i>	Different levels with no fixed features.	Different levels with privacy options.
<i>Means of Communication</i>	Content publishing; Comments; Private Messages; Tagboard.	Content publishing and sharing; Chat; Private Messages; applications (gifts); Social actions (poke, like).

Table 2: The Common Features of Blogs and Social Network(ing) Sites (Locatelli, 2010: 2)

2.2 The Power of Public

2.2.1 ‘Public Opinion’ and ‘Public Sphere’ in a New Context

This subsection is intended to examine the different possibilities inherent in organically or inorganically formed group work. Group is understood here as a collection of individuals, which forms through any level of interaction.

With regards to problem solving, actions of singular individuals tend to be less effective than those of groups. As James Surowiecki (2004: xiii) stated “under the right circumstances, groups are remarkably intelligent, and are often smarter than the smartest people in them” and what makes these aggregated people more clever than single individuals is the collection and combination of singular opinions forming into one complete piece. This can be called ‘public opinion’ which according to Kunczik (1997: 18) “comes about when many persons take the same view of a given issue and are aware of this sameness of view.” It is mostly formed through a two-step process. Firstly, news is created in the mass media and forms themes for public discourse. Then, through interaction, people affect each other and shape widespread beliefs that are acceptable for the majority (Katz and Lazarsfeld, 1955. In:

Shirky, 2011a: 34). In this sense, ‘public’ does not refer to ‘all’-, but to ‘most’ of the concerned individuals.

Once public opinion is formed, the emphasis is on giving effect to it, that is to say let official organizations to take a particular course of measures according to the wishes of the public. “Habermas has shown that public opinion might act as a critical sounding board against the official exercise of power and leadership in some instances” (Chong, 2007: 40). If this is so, public opinion is a way to measure the stability and efficacy of the government in a particular nation. In contrast, there is also a world public opinion which according to Rusciano and Fiske-Rusciano (1998: 19-26) “has power as it possesses a moral component where a minimal universal moral standard is shared internationally; a pragmatic component where evaluations are based on “interests which relevant nations were supposed to share, where issues [are] discussed in terms of practical costs or benefits; and a national fear of isolation [component] with respect to an assumed “world community,” or “world public” (In: Chong, 2007: 41).

At this point, let us clarify what exactly ‘public’ is. According to Michael Warner (In: Calhoun, 1992: 378-9) images and texts are public if they can be understood to a public rather than simply to oneself, or to specific others. It is impersonal, has no empirical existence and cannot be objectified. Therefore, “public opinion is understood as belonging to a public rather than to scattered individuals ... [and] public discourse is the discourse of a public rather than an expansive dialogue among separate persons.” This train of thought leads us back to our starting point on the effectiveness of the ‘crowd’ contrasted to single individuals.

Surowiecki (2004: xiv) defines the “wisdom of the crowds” as “collective intelligence” which comes about when individuals’ imperfect judgments are aggregated in the right way. People often make decisions without having enough information about a particular issue, but as they form into a group, they possess the ability to exchange their views and data,

thus make better developed decisions. Surowiecki brings up Gustave Le Bon's thesis on the stupidity of groups explained in his book titled *The Crowd: A Study of The Popular Mind* (1895) as a counter-example. Le Bon understands 'group' as a separate body, which has its own identity and not the summation of individual members of the group as Surowiecki refers to it. According to Le Bon aggregated individuals make decisions that no one really agrees with if stands by oneself, but Surowiecki perceives group thinking as the interlocking of individual minds which creates a strong and intelligent union (Surowiecki, 2004: xvi-xvii).

The aggregation of individual minds to form public opinion and bring about social actions occurs through interaction, which involves information-sharing, conversation and mutual influence taking place on an established platform for communication. The idea of such a platform was well introduced by Jürgen Habermas in his book titled *The Structural Transformation of the Public Sphere: An Inquiry into a Category of Bourgeois Society* (1962/1989)¹. Habermas originally described the public sphere as "the institutional space where political will formation takes place, via the unfettered flow of relevant information and ideas." This space is formed through mediated and face-to-face interactions. Habermas notices the emergence of such a public sphere "within the bourgeois classes of Western Europe in the late eighteenth and early nineteenth centuries. The institutional basis for this public sphere consisted of an array of milieu and media, such as clubs, salons, coffee houses, newspapers, books, and pamphlets, all of which in various (though incomplete) ways manifested Enlightenment ideals of the human pursuit of knowledge and freedom" (Dahlgren, 2001: 33-34). In this ideal situation "all citizens have equal access to communication that is both independent of government constraint, and through its deliberative, consensus-building capacity, constrains the agendas and decisions of government in turn" (Dahlgren, 2001: 3). There are two connected notes that we need to pay attention on: First, the role of media

¹ The work was first published in 1962, and was translated into English in 1989.

institutions attributed to the existence of public sphere and second, the significance of citizen interaction inherent in the idea.

When taking into account media institutions, we need to separate traditional (mass) and social (new) media channels. The Pew Research Center (2010) found that one of the most conspicuous differences between the two is their effect on the afterlife of news stories. “While most original reporting still comes from traditional journalists, technology makes it increasingly possible for the actions of citizens to influence a story’s total impact.” Although, the role of mass media is significant to scatter information and – as I have stated before – to establish themes for public discourse, but only Social Media can bring the possibility of free formation of stories by the public. Social Media, thus, has the tools to realize the Habermasian ideal of public sphere, in which individuals can interact, exchange their ideas openly and reach a public consensus. Kellner and Kim (2009: 617) state that new media raised the possibilities of the establishment of this public sphere, in which “individuals can empower themselves in relation to dominant media and culture.”

Nonetheless, according to Boeder (2005: 3) this public sphere does not necessarily stand as a platform for increasing the role of society: citizens often become a victim of the distorted traditional media. Boeder (2005: 5-6) argues that skepticism on the Social Media’s ability to raise the quality of public sphere fed by two main arguments. First, consumer society has become the model for political decision making as well as for individual behavior. Rheingold (2000: 373) brings up one of the key statements of the Frankfurt School: “consumer society encouraged social and political apathy, even before the television era.” Due to the increasing significance of consumption there is a lack of interest in political and civic participation, which jeopardizes both the public sphere and a healthy democracy.

Boeder’s second argument concerns the destruction of the private sphere by the emergence of electronic media. He argues that the “transparency” of digital information,

moreover the control and misinformation of citizens challenge the possibilities inherent in the public sphere. Open discussions become hazardous, as the state is able to gather information and control the public via new information technologies.

Despite these negative aspects of electronic media, when considering the establishment of public sphere it still prevails over traditional media tools. Accessing information, participation in debate and in the formation of public will, new media compared to traditional media offers much more opportunities. However, the erosion or transformation of the media's old functions leads us toward a reconsideration of the role of media in this new setting. In addition, this process not only changes the functions of the media, but also the way that individuals, groups, communities and the overall society live and communicate. As public construction of news comes to the front, Habermas' sphere of "critical publicity" (Habermas, 1989: 248) becomes functioning. Assuming a significant social impact of digital communication, the main question that remains is how to use what we have already learned in order to maneuver events toward preferred directions.

2.2.2 Civic Discourse via Social Media

The increasing popularity of Social Media facilities, especially blogging and social networking provide new opportunities for civic discussion. Many studies have pointed out the use of Social Media for gathering and sharing information and participating in discussions about election campaigns, candidates and parties. For example, a study conducted in March 2011, by the Pew Internet & American Life Project found that one in five adult Internet users turned to social networks to get or share information about the midterm elections last year. "The study also found that 53 percent of Internet users went online to engage in some kind of

campaign-related activity,” like watching political videos or sharing and discussing information (Preston, 2011).

Gulati and Williams (2007) researched Facebook usage during the 2006 midterm elections and found that Facebook played an important role in the 2006 races by transmitting information, thus SNSs are capable of influencing the electoral process. However, due to the fact that social networking is mainly the activity of young adults (18-to-29 year olds) who have a lower voter turnout rate, the authors were not completely convinced that Facebook use helped the candidates to achieve a greater support. Similar results were found by Karan *et al.* (2008), studying the 2007 elections in the Philippines. Baumgartner and Morris (2010) researched the political engagement of young adults through social networking. The authors concluded that the potential for SNS to raise the political engagement of youths has not been realized, thus they question that the Internet has the possibility to revolutionize political activeness among the new generation. Their main consideration is that users tend to visit likeminded sites, thus rarely meeting with opposite views and that their political engagement is limited to Internet activity.

With regards to blogs, Drezner and Farrell (2008) provide a complete investigation into the consequences of blogging on politics. The authors bring up several examples when blogs actually shaped politics and political outcomes, however, they also point out that this process is usually random. The main reason is that blogs, according to a 2006 poll by the Reuters, are the least trusted sources of information (Drezner and Farrel, 2008: 5), since they are written by ordinary individuals. Drezner and Farrel (2008: 8) also indicate that there is a high degree of disparity in the relative visibility of blogs. This leads to the creation of elite blogs which attract attention from other bloggers and the political elite overall, and thus easily reframe political issues.

The idea of elite blogging was also presented by Davis, concerning the case of the UK (Davis, 2010: 110-113). The author found that ordinary citizens are becoming disconnected as policy elites form 'elite discourse networks' through new media channels that only give limited access to the wider public, and instead, is open to a privileged, politically-oriented reader-audience. Davis states that the proliferation of new media sites and especially blogs, are only useful for those who have been already engaged with politics and rarely attracts those who turned away from party and institutional politics.

Davis (2005: 67) had similar findings in an earlier book researching the political impact of electronic discussion. He states that online debates in reality are quite far from what they ideally could be. Online political talk "features dominance by a few, who consciously act to maintain ... hegemony." In addition, Davis points out that bloggers often undermine the standards of traditional news media as they often lack of respect, resources and expertise (2005: 43). However, blogs are nearly costless and easily accessible sources of information, therefore, they should stand as a supplement and not as a substitute for traditional media channels.

Van Ham (2010: 96-105) researched social power in the era of new media. He claims that although political change cannot be brought about just by these media revolutions, blogs and another Social Media channels can set agendas and attract public attention on certain issues. Van Ham brought up the example of governmental control over blogs and other Internet-based communication tools in autocratic states, which indicates the growing political importance of blogging (van Ham, 2010: 99). The author was positive about the potential political impact of Social Media, but pointed out that since anyone can write, edit and add to these media channels, there is a huge uncertainty and distrust over the reliability of information.

Kushin and Kitchener (2009) focused on the Internet's, in particular Facebook's potential for political debate equally exposing supportive and opposing viewpoints. The authors studied a politically centered Facebook group and found that Facebook plays a minor role in encouraging posting oppositional ideas to the group's original stance. However, they also admitted that possibilities for group creation are unlimited, therefore, Facebook users with different viewpoints have the chance to find a group with likeminded members or create a group on their own. The study also found that the style of the posts is sometimes uncivil or aggressive, although, 75% of the posts were civil and represented a willingness of participants to engage in a discussion group (Kushin and Kitchener, 2009: 14). Therefore, the authors refused the idea that online discussion would discourage the participation of polite and respectful commentators (e.g., Davis, 1999).

Perhaps the most related research was developed by Clay Shirky (2011a) in his article about the political power of Social Media. The author claims that Social Media enhances the chances for information access and the ability for collective action helping a loosely coordinated mess of people express their desire for change (Shirky, 2011a: 29-30). However, Shirky also admits that these tools can only work in the long run and "that they have the most dramatic effects in states where a public sphere already constrains the actions of the government." As a response to the claims (e.g., boyd and Ellison, 2008) that Social Media is only used for commerce, socialization and self-disclosure, Shirky refers to political works that had great influence in the past, although, were not the most popular readings.

Shirky recalls the role of traditional media in the Eastern European demonstrations in 1989 and states that its main function was to strengthen the public sphere and thus support the initiative for social change. The major opportunity inherent in either traditional or Social Media is that it allows people to carry on discussions about different viewpoints. "A slowly developing public sphere, where public opinion relies on both media and conversation, is the

core of the environmental view of Internet freedom” (Shirky, 2011a: 34). Shirky’s main point is that Social Media is not a replacement for real actions, but a supplement, a tool to coordinate the public and strengthen civil society.

These views entailed an enormous amount of literature, especially after the break out of the ‘new’ Arab revolts in the beginning of 2011. Malcolm Gladwell (Gladwell, 2011) addresses the question of whether these uprisings could have happened in the absence of Social Media. Similarly, Lisa Anderson (Anderson, 2011) refers back to the protests of the Arab world in 1919 when there was no Social Media and indeed, there wasn’t even a need of it to spark upheavals. Shirky (2011b) replies that Social Media only provides a tool for altering the picture of the public sphere. It enables citizens to raise their voice, express their opinions and organize actions at a higher level than before these tools were at hand. Social Media cannot substitute traditional media, but should be a supplement of it.

The above discussion serves as a proof for the power of Social Media, indicated by political related discourses. It is clear that Social Media offers a range of possibilities, however, those are not entirely exploited yet.

2.3 Social Media and Image Formation

Many studies have pointed out the role of Social Media in political image shaping. Election campaigns on Social Networking Sites, candidate-blogs, politically centered Facebook groups, public summons are all examples of Social Media usage for attracting public attention and influencing public opinion. However, the role of Social Media to provide governments and businesses with a practical way to reexamine how they do things, to monitor how they are perceived by the public, and to change practices in a way that improves their images, have not yet been fully understood.

Landsbergen (2010: 135) claimed that Social Media is a response to the increased need for social communication, and the government [and businesses have] to understand how Social Media can support these needs: First, the expansion and universal accessibility of ‘human networks’ as a third institution besides the government and the private sector makes it urgent to get access to the control of the flow of information. Second, the focus on one-way or broadcast communication via traditional media has shifted to a two-way or interactive communication proceeded through Social Media. In addition, rather than only using texts, Social Media allows a simple usage of video and audio (multimedia) as well. Since humans are visual creatures, multimedia can make a greater impact than texts. These three characteristics facilitate and hasten communication.

The private and public sectors have the chance to be an integral part of these networks and thus, participate in the process of information shaping or stay on the margin and let the information flow to take its own path. Users of networks encounter fewer communication barriers through “the reduction of formality, the highly interactive and rapid nature of technology, and the blurring of what public and private is” (Landsbergen, 2010: 136). Hereby, if it stays on the margin, Social Media will still ‘operate’ and its technology will enable people to interact, share, collaborate and construct ideas and information (see *p. 20*).

Edosomwan *et al.* (2011: 85-86) listed the following as the most important benefits of Social Media in the case of businesses: it strengthens “brand experience which will support brand building [and thus] a company becomes more attractive to the customers...As a result, Social Media will help in building a good reputation for a business organization... Social Media forum acts as a powerful way to communicate the brand value and brand attributes as they facilitate open forms of communication.” Social Media “helps to communicate collaboratively between current and potential customers, in receiving feedback, product

definition, product development, or any forms of customer service and support... it becomes a good venue for discussions and becomes a classic goal of marketing and communications.”

By establishing a new forum for stakeholders or simply becoming a part of the existing ones, companies can build good reputation and advocacy, moreover control the flow of negative information and rumors. Social Media is a cost effective way to advertise and market the products of the company, moreover, attain a feedback from customers, react to these opinions and make a customer-to-customer conversation as well. The most significant feature of Social Media is the creation and encouragement of discussion or interactive communication, which guides all of the aforementioned benefits (Edosomwan *et al.*, 2011: 86-87).

Hastings and Saperstein (2010) referred to an example of the Microsoft’s advertising agency (Wunderman), about how corporations can apply Social Media to infiltrate into customer dialogues. The author claimed that businesses need to acknowledge the fact that today, current and potential consumers have to be involved in shaping the company’s activities and developing product features, via extensive dialogues with customers. With the existence and easy accessibility of Social Media technology, such interaction is not unattainable anymore.

Microsoft launched a project called ‘Heroes Happen Here’ (HHH) in 2008. In the frame of this campaign, Microsoft organized events in 61 cities to promote three of its new products. What Microsoft soon discovered was that Social Media played an enormous role in increasing market participation in the events (Hissom, 2011). The aim became to improve dialogue between the company and its customers via Social Media. Michael Joseph, the account director for the HHH campaign, stated that “consumers are actively gathering information to really determine – no matter what a company may say or how a company might position itself – what a brand and offering are all about. There always has been the

power of referrals and peer-to-peer word of mouth. But technology just makes it much easier and more scalable for opinions to be formed quickly and perceptions to be influenced. Social Media, developed through web 2.0 products, now redefines customer communications” (Hastings and Saperstein, 2010).

Microsoft engaged with different types of Social Media channels and entered into conversations to monitor perceptions and attitude toward the company. It could obtain information on what topics people are concerned about, how the companies overall reputation is and what the most influential Social Media channels are. As a matter of fact, Microsoft could learn about consumer desires in real-time. The project was based on the conviction that customers are no longer waiting to be addressed by businesses, but they are reaching out as the Internet makes it possible for them (Hastings and Saperstein, 2010). Therefore, a company needs to research and understand consumer needs and perceptions via these channels, rather than attempt to make an influence through traditional advertising.

Microsoft launched a program, which made it possible to monitor conversations in real-time through a system, which could scan Social Media by keywords. Microsoft could listen to people, understand them and join to their discussion. Although it is certainly a good way for reaching customers, but simply establishing blogs, user forums, voting polls can provide companies with similar tools to understand current public impressions of the company and its products, and even serve to form these perceptions (Hastings and Saperstein, 2010; Hissom, 2011). A major point is to understand that Social Media has already become a part of our lives and it is in fact harder to ignore it than to engage with it.

Tewksbury *et al.* (2001) researched unintentional news-information gathering as disclosed on Social Media channels. The authors found evidence that unintentional exposure can lead to great knowledge of current affairs. Although traditional media already has made

this possible, but now “the Web provides the infrastructure for a much wider dissemination of breaking news headlines” (Tewksbury *et al.*, 2001: 547).

Similarly, Baresch *et al.* (2011) was interested in the role of Social Networking Sites, particularly that of Facebook, in unintentional information transmission. They stated that since there is so much information in our environment, we are overwhelmed and tend to rely on filters. The authors called this the social filter as contrasted to the professional filter of traditional media and defined it as a technological version of the old political tool: word of mouth (Baresch *et al.*, 2011: 7). They argued that Social Networking Sites (with Facebook taking the leading role) are not only becoming news services, but also searching engines. In addition, just the simple “likes” on these sites can transmit information to hundreds of other members, not to mention “posts” carrying even more information. These functions are becoming more important to businesses as well. “The e-commerce platform company ChompOn (2011) estimated that “likes” on Facebook are each worth \$8 for its clients in terms of the immediate next sale” (Baresch *et al.*, 2011: 8).

In conclusion, Social Media exists and it is used by a great amount of people. Among others, it stands as a way of informal, open and two-way communication, as a cost-effective marketing channel and as a platform for information transmission. Governments and businesses both can turn it to their own advantage if they know how to adapt to it. Information shapes images as it turns into impressions and perceptions about any organization. In order to control this information flow, organizations have the chance to engage in communication with the public via Social Media.

2.4 Chapter Summary

The preceding chapter has examined the available literature on Social Media. As it is a relatively new field of study, there is still a lack of academic research concerning the subject. The purpose of the chapter was to give an understanding of what the term covers and how it relates to image building.

Social Media has developed out from the Web 2.0 technology, which has already made it possible to create and exchange User Generated Content (UGC) to some extent. Following the increasing availability of Internet access and further technological developments, it has become easier and faster to use the web. This has led to the emergence of new types of UGC. The major contrast between Social Media and traditional media is that the former allows the audience to actively participate in content creation through interaction, sharing, collaboration and construction. Although it is still characterized as 'media', it allows high social presence.

Social interaction creates groups with distinct opinions on certain issues. The collective opinion of a group further attracts outsiders, which leads to a formation of public opinion, as it becomes the majority's point of view. Groups are entities with influential social power that now have the chance to use a more effective platform for communication, provided by Social Media. By utilizing the opportunities offered by these channels, there is a higher chance for the society, and also for organizations, to exert influence in any desired direction.

Despite Social Media's inherent characteristics of two-way communication and information transmission, its role is to provide governments and businesses with a practical way to reexamine how they do things, and to change practices in a way that improves their image, is not yet fully understood. This paper aims to fill this gap and provide practical implications for these purposes in the state and the private sector.

“Perceptions are truth, because people believe them.”

Epictetus, 1st century AD

CHAPTER 3

LITERATURE REVIEW - IMAGE CONSTRUCTION

- 3.1 Studies on National Image
 - 3.1.1 Defining National Image
 - 3.1.1.1 National Image Related Terms
 - 3.1.2 The Country-Of-Origin Effect
 - 3.1.3 Nation Brand and Nation Branding
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 - 3.2.2 Defining Corporate Image and Corporate Reputation
 - 3.2.3 Corporate Brand and Corporate Branding
- 3.3 The Effect of National Image on Corporate Reputation
 - 3.3.1 Purely Negative Associations
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- 3.4 Managing Dual Reputation
- 3.5 Chapter Summary

3.1 Studies on National Image

3.1.1 Defining National Image

“National image is an attitude or opinion people of one nation have toward the people and governments of other nations” (Lee, 2009: 2), which continuously “seem to form, fundamentally, through a very complex communication process involving varied information sources” (Kunczik, 1997: 1). According to Kunczik, the strongest image shapers are (Kunczik, 1997: 2-3) news services, books, TV, radio, PR and established stereotypes, which are carried forward through generations. As it follows, Kunczik (1997) states that what others say about a nation and what a nation says about itself are the main sources of our information and views about a nation. In addition to these sources, the Reputation Institute also took into account direct experiences with the nation’s assets (Reputation Institute, 2011a: 10).

Kunczik (1997) claimed that image is shaped via a multifaceted communication process with the participation of many information-disseminating channels. I determine four groups of these channels: (1) public diplomacy, (2) media, (3) word of mouth and (4) personal experiences.

Public diplomacy is a tool of nations and other official organizations to promote and maintain strong relationships with non-official groups abroad (Melissen, 2007: 21). Melissen (2007: 5) claimed that this is an essential difference between the traditional and new public diplomacy as now the focus is not only on a dialogue between representatives of states, but on those and the foreign public: non-official organizations and individuals. In the ideal scenario, public diplomacy is complemented with nation branding. The latter also targets foreign individuals, but it is about making a country likeable to those.

Media refers to traditional or Social Media, which has been already introduced in chapter two. Social Media is different from traditional media in the sense that it has an active audience, which can modify its content. Word of mouth refers to information transmission through family, friends, acquaintances, etc. Personal experiences include any familiarity with products and services, culture, people and environment.

There are two more related terms to national image that needs to be clarified here: reality and misperception.

First, image has a close connection with ‘reality’ even if it does not mirror reality, because if an information channel continually reports something, it becomes a reality in the minds of its audience. “If men define situations as real they are real in their consequences.” (W.I. Thomas 1928, In: Kunczik, 1997: 58).

Second, national image is also in close connection with perceptions and misperceptions. “People whose decisions determine the policies and actions of nations do not respond to the objective facts of the situation... but to their “image” of the situation. ... It is what we think the world is really like, not what it is really like, that determines our behavior” (Boulding, 1961: 391). Images can be represented by a small group of the powerful or by the image of the mass of ordinary people, who do not take part in decision-making, but their support is of vital importance to the powerful (Boulding, 1961: 392). It is true in an international context as well: The image that we shape about another state influences our attitude toward it, which determines the course of events in international relations. For example, “the image of a country in permanent crisis or as economically unreliable, generated perhaps by continuous negative reporting, can influence economic decision-making processes and discourage investment, which in turn can exacerbate future crisis.” (Kunczik 1997: 58) The bad image of Africa therefore causes more problems and makes it impossible for the continent to wash down the perceived ‘reality’ from itself. Robert Jervis states, “decision-

makers tend to fit incoming information into their existing theories and images. Indeed, their theories and images play a large part in determining what they notice.” (Jervis, 1968: 455)

Boulding (1961) defines two kinds of national image: first, one with a sophisticated image “sees the world from many imaged viewpoints as a system in which the viewer is only a part;” second, one with an unsophisticated image “sees the world only from the viewpoint of the viewer” and not as a whole (Jervis, 1968: 398). The latter comes to a self-centered, misperceived image of others.

To conclude, building a positive national image is a general goal of all nations. It can be achieved by the correct utilization and combination of information disseminating channels. Public diplomacy is aimed at building good relationships between the general foreign public and the nation as a whole. Combined with nation branding it can stand as a complex tool of national representatives to build a better country image, eliminate misperceptions, and form pleasant ‘reality’. Since the target group is the general public, instead of officials, Social Media provides an easy way to get access to them. While the content of traditional media cannot be modified by the public, Social Media makes it possible to manipulate information. Personal experiences with products and services can reach the public the easiest, since the majority of ordinary people will never travel to most of the foreign countries, encounter their culture and meet with their people.

3.1.1.1 National Image Related Terms

There are many terms employed in national image related literature. Some studies use the same concepts but with different meanings, which leads to confusion. Therefore, a clear differentiation of the terms is necessary. The current research follows the categorization of Fan (2006: 2-3), listed in Table 3.

Product Related	National Level	Cultural Focus
Country of Origin	Nation /Country brand	Country Stereotype
Product-Country Image	Nation /Country image	National Identity
Made-in Country Image	Country Equity	National Characteristics
Country Image Effect	Country Positioning	e.g., “Britishness”

Table 3: Categorization of National Image Related Terms (Fan, 2006: 3)

Fan (2006) separates these various terms into three categories. Product related concepts, like country of origin or made-in country image cannot be disconnected from the product. Terms, like nation brand, country equity and country positioning highlight the nation as a whole, paying special attention on its intangible assets, not on its products. Terms in the third group focus on the culture and people of the nation and have very little connections with branding or marketing. This study is concerned with product related terms and terms on the national level, namely country-of-origin, product-country image, made-in country image, nation/country brand and nation/brand image.

3.1.2 The Country-Of-Origin Effect

Previous studies selectively prove and disprove country-of-origin (COO) cues as a significant determinant of consumers' purchasing decisions. According to Hsieh (2004) the first COO study was conducted in the mid-1960s and the subject has continued to be a very popular from that time onward. In 1993, Papadopoulos and Heslop offered an entire book on the role of COO and the association between product and country images. The studies elaborated in this book are frequently cited in the subsequent literature. Peterson and Jolibert (1995) reported fifty-two empirical articles or papers on this topic and through a meta-analysis of these, found that country-of-origin effects are not entirely generalizable. The authors suggested that since COO effects depend on a number of different conditions,

researchers should focus on the identification of the attributes that build up these distinct COO effects (Peterson and Jolibert, 1995: 885). Pharr in 2005, reported that there are already more than 700 existing research papers after reviewing all the empirical studies between 1995-2005.

Despite of the prolific COO literature, the effect of corporate or brand reputation on the overall image of the country-of-origin as a place is still a quite undiscovered area of study. In addition, most of the existing literature suffers from the limits of focusing only on a specific number of product types and declares that as a consequence, generalization should be made only with caution. The following is a review of some COO studies which are important to the current research.

The COO attribute is an external feature of the product and itself does not reflect its quality. Han and Terpstra (1988: 236) explained this by putting product attributes into two categories: intrinsic (e.g., taste, design, performance, quality) and extrinsic (e.g., price, brand name, COO). When consumers are unaware of the intrinsic characteristics of the product, they refer to its extrinsic attributes and choose by their knowledge of the brand's source country. If they have a good impression of that country they might apply that to the brand and all of its products. Therefore, merchandise with foreign origin is a subject of the country-of-origin effect.

Although COO cues only live in the mind of consumers, they could have a very powerful impact on purchase intentions. For example, we might choose a product from the United States over another one, which originated from Andorra. Indeed, many customers would not take the time to 'research' Andorra and would prefer to choose a product from a well-known country with less possible risk (Amine and Shin, 2002: 45). Therefore, the clear indication of country-of-origin on a product might have a positive impact on some nations, but quite negative on others.

This negative side of the COO effect caused many companies to rather hide the COO or borrow a 'better digestible' national image from advanced countries (Kim, 2006: 129). According to Kim (2006), this has been the case with South Korea where many companies have preferred to obscure the COO and hereby, have assumed to obtain a more favorable brand image and to strengthen purchase intentions toward Korean merchandise. However, the author found that masking or hiding country image is not an effective marketing tool, instead, the focus should be on building a favorable national image.

Another side effect of the COO impact is the multinational manufacture of products which gives less importance to the 'real' country-of-origin and emphasizes the name of the corporation under which the product is put on the market. Nebenzahl *et al.* (1997, In: Kim, 2006: 128) differentiates three labels in this respect: OC ('origin country') refers to the origin of the product, also marked as COO ('country-of-origin'). Contrarily, MC ('made-in country') is the place where the product was manufactured and DC is the 'designing country'. These three may refer to the same or to different countries, but definitely reinforce the significance of corporate image. An additional influential factor might be the 'country of manufacture of the key component' (CMKC) which refers to the place where the crucial element of the product was made. However, Jung and Kau (2006: 151) did not find the effect of CMKC to be significant in product quality evaluation, perceived risk and purchase intention, although only in the case of Chinese consumers.

Nebenzahl and Jaffe (1997) researched how this multinational production might influence brand image. The authors found that consumers can have negative feelings toward a product when noticing that it was made in a developing country. In this case, the name of the corporation could serve as a lifebelt, but not always. Nebenzahl and Jaffe (1997: 190) brought up an example of Israeli consumers who refused to purchase Volkswagen cars made in Brazil and instead, chose the more expensive German-made models of the same brand.

Accordingly, their empirical research showed that consumers not only care about the COO, but the MC as well. If the two are equivalent, the perceived brand value is ranked higher than in the opposite case. If the MC is not indicated on the product, consumers might automatically associate it with the source country of the brand, which gives higher value to the product. These findings show that a ‘well-sounding’ brand name is not sufficient itself to give a high value to the products of the same brand. However, since the research was based on a survey of US respondents and it only covered household consumer products, the generalization of these results is limited.

Interestingly, in an earlier study, Papadopoulos (1993: 11), referred to the origin country as the place “of manufacture, of design, of the producer’s nationality, and so on.” The author did not make any distinction between the COO, MC and DC as did the previously mentioned research of Nebenzahl and Jaffe (1997). Hsieh (2004: 269) also defines COO as the place where a specified product is ‘made’.

Kang and Yang (2010: 54) employs the word ‘reputation’ to define the country-of-origin effect and do not distinguish between the origin country, the country of manufacture and the country of design, either. Here COO is “*the effects of country reputation – that is, reputation of the country of manufacture, assembly or design – that influences (1) international consumers’ attitudes toward products made in the country and (2) intentions to purchase products made in the country.*” By referring to a previous research by Han (1989), the authors note that there are two ways that the country-of-origin effect can occur. First, consumers tend to refer to their existing knowledge, experience or opinion of the country-of-origin when they are unfamiliar with the country’s products and associate that information with the product itself. This is called the ‘halo effect’. Second, when consumers already have a high product-country familiarity, they tend to link that experience to other products of the same country. This is the ‘summary effect’ (Kang and Yang, 2010: 54). Subsequently, the

halo effect refers to indirect belief-based influence and the summary effect, in turn, to direct influence (Hsieh *et al.*, 2004: 253).

Pharr (2005) had findings similar to those of Nebenzahl and Jaffe (1997). The author suggested that COO effects were a subject of numerous changes since 1995 and now, more attributes are taken into account by consumers when evaluating the value of merchandise. Corporate reputation, and the whole development of a product, including assembly, design and manufacture are considered before a purchase is made. These amendments might diminish or neutralize the single effect of COO (Pharr, 2005: 41).

Some studies also demonstrated that COO cues are not only formed through a previous knowledge of product quality, but by the level of economic development, moreover the cultural and political systems of the source country. These attributes of the country-of-origin influence purchasing decisions since there is a hierarchy of countries in the consumers' mind.

Cattin *et al.* (1982) conducted an investigation of French and American consumer perceptions toward industrial products made in selected developed nations. The authors found that consumers from each country had different approaches toward a given country-of-origin.

Han and Terpstra (1988: 237) stated that merchandise from industrialized nations is generally ranked higher than that of developing nations. However, parallel to Cattin *et al.*'s findings, the authors added that consumers from distinct nations have different perceptions of other countries. Parameswaran and Pisharodi (1994: 45) emphasized that consumers tend to buy products, which are perceived to be similar in terms of political, cultural and religious belief systems to their own.

Rosenbloom and Haefner (2009: 275) found that consumers prefer to buy products, which originate from a geographically closer area, which is more trusted than a distant area.

Their research showed that Eastern Europeans prefer to buy German or English products in contrast to South Asian consumers, who in turn, prefer products from India, Korea or Japan. Similar findings were reported in an earlier study by Hsieh (2004). The author found that consumers are more likely to buy products which originate from the same geographic area, although the main point was here to emphasize that consumers prefer domestic products the most. This study was only applied to automobiles and the results could not be generalized, since the South American sample showed that consumers from this area (in addition to domestic cars) have a strong preference for Italian automobiles (Hsieh, 2004: 285-287).

As an additional component of COO impact, many scholars (Cattin *et al.*, 1982; Papadopoulos and Heslop, 1993; Hinner, 2010) linked stereotyping to the country-of-origin bias. Hinner (2010) stated that people tend to establish stereotypes to simplify the complex system of the world, which help them to choose from the enormous supply of products in the market. In fact, the researcher defined the country-of-origin effect as a “type of product related stereotyping” (Hinner, 2010: 51) and in reverse, the country-stereotyping effect is “the categorization of a product based on the country of origin” (Hinner, 2010: 53).

Despite the vast literature on the country-of-origin and its effects, there are just a few studies, which give a clear explanation of the COO effect and the related concepts. The current study follows Jung and Kau’s (2006: 143) definition of the country-of-origin (COO) and the country of manufacture (COM). According to this study, COO is “a home country with which a firm is associated” and COM is the location of a product’s final point of manufacture or assembly. Remodeled from Kang and Yang’s (2010: 54) definition, COO effect is the influence of country reputation on (1) international consumers’ attitudes toward products *originated from* that country and (2) intentions to purchase products *originated from* that country.

3.1.3 Nation Brand and Nation Branding

The concept of nation branding (or nation brand) has been explored and defined in numerous ways in the last ten years, since the phrase ‘nation brand’ was created by Simon Anholt in the article *Nation-Brands of the Twenty-First Century* in 1998 (Stock, 2009; Fan, 2010). This dynamic interest has created a difficult field of research, which lacks of consensus regarding to the conceptual implications of the subject. Definitions are not only different in some aspects, but they are often contradictory as well. According to Stock (2009), the individual approaches of authors show that the meaning of the concept is still unclear. There is even confusion regarding to the related terms: “The word ‘country’ is replaced with ‘nation’ (Kleppe *et al.*, 2002), ‘reputation’ is replaced with ‘image’ (Saunders, 2008), ‘branding with ‘marketing’ (Papadopoulos, 2004), ‘brand’ with ‘identity’ (Olins, 2002), ‘identity’ with ‘image’ (Anholt, 2007) and ‘image’ with ‘stereotypes’ (O’Shaughnessy and Jackson, 2000)” (Stock, 2009: 119). In addition, disputes over the actual possibility of treating a nation as a brand also embrace the topic.

Those who have supportive attitude, base their views on distinct claims and approaches: Olins (2002) focused on the historical evidences of nation branding and equated the word ‘brand’ with ‘national identity’ and ‘national image’. The author stated that nations change due to historical events, which continuously rebrand them. This has been an accepted fact among scholars, but what raises concerns is the word ‘brand’, instead of using ‘national identity’ or ‘national image’. Gilmore (2001) similarly claimed the importance of historical events, using the example of Spain as a success story of country branding. The scholar stated that some nations are similar to large multinationals since they have smaller populations, are at an early stage of development and have citizens who feel a greater loyalty. These features make them easier to manage, compared to big powers (Gilmore, 2001: 282-283).

The pure idea of nation branding emphasizes that countries are products, which need to be promoted to be 'sold' on the market, just as with the case of products of companies. Many scholars (Wang, 2008; Kleppe *et al*, 2002; Papadopoulos and Heslop, 2002; Kotler and Gertner, 2002; Olins, 2002; van Ham, 2001) highlighted the existence of a competition among countries as an effect of globalization, which requires nations to demonstrate their sources of competitive advantage. Kotler and Gertner (2002: 253) suggested that countries need to attract tourists, factories, companies and talented people and to find markets for their export, for which they need to adopt marketing management programs. A good branding strategy can enhance the country's international position and lead to further national benefits. Controversially, Fan (2010: 101) argued that a nation can have advantages only over a specific industry and it is not applicable to the whole nation. Therefore, nation branding cannot create a sustainable competitiveness for a nation. However, the main point here is to bring to light that specific industry and achieve competitive advantage in that specific area.

A great deal of research addressed the differences between country and company branding. In Van Ham's conceptualization, 'brand' is the customers' idea about a product and 'brand state' is the outside world's idea about a particular country (van Ham, 2001: 2). Passow *et al*. (2005: 312) highlighted the following similarities between companies and countries: both operate in a competitive set, are dependent on resources and supportive behavior, follow a financial logic, appeal to an audience, have similar *raison d'être* and superior management, have vision and strategic concept, and think of social responsibility as significant. However, the authors also referred to some differences: unlike a company, a country is not generally free to choose its internal audience; its identity can hardly be modified in a top-down approach; in a democracy, voters or parliament elect the government; the government is held accountable to its electorate and the country is bind by its constitution.

Nevertheless, based on the similarities, the authors concluded that the same tools can be used to measure country 'reputation' and company 'reputation'.

Wang (2008, 12-13) set out the following premises of branding in the commercial sector: competitive market, product identity (utilitarian and social value of the product) and public communication. The author found all these practices to be applicable to national image management. First, there is a competitive market in the form of a competitive arena of international relations. Second, nations are political and cultural entities with a constructed identity. Third, communication with the international audience is essential to national image management. However, the scholar also notes three remarkable differences (Wang, 2008: 16-18): First, the image of a product is not inherent in it, but consumers eventually associate it with its image. The nation's image, in turn, is rooted in its cultural, historical and political heritage. Second, national image is influenced by cognitive, emotional and normative components. Lastly, the competing interests of multiple parties make nation branding a more complex process than that of corporate branding. Therefore, Wang (2008: 19) suggested the following steps: "designing a country identity system to help express and communicate national image positioning and effectively connect with global audiences..., [moreover] nation-states should go beyond the mass media and consider a wide array of communication options to share information and meaning with overseas publics."

O'Shaughnessy and Jackson (2000), however, saw the differences between nation and corporation branding as a much more problematic issue. In their understanding, a nation cannot be a product since its image strongly connected to its social aspects, namely to its people and its culture (O'Shaughnessy and Jackson, 2000: 56-57). In addition, nations have a fragmented set of images, such as folk images, historic images, images created by media history or by contemporary media; moreover, images exist at different cultural and intellectual levels and depend on the perceptions of the target audience according to nationality, but also

class, demography and so on. Hereby, in contrast to products, it is inherently difficult to display a coherent image or a unity for the whole nation (O’Shaughnessy and Jackson, 2000: 58-59). This requires the promotion of a dominant image of countries, which focuses on specific product categories and it is strong enough to crowd out all other associations. O’Shaughnessy and Jackson can only accept the concept of national image when it relates to specific product categories associated with the nation (2000: 60).

As a different approach, Fan (2006: 12, 2010: 98) suggested that countries are all brands by their nature (called: ‘nation brand’), meaning that they all display a particular image toward the international audience, with or without any conscious effort of branding. It is “the total sum of all perceptions of a nation in the minds of international stakeholders, which may contain some of the following elements: people, place, culture/language, history, food, fashion, famous faces (celebrities), global brands and so on” (Fan, 2010: 98). This means that branding is actually image management, emphasizing all the attractive characteristics of a nation, that is to say exploiting all its soft power resources. Nations which do not engage in branding, risk their international positioning by their competitors and thus, endanger their economic and political stability (Gilmore, 2001: 283; van Ham, 2001: 2-3).

Fan (2010) recognized six levels concerning the interpretation of ‘nation brand’ and ‘nation branding’:

	‘Nation brand’:	‘Nation branding’:
Level A	Visual symbol, slogan or strapline	
Level B	Ingredient brand, Co-brand or umbrella brand (sectors: tourism, export, etc.)	
Level C	Country image, country reputation, country positioning	
Level D		Competitive advantage, competitive identity
Level E		Soft power
Level F		National identity

Difficulty of Branding ↓

Table 4: The Model of ‘Nation Brand’ and ‘Nation Branding’ (Fan, 2010: 99-100)

The table shows significant differences in the focus, purpose or outcome of branding a nation. Some studies treat nation brands as symbols, others concentrate on their ability to boost tourism (e.g., Kotler and Gertner, 2002), investments (e.g., Papadopoulos and Heslop, 2002) or exports (e.g., Kleppe *et al.*, 2002) and some see them as the indicators of country image/reputation, putting them on a similar level with corporate branding (e.g., Gilmore, 2002). Many scholars emphasize the necessity of nation branding due to the competitive nature of international relations' (e.g., *p.* 50), others see them as a tools to develop soft power resources (e.g., Nye, 2004) and finally, some research links nation branding to national identity (e.g., Olins, 2002). As we are going down from level A toward level F, nation branding gets increasingly complicated.

Fan (2010) refuses the idea that nation branding is about rebuilding national identity, since it refers to an interior image and nation branding is about the image that outside people hold about the nation. The author also rejects to give importance to the role of nation branding in the creation of a nation's competitiveness. As a final point, Fan (2010: 101) suggests the following definition of nation branding:

“Nation branding is a process by which a nation’s images can be created or altered, monitored, evaluated and proactively managed in order to enhance the country’s reputation among a target international audience.”

Based on this definition, the author proposes the usage of ‘national image management’ instead of ‘nation branding’. Fan (2010) sees it as the way of escaping from all the public cynicism concerning the word ‘branding’. The author claims that even the critics of ‘nation branding’ accept the existence of ‘nation brand’, therefore the argument is about the ways how a nation can be branded. Using the term ‘national image management’ can simplify this question. Fan (2010: 102) concludes that “the way for a nation to gain a better

reputation is to communicate to the international audience as to how good they are – this practice is called nation branding.”

This study will follow the above definition by Fan (2010) and exchange the concept of ‘nation branding’ with ‘national image management’. However, it will also take into account the different forms of ‘national image management’, such as (1) commercial techniques to promote the sales of products and services (‘destination branding’ by Anholt, 2008: 265), which is further divided into two subcategories: First (1A), nation branding is a clear indication of COO on a product to promote sales and exports. The next (1B) form addresses the attraction of tourism and inward investment (Fan, 2006: 3). Second (2), the focus will be on the overall reputation of a nation, which intends to make people see the country in a different light (‘nation branding’ by Anholt, 2008: 265). Here six dimensions will be taken into account: people, exports, governance, tourism, culture & heritage, and lastly, immigration & investment (Anholt Nation Brands Index).

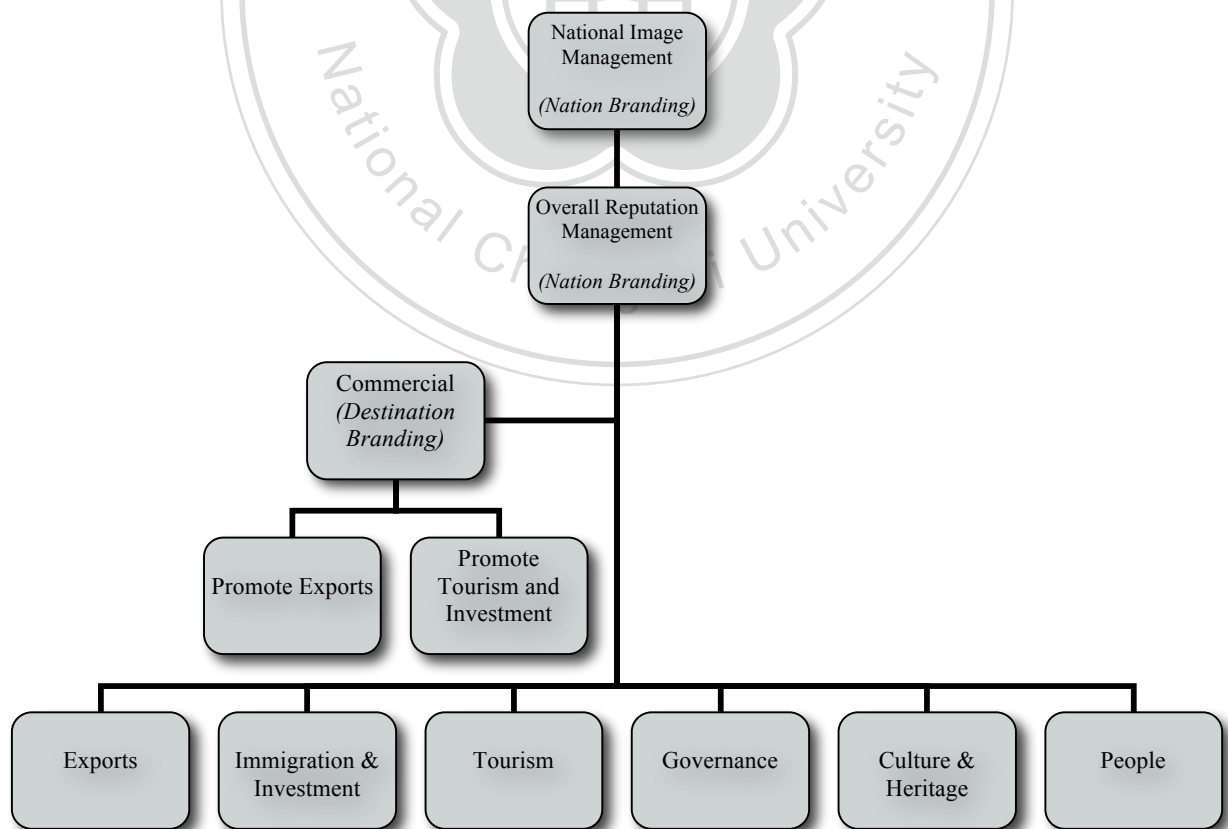


Figure 4: Indicators of National Image Management

3.2 Corporate Reputation and Related Concepts

The importance of corporate image and/or reputation management for the successful operation of a company has been widely accepted among scholars (Andreassen and Lindestad, 1998; Kitchen and Laurence, 2003; Argenti and Druckenmiller, 2004; Hsieh *et al*, 2004; Wang, 2005; Dowling, 2006; Kahle and Kim, 2006; Kim and Suh, 2006; Worcester, 2009). Kitchen and Laurence (2003: 103-104) summarized the current academic and practitioner position with the following quotation: “Good reputation is very useful for an organization; it may enable it to charge premium prices for its products, enter into favorable financial arrangements with banks, attract graduates from top universities, get in touch with customers easily, and so on; such that good reputation constitutes a valuable asset to the organization.”

However, the different ways of usage, conceptualization and measurement of related terms create confusion in the field. Perhaps the best example to illustrate this diversification is the interchangeable or differential treatment of the four primal concepts: corporate image, corporate reputation, corporate brand and corporate identity. There are those scholars who exclusively use the term ‘corporate image’ (Andreassen and Lindestad, 1998) and there are those who exclusively use ‘corporate reputation’ (Dowling, 2006). Some use both, interchangeably (Bromley, 1993) or by referring to the contrast between (Argenti and Druckenmiller, 2004) them. In addition, some research sees image as equivalent to identity (Olins, 1978) and some treat brand image as encompassing corporate image (Hsieh *et al*, 2004). As a result, it is necessary to clarify the differences between corporate image, reputation and identity.

3.2.1 Differentiation of Image, Reputation, Identity and Brand

Argenti and Druckenmiller (2004: 369) identified reputation as a broader term encompassing all constituencies' (employees, customers, investors, etc.) images of a company, but only focusing on the observations of "who the company tells them it is and what it has done." In contrast, image involves the identity (defined by its people, products and services) of the corporation as well and reflects what a particular constituency thinks "who the company is and who it tells them it is." Different constituencies have different viewpoints, therefore, a corporation can have many distinct images. Deduced from this definition, reputation and image both reflect the impressions of constituencies about the company, and according to the authors, can be controlled by the well-planned management of corporate brand (the future aspirations of the company).

Worcester (2009: 577) also identified corporate reputation as a broader concept than corporate image and proposed it as "the synthetics of many factors: the brand(s) image (the unique characteristics of a brand that distinguish it from others), the products and/or services image (the collection of image attributes shared by all the brands of a particular product class), the brand user(s) image, the image of the country of perceived ownership of corporation, and the corporate image itself." However, later in the paper the author classified "corporate reputation" as synonymous with "corporate image" (Worcester, 2009: 581), which was defined as "the net result of all experiences, impressions, beliefs, feelings and knowledge people have about a company" (Worcester, 2009: 578).

Worcester (2009: 580) also proposed that corporate reputation actors, including managers and advisors as well, tend to muddle the distinctions between corporate reputation, corporate image, corporate identity and other related concepts. The author acknowledged that they "are stuck with corporate identity as the visible manifestations of the corporate image,"

such as logos, trademarks, slogans, signs and other branding devices. Worcester saw this as a flawed marketing and public relations (PR) tool to manage the company's reputation.

Gruning (1993) quotes Scott M. Cutlip (1991) in his article, expressing his reluctance from using the word 'image' in PR and suggesting concern with the "old-fashioned word *reputation*" instead. Gruning sees the term 'image' as a shady word, which could not be accurately defined, measured or observed despite a great deal of research in past years. As a solution, the author suggested the "deconstruction" of the concept. It means that image refers to a number of *symbolic* relationships among organizations and publics, which are important complements in building *behavioral* relationships (substances) between them. Symbolic relationships (images) occur strictly through communicative interaction among the organization and the publics (Gruning, 1993: 209-211). It is a two-stage process: production and consumption.

In image production, communication functions via visual, oral and written symbols (images). The former refers to an image 'design' work, achieved by new logos, trademarks, names and other branding devices. These were classified as components of the corporate identity by some scholars (e.g. Long, D. 1971, cited in Worcester, 2009: 580; Olins, 1978). Chajet and Shachtman (1991, In: Gruning, 1993: 211) stated that identity and image are just as different as consumption and production. "Image is what audiences perceive of an organization. Identity is what an organization chooses to use to shape those perceptions." In order to build up a positive image, a corporation needs to understand its own identity first. Then, that identity is communicated to the publics through visual symbols.

The second step is the transmission of oral and written symbols. These are tools of 'impression management' (Gruning, 1993: 212), which is carried out by advertisements or other media of communication. 'Impression' is not created by 'masking', but by 'hiding' reality: by the selection of information that needs to be uncovered.

In order to understand the consumption process, Gruning (1993: 213-215) referred to the cognitive and social psychology. According to these theories, there are three major processes that occur in the mind: perception, cognition and evaluation (or the formation of attitudes). Perception is about how we consume or recognize messages and objects, cognition is the construction of mental representations of those, and finally, attitudes are about the evaluations of messages and objects. Over time, these cognitions and evaluations are organized into bigger units of knowledge, called 'schemas'. This knowledge is not necessarily valid, but becomes true in the mind, thus it is called image rather than knowledge (Boulding, 1956, in: Gruning, 1993: 216-217).

According to Gruning (1993: 218-219), the image-changing, forming or polishing processes rarely affect cognitive depth, and what is more long-lived is the reputation which could be equated with schema. Image can be changed, but it is very difficult to replace an existing reputation with a new one.

To conclude, most scholars who addressed the differences between corporate image and reputation identified two distinct characteristics of corporate reputation in contrast to corporate image: the former is "formed over time" and the latter is formed "at one point in time", moreover corporate reputation is "based on what the organization has done and how it has behaved" (Balmer and Greyser, 2003: 177 and 19), but corporate image is just a momentary attitude toward a corporation.

3.2.2 Defining Corporate Image and Corporate Reputation

As it was stated in the previous subsection, corporate reputation is more long-lasting than corporate image since it is created indirectly, through a long process of observation and experiences with the company. Therefore, corporate reputation is a simpler and more

manageable term. Balmer and Greyser (2003: 174) identified five basic problems with the concept of corporate image: “(a) its multiple meanings; (b) its negative associations (ex. image management is about changing reality); (c) its difficulty or impossibility to control; (d) its multiplicity; and (e) the different image effects on different stakeholder groups.”

Kim and Suh (2006: 249) also saw corporate image as a concept that might require a change into a more controllable term. The authors built up their study on Suh and Amine’s (2002) ‘reputational capital model’, which deals with the break down of corporate image’s multiplicity. According to this model, image, in the literature, has been associated with public awareness, favorability, corporate personality, corporate reputation and perception of specific behavior. As we move on from the first to the last, so will the intensity of knowledge about the company increase. Kim and Suh (2006: 251) proposed company “favorability” as their major focus in their research, which reflects the *overall image* construct of the corporation (see Table 5).

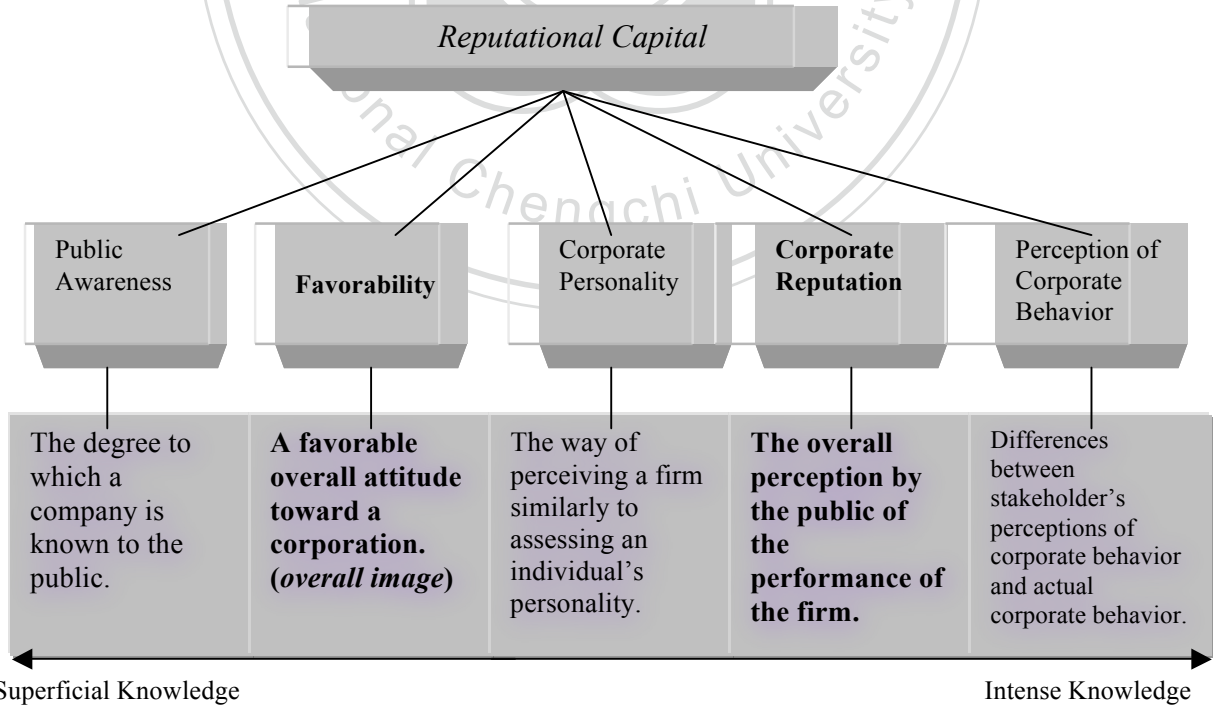


Figure 5: The Reputational Capital Model. Modified from Kim and Suh (2006: 249-250)

Balmer and Greyser (2003: 174) classified four schools of thought on corporate image:

1. The corporation is the transmitter of images. This group encompasses *visual image* such as logotypes and names, for example.
2. Considering image from the *receiver's end*. This involves *transient image*, *corporate reputation*, *brand user image* (Worcester, 2009) and *stereotype image* (Martineau, 1958).
3. Evaluating the focus of the image. For instance, *brand image* (Worcester, 2009), *industry image*, *COO image*.
4. Focusing on what one group believes another group believes, such as employees' perception of the image of the corporation held by external stakeholders.

The current study is only interested in the categories considering the focus of corporate image (e.g., COO image) and corporate image from the receiver's end (e.g., brand user image).

Based on the aforementioned considerations, this paper proposes the following definition of corporate image: Receivers' (the concerned) momentary impressions of a corporation, which could vary according to (1) the many different types of receivers (such as consumers, prospective consumers, employees, shareholders) and to (2) the many different perspectives of receivers (such as brand image, industry image, COO image). Depending on the types and interests of receivers, a corporation can have many distinct images. These all reflect a loose knowledge of the company or an attribute which the receiver focuses on, when chooses an attitude toward the company.

This study differentiates 5+1 different corporate images: (1) Product-class or industry image is "the image of an entire industry or industry sector" shared by all the brands (Balmer and Greyser, 2003: 175; Worcester, 2009: 577). (2) COO Image is the image of the perceived (associated) nationality of the company (Worcester, 2009: 578). (3) Stereotype image refers

to “shared beliefs across all stakeholder groups. This does not apply that perceptions are identical – rather that some dimensions are the same – for example, that Rolls-Royce cars are luxurious” (Balmer and Greyser, 2003: 175). (4) Brand User Image is “the image of the corporation or product that most closely corresponds to the self-image of the stakeholder/stakeholder group.” (5) Transient image is “the immediate, but *fleeting*, mental picture that is construed by a receiver through the direct observation and interpretation of symbols, formal communication, etc. emitted by the organization” (Balmer and Greyser, 2003: 175). Lastly, “brand image is the unique characteristics of a brand that distinguish it from others” (Worcester, 2009: 577). However, this paper treats ‘brand image’ as not necessarily a part of corporate image, since it could live independently from the company. Sometimes the two are equivalent, but other times they run under different names, however both are parts of the same organization. The next subsection will give a thorough description of the term ‘brand’, ‘brand image’ and other related concepts.

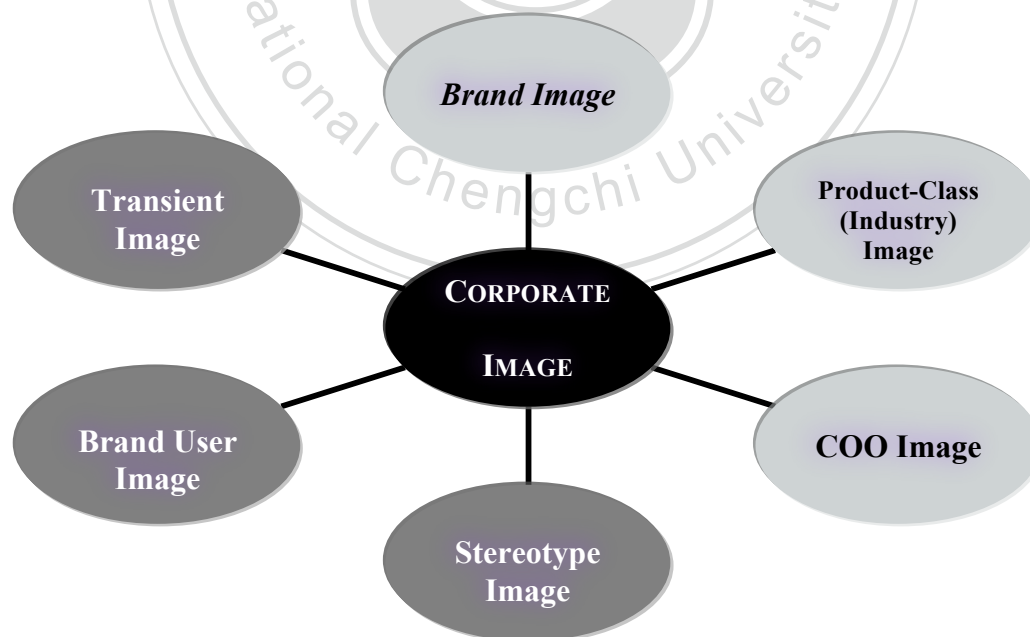


Figure 6: Different Types of Corporate Images. (The three darker (left) bubbles refer to the receiver-end image categories. The three lighter bubbles (right) indicate the focus-of-image categories.)

As for the definition of ‘corporate reputation’ this study follows Balmer and Greyser’s (2003: 175) conceptualization: “Judgments made of the organization over time based on the organization’s behaviors, performance, and the collective experiences of the organization. Corporate reputations tend to be stable, although ... subject to change in the wake of significant external or internal events such as an industry disaster (e.g., Chernobyl’s effect on nuclear power firms) or an ethical lapse by a company.”

Fombrun and Riel (1997: 10) extends this definition with stating that these judgments do not only come from outside (corporate images) but inside (corporate identity) as well. In the authors’ understanding (1997) corporate identity is the perception of employees and managers (those inside the firm) about the nature of the firm, which in line with images, is a basic component of reputation. Barnett *et al* (2006: 33-34) refuses that identity is an internal perception, and views it as the “underlying *core* or basic character” of the firm: “a *collection of material and behavioral symbols* and corresponding systems of beliefs and values and basic, underlying assumptions.” The present study considers corporate identity as a part of corporate reputation in the form of collection of symbols, beliefs and values as these are exposed to outside observers. In addition, corporate image(s) is also a part of corporate reputation as it reflects the receivers’ momentary impressions of a company.

According to the Reputation Institute (2011b: 9), there are seven reputational dimensions in three groups that influence reputation in the case of corporations: (1) consumer experience: products/services, innovation; (2) Corporate Social Responsibility: workplace, governance, citizenship; (3) corporate enterprise: leadership, financial performance. The current study will evaluate corporate reputation in accordance with these categories.

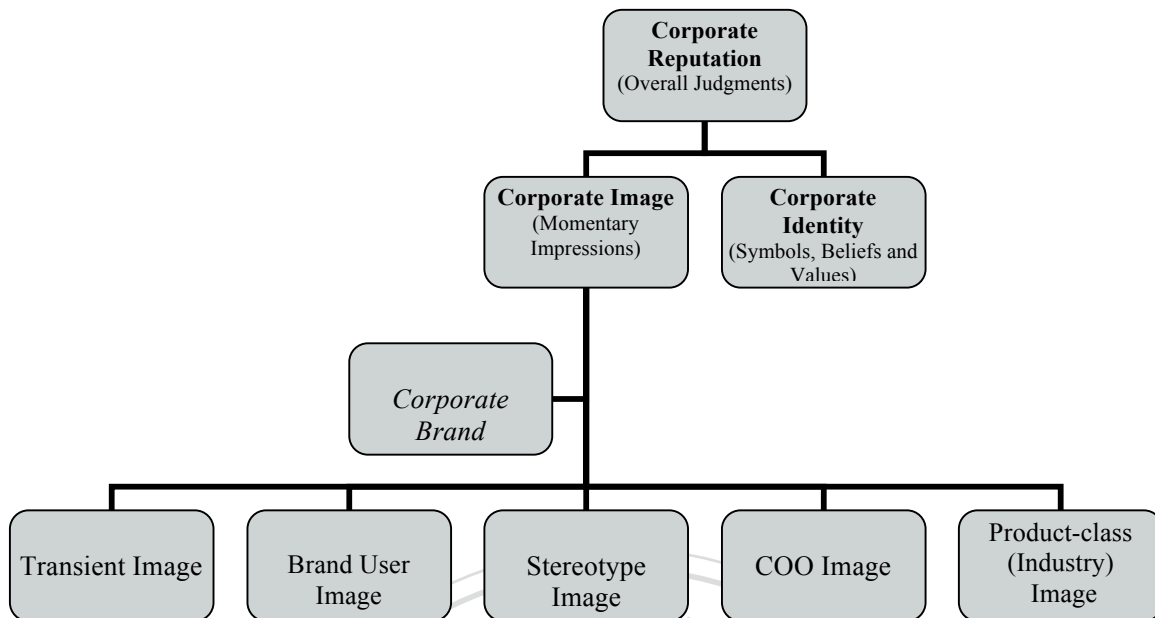


Figure 7: Components of Corporate Reputation

3.2.3 Corporate Brand and Corporate Branding

The American Marketing Association defines brand as “a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. The legal term for brand is trademark. A brand may identify one item, a family of items, or all items of that seller. If used for the firm as a whole, the preferred term is trade name.” A trade name is “a trademark that is used to identify an organization rather than a product or product line.” Therefore, the corporation and the brand can run under different names, but still be the part of the same organization. For example, the company *Kellogg's* manufactures the brand *Corn Flakes*® which belongs to the *cereal* product category and refers to two different products: Kellogg's *Corn Flakes*® cereal and Kellogg's *Corn Flakes*® Simply Cinnamon cereal. As another example, the company *Acer* makes the brand *Aspire*® which belongs to the *notebooks* product category and refers to a diverse range of products.

Kotler (1991, in: Keller, 1993: 11) classified three main branding strategies: First, companies may choose individual brand names for different products and services without

mentioning the company. Second, they can use the company's name for all products and services. Third, they can combine their company name with individual brand names.

Deduced from the definitions and examples above, brands and companies can have different images. Sometimes, a company manufactures a brand, but for some strategic reasons tries to hide the name of the company standing under it. Only vigilant consumers will recognize where the brand actually belongs to. Other times, a company “uses an established

brand name to introduce a new product”, hoping for better sales. This is called ‘brand extension’ (Martinez *et al*, 2008: 107).

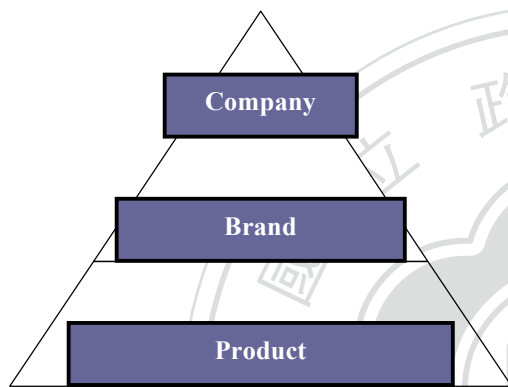


Figure 8: The Hierarchy of Terms: Company, Brand and Product

Many studies (e.g., Bird *et al.*, 1970; Jaworski and Fosher, 2003) use the words ‘company’ (or ‘corporation’) and ‘brand’ interchangeably. This study will differentiate

brands from companies in the sense that a company refers to the origin of a brand: the institution which manages all the brand-related activities. Brand names are those which go into the consumers’ memory and have an emotional appeal versus the functional appeal of companies and products.

As for the definition of ‘brand image’ Keller’s (1993) and Balmer and Greyser’s (2003) description will be employed:

Brand image is “the perception of a brand in relation to the same industry or product class” (Balmer and Greyser, 2003: 175). It is “reflected by the brand associations held in consumer memory” (Keller, 1993: 3-4). According to their level of abstraction, Keller distinguishes among three types of brand associations: *attributes*, *benefits* and *attitudes*. *Attribute* refers to descriptive features that characterize a product or service, *benefit* is the

personal value that consumers attach to the product or service, and brand attitude is defined as consumers' overall evaluation of the brand.

Corporate branding is the “interplay between strategic vision, organization culture and corporate image.” Strategic vision is “the central idea behind the company that embodies and expresses top management’s aspiration for what the company will achieve in the future” (Hatch and Schultz, 2003: 1047). Organization culture is equivalent to corporate identity as defined by internal values, beliefs, basic assumptions and symbols. These three components work together to manage corporate reputation. As in the case of nation branding, ‘corporate branding’ will also be exchanged with the term of management, specifically ‘corporate reputation management’. Therefore, the present study proposes the following definition for corporate branding:

Corporate branding is a process by which the company’s or brand’s (identity and) images can be created or altered, monitored, evaluated and proactively managed in order to enhance the corporation’s reputation among a target audience.

3.3 The Effect of National Image on Corporate Reputation

There are many possible scenarios in which national image can affect corporate reputation. This paper will mention four approaches here: consumer ethnocentrism, consumer nationalism, ‘Nation Brand Effect’ (Jaworski and Foshier, 2003) and macrolevel national characteristics.

Influence can happen at two levels: by attaching negative or by attaching positive associations.

3.3.1 Purely Negative Associations

One way of approach is to consider consumer nationalism and consumer ethnocentrism. The latter “is defined as the belief among consumers that it is inappropriate, or even immoral, to purchase foreign products because to do so is damaging to the domestic economy, costs domestic jobs and is unpatriotic” (Klein and Ettenson, 1999: 6). Ethnocentric consumers reject all non-domestic merchandise without regards to nationality.

Consumer nationalism, in turn, is “the invocation of individuals’ collective national identities in the process of consumption to favor or reject products from other countries” (Wang, 2005: 225). This is usually an individual act of consumers, expressed by grass-roots movements, such as product boycotts and consumer militancy. Examples of these are the nearly global boycott of McDonald’s food after the American invasion of Iraq or the past avoidance of Japanese Toyota and Toshiba by Chinese consumers as an effect of the Japanese occupation. These activities are harmful for multinational businesses as those become the targets of consumer nationalism due to their national association (Wang, 2005: 224). The most common sources of consumer nationalism are foreign policy, colonial history, tension in international business and trade activities, but it frequently arises as a result of human and natural disasters or accidents. However, what could make the reputation of one nation’s companies (or one particular company) suffer, could have positive affect on other nations’ corporations as consumers turn to other available options. It is a competitive market, in which if one loses power, it simultaneously gives better chances to its competitors.

3.3.2 Positive or Negative Associations

Consumer nationalism and ethnocentrism are one cluster example of how national associations of corporations can transfer negativity to the reputation of companies or brands.

Another approach is what Jaworski and Fosher (2003: 101) called the negative ‘Nation Brand Effect’ (NBE). This refers to the (here: negative) impact of country-of-origin on the corporation. For instance, Yugo cars in North America had a bad image as they were perceived as low-quality origin products, coming from the Soviet East Block. The same happens to Chinese food manufacturers as a result of the many recent food contamination scandals. The origin of a product can influence how it is perceived in the market as it has been already introduced in the subchapter about the COO effect (see 3.1.1). As it was stated, negative ‘Nation Brand Effect’ is often avoided by hiding the true country-of-origin and by borrowing images of other countries.

In the case of hybrid products, positive and negative NBE often appears simultaneously. For example, the “Made in China” label has been synonymous with poor quality. Although products of many well-known brands (ex. Adidas, Nike, etc.) are manufactured in China, but still receive a positive ‘Nation Brand Effect’ (Jaworski and Fosher, 2003: 102).

In turn, it is also possible that corporations with bad COO reputation establish headquarters and build plants in other countries with better reputation and thus, can change the COO labels on their products. Jaworski and Fosher (2003: 102) brought up the example of the Chinese company ‘Haier’ which was permitted to use the ‘Made in USA’ stamp after it opened a plant in the United States and launched its headquarters in New York. This change enabled the corporation to gain better reputation and increase its profits.

Jaworski and Fosher (2003: 106-107) found that the NBE is reinforced by the ‘Nation Brand Identity’ (‘Core Values’ such as stronghold of skill, efficiency, etc.) which is created by the nation’s people, beliefs and history. The authors established the term of ‘NBE Cycle’. First, the ‘Core Values’ build up ‘Nation Brand Identity’ (NBI), which reinforces the ‘Nation Brand Effect’. This leads to corporate success, which reinforces the ‘ingredients’ of the ‘Core

Values'. It further increases 'NBI' and then, 'NBE', and this process keeps going along in a circle.

Jaworski and Fosher concluded that nations that focus on *corporate* strategy skill development and that focus on skillfully developing 'Nation Brand Effect' (internal and external), will be the key success stories and leaders of the true *corporation* based world order (modified from Jaworski and Fosher, 2003: 108).

In addition, associations between national image and corporate reputation can also come from macro-level national characteristics such as the level of economic development, cultural dimensions and socio-demographic characteristics (such as lifestyle, value system, etc.) of the nation (Hsieh *et al.*, 2004: 254-255). In the cultural aspect five dimensions are differentiated: (1) power distance (high-power-distance culture groups are more likely to prefer symbolic appeals), (2) uncertainty avoidance (a higher degree implies a higher reluctance to accept risk), (3) individualism (a higher degree refers to a strong hedonistic motive in consumption), (4) masculinity, and (5) long-term orientation. To some extent, these national factors combine consumer nationalism, consumer ethnocentrism and NBE effect as they put a strong emphasis on the differences between distinct stakeholder backgrounds.

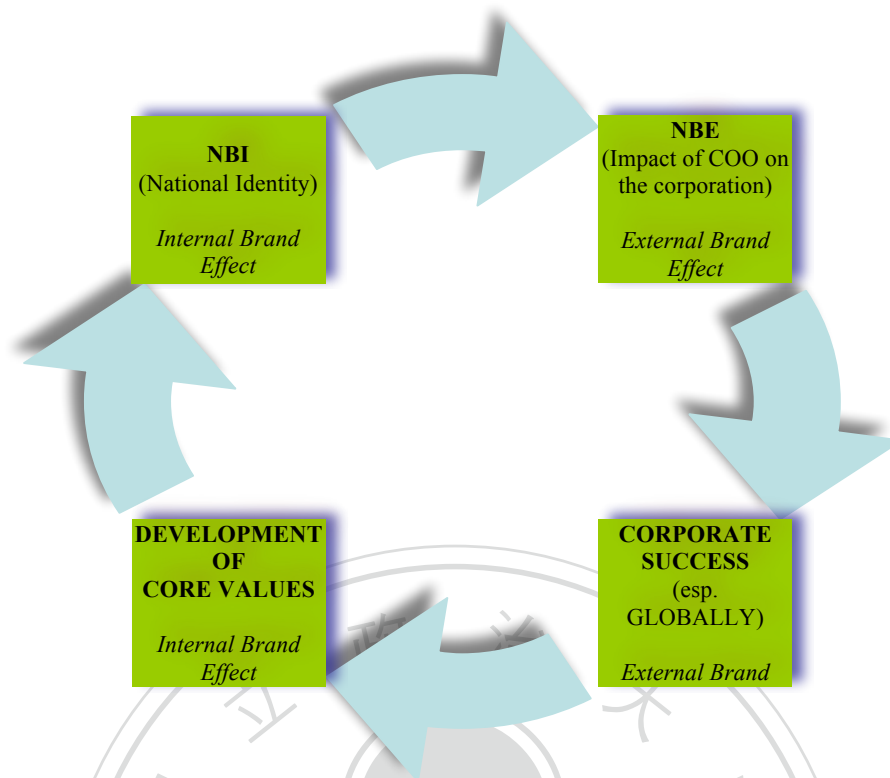


Figure 9: Nation Brand Effect (NBE) Cycle. Modified from Jaworski and Fosher (2003: 107)

3.4 Managing Dual Reputation

Reputation management requires a focus on managing relations with all of the key receivers of reputation through suitable media channels. Argenti and Druckenmiller (2004: 371) referred back to public relations professionals to differentiate commercial image management (the authors use the term “brand management”) from reputation management. The former is administered via marketing with a special emphasis on advertising, and the latter focuses on the appropriate media as stated above. However, later in the paper they concluded that “companies should focus on managing their corporate brand as a means of managing corporate reputation” (Argenti and Druckenmiller, 2004: 374). Since images – whether national or corporate – are all parts of the overall reputation, they need to be treated with the same attention as the overall reputation.

Kim and Suh (2006: 254) concluded that corporate reputation is influenced by two main factors: personal experiences from dealings with the company and its products; and perceptions resulted from exposure to the (*mass*) media. (In this paper media will not be restricted to mass media, and will also include new media and thus, Social Media). Via media channels, all dimensions of reputation can be laid out to the public. Kim and Suh (2006) suggested that in order to influence these releases and to get what the company prefers to see in the press, “publicity” and “image campaigns” are recommended.

Corporations are highly concerned about their products and services as parts of their reputation, but these concerns are shared with the nation with which these products and services are associated. By the collaboration of the public and private sphere on managing the aforementioned (see: *p. 63*) corporate reputational dimensions – products/services, innovation, workplace, governance, citizenship, leadership and financial performance – the country-of-origin effect can be reinforced to enhance both national image and corporate reputation. This is a rotating process, which was called the ‘virtuous circle’ by Anholt (2003).

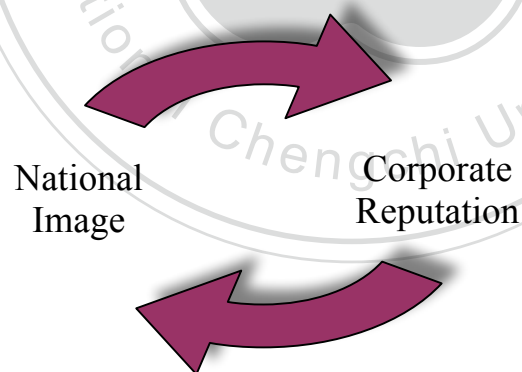


Figure 10: The ‘Virtuous Circle’ of Reputation

One of the key elements of these dimensions and of how national and corporate reputation can be simultaneously enhanced is Corporate Social Responsibility (CSR). It “encompasses corporate efforts to meet the *nonfinancial* expectations of stakeholders (investors, employees, governments, international organizations, etc.)” (Doorley and Garcia,

2007: 359-360). Besides of acting in line with the basic standards for business conduct, these expectations refer to advancements in tackling major (global) social challenges.

By the advent of the Internet, stakeholders can easily follow up corporate practices, which have resulted in an increased willingness to engage in such activities. Argenti and Druckenmiller (2004) stated that corporate commitments to society can enhance the company's credibility and strengthen its reputation. Also, protecting and enhancing reputation was listed as the first among those reasons why a company should engage in responsible corporate practices, according to a recent survey of corporate leaders (Doorley and Garcia, 2007: 361). In this aspect, *communicating* corporate responsibility is also an important goal of businesses. Without demonstrating CSR and engaging in appropriate communication, corporations can become a victim of public condemnation.

As a conclusion, this study proposes that reputation can only be managed successfully if special attention is paid on the applied communication channels. With the rise of digital technology, communication within people became easier, faster and thus, more effective. According to Kahn and Kellner (2005: 1) the Internet "makes more information available to a greater number of people, more easily, and from a wider array of sources, than any instrument of information and communication in history." Therefore, it is encouraged to take into account the usage of Social Media for improving reputation. Constructing good national image is a goal of all nations just as building good reputation is a goal of all corporations, and since the two reinforce each other, finding ways to collaborate will increase the chances of 'success' for both.

3.5 Chapter Summary

The previous chapter presented a picture of the main and subsidiary ideas of image construction. It is divided into two parts: national image and corporate reputation. In both cases, I aimed to give a definition for the terms along with other related concepts. The major objective was to discuss how the two are interrelated and how they can be managed simultaneously.

National image is the collection of opinions and perceptions that people in one nation have about another nation. It is formed through many information channels, such as public diplomacy, media, word of mouth and personal experiences. One of its basic components is the county-of-origin (COO) image, which is created through product familiarity. Companies and nations have a mutual interest in forming a good COO image as it ultimately influences the images of both. Another component of national image is nation brand, which aims to form an overall impression about the nation as a whole. Countries engage in nation branding to publicize their most appealing characteristics and to attract public attention toward any area of national image. A positive national image can promote exports, investments, tourism, immigration, and can bring about interest in the nation's culture and people.

Corporate image reflects momentary impressions of a corporation. Corporate reputation refers to judgments formed through a long-term process. In order of relevance, direct consumer experiences, Corporate Social Responsibility and corporate enterprise such as opinions about leadership and facts about financial performance influence corporate reputation.

As people connect images in their mind, national image affects corporate reputation and *vice versa*. One of these influential processes is called 'Nation Brand Effect'. It works as the most appealing values of a nation influence national identity, which via COO has an

impact on the corporation. It leads to corporate success (or failure) globally, which reinforces the core values of the nation. In order to form a positive ‘Nation Brand Effect’, COO image management through nation branding is essential. Such process can only be conducted successfully if special attention is paid on the applied communication channels. In addition, social responsibility should be understood and standards of operation should be set out according to social needs, not only consumer needs. This is an area in which nations and corporations need to work together in order to attain positive images for both.



CHAPTER 4

METHODOLOGY - ANALYSIS OF TAIWAN'S IMAGE

- 4.1 Design of the Study
- 4.2 Soft Power as a Means for Taiwan's Image Building
- 4.3 Analyzing Taiwan's Current Image
 - 4.3.1 National Image Study
 - 4.3.1.1 Anholt Nation Brand Index 2009
 - 4.3.1.2 Gallup Organization 2005
 - 4.3.1.3 Reputation Institute 2011
 - 4.3.1.4 World Economic Forum – Global Competitiveness Report 2011-2012
 - 4.3.1.5 Analysis of Data
 - 4.3.1.6 Nation Branding Comparisons
 - 4.3.2 Corporate Reputation Analysis
 - 4.3.2.1 Interbrand – Best 100 Global Brands
 - 4.3.2.2 Reputation Institute – Global RepTrak™ 100
 - 4.3.2.3 Rankings on Tech Media Websites/Blogs
 - 4.3.2.4 Analysis of Data
 - 4.3.3 Facebook Research of Corporations
- 4.4 Chapter Summary

4.1 Design of the Study

This paper is built on a literature analysis, along with case study research. As the purpose of the study is to illustrate the relevance of national image and corporate reputation in national competitiveness, as well as the role of Social Media in enhancing the two, both research methods were useful.

The preceding two chapters dealt with the literature analysis. As for the case study, an examination of Taiwan's national image and corporate reputation was proposed. Although Taiwan is acknowledged as a leading power in the technology industry, its image is not as well perceived as it might be. In order to learn how Taiwan is currently perceived among the international public, four image/reputation ratings will be followed: Anholt Nation Brand Index 2009, Gallup Poll 2005, Reputation Institute Country RepTrak™ 2011 and World Economic Forum Global Competitiveness Report 2011-2012. The evaluation of these institutions will be thoroughly examined. It was also proposed to perform research on the official nation branding Facebook pages of countries, but not enough information was found to conduct this study. At the end, there is an examination of nation branding practices of countries with the best reputation.

In the second part of this chapter, the reputation of Taiwan's leading companies in the electronics, more specifically the computer hardware and communications equipment industry, will be evaluated. According to the Interbrand Top Taiwan Global Brands 2011 list, (Interbrand, 2010-2011) the top three companies are HTC, Acer and ASUS. The reputation of these will be examined through official rankings and rankings of Tech Media Websites/Blogs, furthermore, these ratings will be compared to other leading corporations in the industries. Official rankings here refer to lists that cannot be influenced by the public. Tech Media

Websites/Blogs, in turn, are those that are prepared by one or more editors of the site or by any visitors, but in both cases could be commented by anyone.

There are many official corporate reputation lists, which use different rating criteria to create reputation rankings. Fombrun (2007) distinguished between 183 lists, claiming that most of them are based on workplace (73) assessment. However, the author only examined six global rankings, the rest was either regional or country-specific. In addition, Fombrun (2007) also included listings that were based on financial performance which does not specifically reflect reputation, but describe facts. The most widely-known rankings according to financial data are made by Fortune Financial Times and Forbes. Acer was ranked 487th out of 500 on Fortune Global 500, HTC was the 273rd/500 on Financial Times Global 500 and all three were listed somewhere in the middle or even better than that on Forbes Global 2000. Although financial performance influences reputation, these lists do not reflect the image of companies as that is formed through the collection of many other components, such as brand awareness, Corporate Social Responsibility, consumer experiences and so on. As a consequence, this research excludes 'reputation lists' which are purely based on financial data.

The lists which were included were those which put special emphasis on reputation. Two rankings were found on this basis: The Reputation Institute 2011 Global RepTrakTM and the Interbrand Best Global Brands 2011 ranking.

The examined Tech Media/Blogs were chosen from the first page of the Google search engine after seeking out the phrases "Top 10 Best Laptops" and "Top Ten Phones". In most cases only editor rankings were found, however CNET, PC Magazine and Amazon.com provided user ratings as well. By an analysis of these sites, conclusions were made about how well the examined three Taiwanese companies are perceived among the global population. At the end, a Facebook research was conducted by examining the pages of global companies

with the best reputations and those were contrasted to HTC's, Acer's and ASUS' Facebook sites.

The case study analysis starts with identifying Taiwan's soft power sources. It is followed by Taiwan's national image study and finally, the corporate reputation analysis comes.

4.2 Soft Power as a Means for Taiwan's Image Building

According to Joseph Nye, who is considered to be the father of the concept, "power means the ability to get the outcomes one wants", which can be obtained by inducements and threats that is to say by using hard power, or by attraction and seduction which refers to soft power (Nye, 2004: 1-5). In Nye's explanation, soft power has three sources: (high or popular) culture, political values and (legitimate) foreign policies (Nye, 2004: 11). The importance of soft power is rising in parallel with the development of information technology. "Countries who are more attractive are those with multiple channels of communication, whose dominant culture and ideas are closer to prevailing global norms and whose creditability is enhanced by their domestic and international values and policies" (Nye, 2004: 31). In this sense, soft power is obtained by following the universally accepted path and by being sympathetic or at least ostensibly sympathetic to the majority's point of view.

In Nye's (2004) understanding, whether soft power has an effect depends on how the audience receives and values national assets. Therefore, in theory, soft power tools might be easier to use by the democratic Taiwan than by the communist China as the former is consistent with the established global values. However, China is also able to utilize smart power: the combination of hard and soft power into a successful strategy (Nye, 2009). Taiwan, in turn, has little chances to obtain adequate hard power, hereby smart power as well.

This paper therefore states, that Taiwan should focus on strengthening its soft power and public diplomacy and on building a positive international image by the development of those.

Many scholars, politicians and policy practitioners in Taiwan and abroad agree that Taiwan's strongest soft power tool relies on this assumption as well (Lu, 2007: 4; Rawnsley, 2011): Taiwan can use its democracy and positive human rights records to show distinction from China. However, as it will be shown later in this chapter the majority of the foreign public is unaware of this asset of Taiwan. Political values are often seen abstract as being beyond the influence of an average person. On the other hand, culture which is although closer to the public bears another problem: spatial distances make it difficult to embrace cultural values to a high extent.

As a consequence of so many different viewpoints concerning the tools, sources and main points of soft power, it is hard to determine what actually constitutes soft power. Joseph Nye (2004) did not include economic power as one of the soft power sources, but most Taiwanese scholars do (Lu, 2007: 3). Nye also did not write about the special economic development of China, which is controversial to the US-supported neo-liberal economic principles, to count as a soft power source for China, but the Chinese government does (Wang and Lu, 2008: 428-429). This study argues that the Joseph Nye's (2004) categorization should be expanded by an additional soft power source, which is 'product related national image' or 'country-of-origin image'.

Soft power diplomacy is connected with the desire for a positive national image. If one takes advantage of its soft power resources maximally and performs public diplomacy on high levels, it unequivocally invests in national image building. Public diplomacy is an instrument of soft power and a positive national image is a result of the correct utilization of soft power tools and sources. The reason for engaging in public diplomacy and investing in national image building is the expectation of political and economic benefits.

Public diplomacy addresses the public, so soft power promotion should focus on those assets which the public is most concerned about. A nation should determine their most valuable soft power sources which are the areas at which the nation excels, not at which it is simply good. In the case of Taiwan, this paper argues that ‘product related national image’ or ‘country-of-origin’ image should be in the focus of soft power promotion.

4.3 Analyzing Taiwan’s Current Image

4.3.1 National Image Study

Taiwanese national image will be evaluated by polls and reports from four prominent sources:

	Organization:	Period of Investigation:	Focus on:
1.	Anholt Nation Brand Index	2009	People, products, governance, tourism, culture, immigration & investment
2.	Gallup Organization	2005, May & June	Technological development, tourism, culture, investment, political values and contrast between China and Taiwan
3.	Reputation Institute	2011	How economy, environment and government (rational elements) affect trust, admire, esteem, feeling (emotional elements)
4.	World Economic Forum	2011	Institutions, infrastructure, macroeconomy, education, market efficiency, technological readiness, innovation, etc.

Table 5: Polls and Reports Used to Evaluate Taiwan’s National Image

4.3.1.1. Anholt Nation Brand Index 2009

The Anholt Nation Brand Index was developed by Simon Anholt, independent policy advisor. The aim of the index is to measure the image and reputation of countries and to follow improvements and declines of those year by year.

The Anholt 2009 index was conducted by surveying 20,000 ordinary people in 20 different countries by asking them what they think about 50 given countries² in terms of: (1) people, (2) products, (3) governance, (4) tourism, (5) culture and (6) immigration & investment. In the current paper 10 countries were chosen out of the 20 countries to examine Taiwan's national image. The results are shown in the table below:

	Germany	France	Poland	U.S.	India	South Korea	Japan	China	Russia	Brazil	Average
People	34	41	41	28	35	26	18	8	36	46	31.3
Prod.	26	20	29	19	19	22	21	14	24	26	22.0
Gov.	31	38	37	26	34	24	23	39	34	41	32.7
Tour.	40	44	39	35	38	37	35	18	38	46	37.0
Cult.	44	46	47	35	41	38	39	35	43	46	41.4
Imm. & Inv.	31	30	31	24	36	23	23	20	32	43	29.3
Average	34.3	36.5	37.3	27.8	33.8	28.3	26.5	22.3	34.5	41.3	32.3
Average Total	32.3 out of 50										

Table 6: Ranking Taiwan out of 50 Countries. Anholt Nation Brand Index, 2009. (Ranking scale: 1-50, where 1 is the highest and 50 is the lowest)

The assessment shows that Taiwan is placed somewhere in the middle of the 50 countries in terms of products and immigration & investment. However, it ranked quite low as a tourist destination and a culturally interesting place.

² The 50 nations include: Angola, Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, China, Columbia, Cuba, Czech Republic, Denmark, Ecuador, Egypt, Estonia, Finland, France, Germany, Hungary, India, Indonesia, Iran, Ireland, Italy, Japan, Kenya, Lithuania, Malaysia, Mexico, Netherlands, New Zealand, Peru, Poland, Romania, Russia, Saudi Arabia, Scotland, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, UAE, UK, US (Anholt Nation Brand Index, 2009)

The best evaluation was given by China, especially concerning Taiwanese people and products. The worse results came from Brazil, ranking Taiwan among the last ones in terms of people, tourism and culture.

As for the distribution among the different parts of the world, East Asia and the United States gave the best scores. This might be the consequence of similarities in the case of Asia, and could be traced back to the extensive political relationships in the case of the U.S.

In Europe three countries were investigated: Germany, France and Poland. In this setting, Taiwan was depicted quite unfavorably, especially in terms of tourism and culture. However, its products were ranked in the middle of the 50 countries.

4.3.1.2 Gallup Organization 2005

The Gallup Organization conducted a study for the Taipei Economic and Cultural Office during the period of May and June, 2005. The poll was conducted in five countries: the United States, Japan, the United Kingdom, France and Germany. The organization randomly interviewed 1,500 adults among the general public and 200 opinion leaders in each of these five countries, thus altogether about 8500 people were asked. The study focused on Taiwan's image abroad and similarly to the Anholt Nation Brand Index, it took into consideration the following aspects: general national impressions on the bases of political values, technological and economic development, business investments, people, culture and tourism. Besides, opinions on Taiwan's international status, its participation in international organizations and its relations with China were also examined.

The data shows that nearly 70 percents of all respondents have a favorable overall impression of Taiwan, ranking it as the second among four countries: Japan (over 80%), South Korea (57,8%) and China (50,6%). The evaluation is different here from the Anholt

Nation Brand Index, as here, there were only three similar nations to compare with Taiwan. It is easier to make a ranking when parallels can be drawn between contrasted economies.

The table also shows that the majority of respondents think of Taiwan as a culturally exciting and technologically advanced nation with good food, interesting attractions and beautiful scenery. In addition, nearly half of the respondents agree that Taiwan is economically strong and a good place for business investment. However, the data shows that most of the respondents do not know that Taiwan has a democratic political system. The best answers were given by Japan, which is the nearest to Taiwan in terms geography among the five surveyed countries.

	U.S.	Japan	U.K.	France	Germany	Average
Favorable overall impression of Taiwan	73	76	68	62	58	67.4
Taiwan is economically strong	40	39	48	59	52	47.6
Taiwan is a good country for business investment	46	26	55	58	60	49.0
Taiwan is culturally exciting	44	56	50	36	71	51.4
Taiwan has good food, interesting attractions and beautiful scenery	51	65	55	50	64	57.0
<i>Taiwan is technologically developed</i>	51	35	63	72	61	56.4
<i>Taiwan has a democratic political system</i>	29	50	27	23	33	32.4
China and Taiwan are two separate countries	76	76	81	66	72	74.2
Taiwan is a part of China	17	19	13	26	17	18.4

Table 7: Survey on Taiwan's Image in Five Countries: US, Japan, UK, France, Germany. Gallup Poll, 2005. (Scoring scale: 0-100. Data is given in percentage, where 0 is the lowest and 100 in the highest)

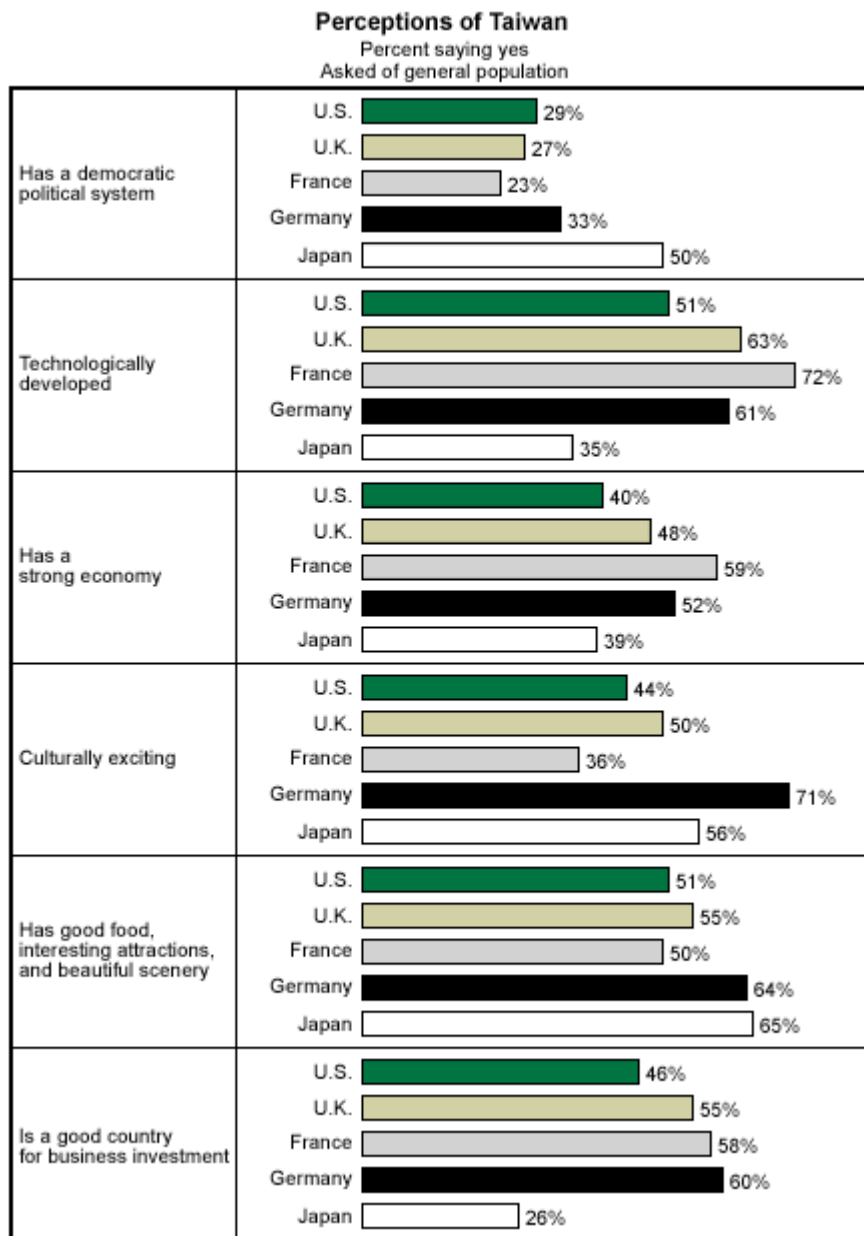


Figure 11: Survey on Taiwan's Image in Five Countries: US, Japan, UK, France, Germany. Gallup Poll, 2005. (Scoring scale: 0-100. Data is given in percentage, where 0 is the lowest and 100 is the highest) (Crabtree, 2005)

Regarding to Taiwanese people, over 60 percent of all respondents stated that they are hardworking, friendly and peace-loving, moreover the majority of population in the US, the UK and France agreed that they are innovative and efficient as well.

Relevant information about Taiwan was generally acquired from newspapers, TV, books and magazines. However, respondents from the UK (68%), France (58%) and the US

(54%) marked ‘products’ as their main sources of information. In addition, 58 percents of Japanese opinion leaders claimed that they have got most of their information through the Internet.

With regard to Taiwan’s international political status, most of the respondents agreed that Taiwan and China are two separate countries and that Taiwan should join the WHO as an observer (70-90%), moreover it could also participate in the United Nations. Over 85 percent of the general public and more than 90 percent of opinion leaders are opposed to the ‘anti-secession law’ and 60-80 percent of European opinion leaders were against the lifting of the EU’s arms embargo against China.

4.4.1.3 Reputation Institute 2011



Figure 12: The 16 Key Attributes of Corporate Reputation

The Reputation Institute is specialized in corporate reputation management. Nevertheless, it has also developed a study (‘Country RepTrak™’), which follows the corporate reputation model to evaluate country reputation. Every year the institute releases a report on public perceptions of 50 major countries around the world. The most important examined traits are overall trust, esteem, admiration and having a good

feeling for a country. There are three basic dimensions that underlie these scores, and drive country reputation and stakeholder support: advanced economy (including products, brands, technological and educational level), appealing environment and effective government. As these three dimensions are further divided into four to six subdimensions, there are 16 key

attributes³ to assess the overall appeal of a country to the public. Results are based on survey responses.

The 2011 Country RepTrak report was released in September 2011. Reputations of 50 countries⁴ were rated among consumers in G8 countries (Canada, France, Germany, Italy, Japan, Russia, UK and USA) (rated themselves as well). Therefore, this report gives an assessment of these markets from the perceptions of G8 consumers only. Totally, more than 42,000 people from these eight countries provided over 60,000 ratings to evaluate country reputations.

Taiwan was ranked as the 25th most reputable country in the world with an average percentage of 51,35. With such an evaluation, Taiwan was ahead of South Korea (34th) and China (43rd), and was just two ranks behind of the United States (23rd) (Ho and Wu, 2011). Concerning self-perceptions, Taiwan gave a self-image score of 72,56 percent to itself, being the 17th in the ranking of “which countries like themselves the most.” With this evaluation Taiwan showed the 8th largest perception gap among those who rated themselves above of the G8 assessment (out of 30 countries). Its biggest competitor-nations were the Western and Northern European nations, Canada, Australia and New Zealand. Among Asian countries Taiwan was ranked as the third most reputable economy, after Japan (12th) and Singapore (20th).

³ The 16 key attributes are: Products high quality products and services, has many well-known brands, in an important contributor to global culture, is technologically advanced, has a well-educated workforce, values education; is a beautiful country, is an enjoyable country, offers an appealing lifestyle, the people are friendly and welcoming; offers a favorable environment for doing business, is run by an effective government, has adopted progressive social and economic policies, is a responsible participant in the global community, is a safe place, operates efficiently.

⁴ The 50 nations include: Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Canada, Chile, China, Columbia, Denmark, Egypt, Finland, France, Germany, Greece, Haiti, India, Iran, Iraq, Ireland, Israel, Italy, Japan, Mexico, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Peru, Poland, Portugal, Puerto Rico, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, UAE, UK, Ukraine, USA, Venezuela (Reputation Institute, Country RepTrakTM Report 2011)

4.3.1.4 World Economic Forum – Global Competitiveness Report 2011-2012

The World Economic Forum annually prepares the Global Competitiveness Report (GCR) that summarizes the strengths and weaknesses of countries and ranks them according to their national competitiveness. The GCR's ranking is based on the Global Competitiveness Index (GCI), which comprises 12 pillars of competitiveness, fit into three sub-indices: basic requirements, efficiency enhancers, and innovation & sophistication factors. Data is collected from various national and international sources, moreover from survey responses.

Countries fulfilling only the basic requirements are at the 'stage one' of their development. They are called factor-driven economies. At the second stage, economies are efficiency driven, and at the third stage, they are innovation-driven. There are also some countries, which are in a transition period, either between 'stage one' and 'two' or between 'stage two' and 'three'.

According to the 2011-2012 GCR, Taiwan was ranked as the 13th most competitive economy out of 142 nations, acquiring an overall score of 5,3 out of 7. It was listed as an innovation-driven economy, being at the third stage. A drawback of the study is that it listed Taiwan as "Taiwan, China" which can lead to confusion among observers. The first table below shows the first 15 most competitive countries of the 2011-2012 GCR. The second table illustrates Taiwan's rank in all the 12 pillars:

Rank	Country/Economy	Overall Score (1-7)
1.	Switzerland	5.74
2.	Singapore	5.63
3.	Sweden	5.61
4.	Finland	5.47
5.	United States	5.43
6.	Germany	5.41
7.	Netherlands	5.41
8.	Denmark	5.40
9.	Japan	5.40
10.	United Kingdom	5.39
11.	Hong Kong SAR	5.36
12.	Canada	5.33
13.	Taiwan, China	5.26
14.	Qatar	5.24
15.	Belgium	5.20

Table 8: 2011-2012 GCR. The First 15 Most Competitive Country/Economy. (Scoring scale: 1-7, where 1 is the lowest and 7 is the highest)

Overall Rank (13 th)	Pillars:	Rank (out of 142)	Score (1-7)
Basic Requirements (15 th)	Institutions	31 st	4.94
	Infrastructure	20 th	5.62
	Macroeconomic Environment	22 nd	5.70
	Health and Primary Education	11 th	6.51
Efficiency enhancers (16 th)	Higher Education and Training	10 th	5.64
	Goods Market Efficiency	11 th	5.13
	Labor Market Efficiency	33 rd	4.71
	Financial Market Development	24 th	4.84
	Technological Readiness	24 th	5.08
	Market Size	16 th	5.21
Innovation & Sophistication (10 th)	Business Sophistication	13 th	5.23
	Innovation	9 th	5.27

Table 9: 2011-2012 GCR. Taiwan's Rank in the 12 Pillars. (Scoring scale: 1-7, where 1 is the lowest and 7 is the highest. Ranking scale: 1-142, where 1 is the best and 142 is the worst).

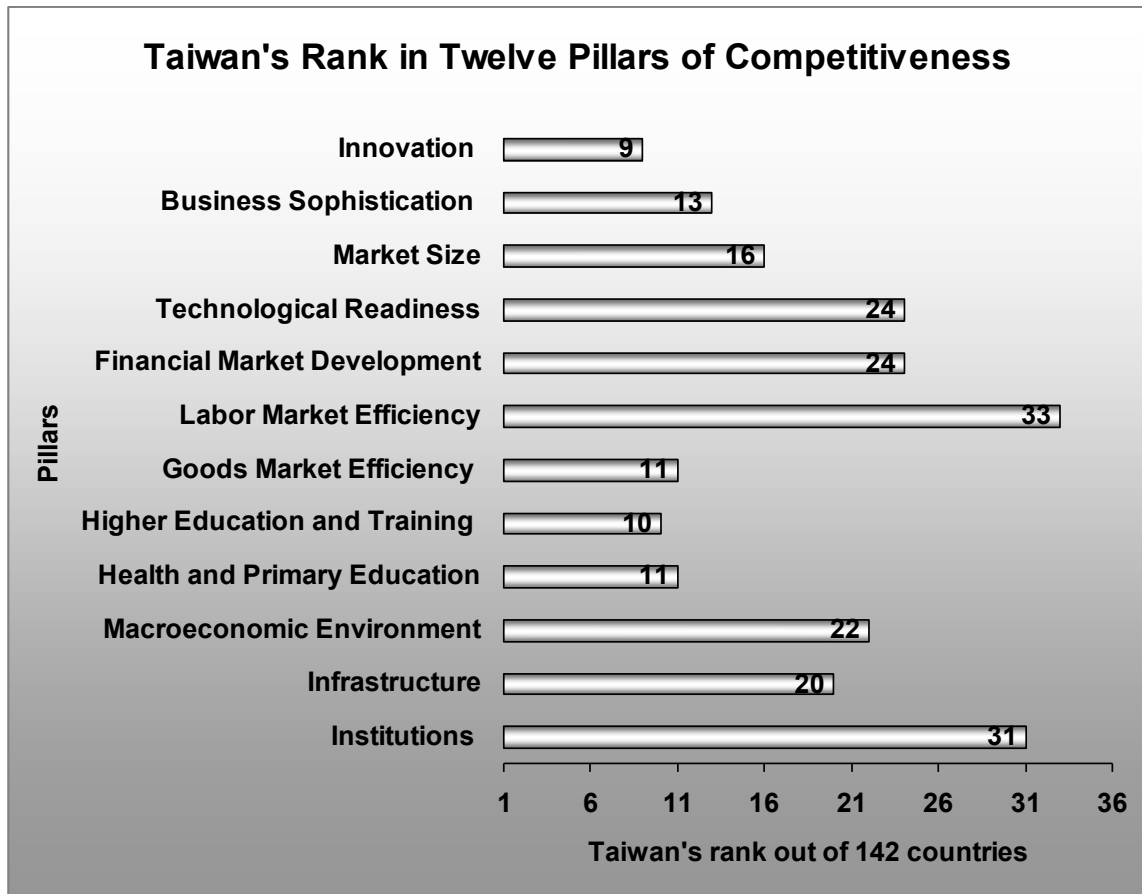


Figure 13: Taiwan's Rank in Twelve Pillars of Competitiveness. World Economic Forum, 2011-2012 Global Competitiveness Report

General performance in basic requirements and efficiency enhancers is strong compared to other innovation-driven economies. The strongest pillar is innovation, in which Taiwan was ranked as the 9th out of 142. Innovation is further supported by a high-quality educational system: Taiwan ranks 10th in higher education and training. The economy is also backed by an advanced level of technological readiness (24th) and intense infrastructure, except in the area of air transport (51st). Its greatest weakness is a rigid labor market, in which Taiwan ranks 98th (World Economic Forum GCR, 2011-2012: 28).

4.3.1.5 Analysis of Data

Data of different polls and reports indicate different results. For example, according to the Anholt Nation Brands Index, the biggest image shaper of Taiwan is its products. However, the Gallup Organization ranked Taiwanese tourist attractions as the best perceived aspects of Taiwan. This divergence can be attributed to the fact that the two rankings were prepared at different times (in 2009 and in 2005). In addition, the analysis is also complicated as the Reputation Institute does not prepare a detailed evaluation of all countries in all categories.

Overall, Taiwan is well perceived as a place for investments or doing businesses and it is seen as technologically developed, innovative and making good products. Besides, it is known to have a high-quality education system. Whether it is a good tourist destination and a culturally interesting place, opinions are divided. Concerning its political values, it is not widely known that Taiwan has a democratic system.

Taiwan's biggest competitor-nations on these lists are Japan and Singapore in Asia; Canada, Sweden, Australia (the top three of the Reputation Institute 2011 ranking) and the GCR's top country: Switzerland (second is Singapore, third is Sweden) worldwide.

4.3.1.6 Nation Branding Comparisons

The subjects of the comparison are the top three countries of the Anholt-GfK Roper Nation Brands IndexSM 2011, those of the Reputation Institute's 2011 ranking and those of the World Economic Forum's GCR 2011-2012 list. These are in order, the United States, Germany and the United Kingdom; Canada, Sweden and Australia; Switzerland, Singapore and Sweden again.

The question is how these eight countries could achieve and keep such a high level of reputation and whether their nation branding strategies are applicable to other nations. What is obvious is that all of them are economically strong, their culture and political values (democracy) are consistent with prevailing global norms and most of them have well-known brands about which everybody knows where they come from.

The United States is leading in the technology sector, and its companies lead most of the lists of top corporate brands.

Germany is well-known for engineering and strong craftsmanship; moreover it gives home to many well-known automobile brands, such as Mercedes and Volkswagen.

Sweden and Switzerland are supported by their strong brand names as well, for example, the Swiss Nescafé, Nestlé, Rolex and Swatch, and the Swedish Abba, Volvo, Absolut Vodka, IKEA and Ericsson. An important fact about these brands is that everybody knows where they come from. Indeed, the word 'Swiss' has already joined together with 'chocolate' and 'watch'.

Singapore is recognized as a safe and vibrant place to do business.

The UK has strong governance, rich cultural heritage and it is exciting for contemporary culture as well. It is a well-acknowledged country-of-origin, a great educational destination and a good place for living. However, it is not seen as a particularly interesting tourist destination, unless one is interested in urban attractions and historic buildings. Generally, Brits are not seen as welcoming and the country ranks quite badly in terms of natural beauty (22nd out of 50, Anholt, 2010a).

Evan H. Potter (2009, Anholt, 2009) states that Canada's high rank is due to its ability to well combine its hard and soft power sources, thus its smart power. Anholt (2010b) observes that its strength do not come from its loud voice, beautiful landscape and the power

of its weapons, but instead, the “openness, generosity of spirit and outward orientation” of its people, hereby, culture is the main power of Canada.

Australia, a tourist paradise, recently engaged in a new nation branding project, namely the ‘Australia Unlimited’ Program. It aims to ‘advertise’ the country as a great place to do business, besides of as a great place to spend holidays. In addition, it supports a greater international recognition of its achievements, such as 11 Nobel Prize Winners, WiFi technology, bionic ear and the vaccine for cervical cancer. Low product quality is one of its biggest weaknesses (Anholt, 2010c).

The original idea of this research was to examine nation branding Facebook pages of these countries and compare them that of Taiwan, however, official sites have been rarely found on this social medium. It shows that Facebook has not been recognized as significant for these purposes.

To summarize, with the exception of Canada and Australia, most of these countries do not put a strong emphasis on culture and tourism. Even in the case of Canada and Australia simply cultural soft power is not seen to be strong enough for nation branding. Canada also possesses an influential smart power and Australia is trying to market itself as a good place for business besides tourism.

4.3.2 Corporate Reputation Analysis

For the analysis of corporate reputation I chose three Taiwanese companies: Acer, HTC and ASUS. These are not only the first three leading Taiwanese brands in the technology sector, but they were also ranked as the 2010 and 2011 top three global brands of Taiwan (Interbrand, 2010-2011). HTC and Acer were also listed among Asia’s Fab 50 companies in 2010 (Forbes, 2010b). In addition, they also appear on many recent global

corporate ranking lists. The table below summarizes official rankings of Taiwanese companies in the years of 2010 and 2011:

<i>Reputation Ranking Area</i>	<i>Reputation Ranking Institution</i>	<i>Reputation Ranking List</i>	<i>Year</i>	<i>HTC, Acer and ASUS</i>	<i>Rank</i>		
I. National (Taiwan)	Interbrand	Top Taiwan Global Brands	2011	1. HTC	1/20		
				2. Acer	2/20		
				3. ASUS	3/20		
			2010	1. Acer	1/20		
				2. HTC	2/20		
				3. ASUS	3/20		
II. Regional (Asia)	Forbes	Asia's Fab 50 Companies	2011	HTC	Present		
				Acer	Not present		
				ASUS	Not present		
			2010	Acer	Present		
				HTC	Present		
				ASUS	Not present		
III. Global	1. Reputation Institute	Global RepTrak™ 100: The World's Most 100 Reputable Companies	2011	Acer	70/100		
				HTC	NR		
				ASUS	NR		
	2010			NR			
			2. Interbrand	Best 100 Global Brands	2011	HTC	98/100
						Acer	NR
ASUS	NR						
2010		NR					

Table 10: Official Rankings of Taiwanese Companies in 2010&2011.

4.3.2.1 Interbrand – Best 100 Global Brands

Interbrand is a brand consultancy, aimed at creating brand values by making brand management the most important strategic aim of a business. It has existed since 1974.

Interbrand takes into account three main aspects of a brand: the financial performance of the branded products or services, the role of brand in the purchase decision process, and the strength of the brand. Financial performance measures an organization's raw financial return

to investors, or economic profit. The role of brand in the purchase decision process measures how much the brand name itself, excluding other features like price, quality etc., contributes to sales. The strength of the brand indicates the ability of brands to secure expected future earnings. After measuring these three aspects, a brand value is calculated, which stands as the basis of the ranking. Brands of the United States are leading the 2011 ranking: Coca-Cola is the first with a brand value of \$71,9 billion, then IBM with \$70 billion and Microsoft comes as the third with \$59 billion.

Among Taiwanese companies only HTC was listed on Interbrand's 2011 Best Global Brands list with a brand value of \$3.6 billion. This improvement was due to HTC's development into the third-largest smartphone maker in the world in market value, after Apple and Samsung. As a weakness, Interbrand states that HTC's consumer awareness is relatively low, however recent changes in its strategy and putting more emphasis on Social Media (such as custom-built Social Networking Sites on YouTube, Facebook, and Twitter) is of key importance to better engage with its customers and build loyalty.

The five biggest competitors from the electronics sector were Apple (8th), HP (10th), Nokia (14th), Samsung (17th) and Sony (35th).

Acer and ASUS did not make it to the global list, but they are the second and third after HTC at the Top Taiwan Global Brands 2011 list. Acer holds a brand value of \$1.9 billion and ASUS, of \$1.6 billion (source: Interbrand's website).

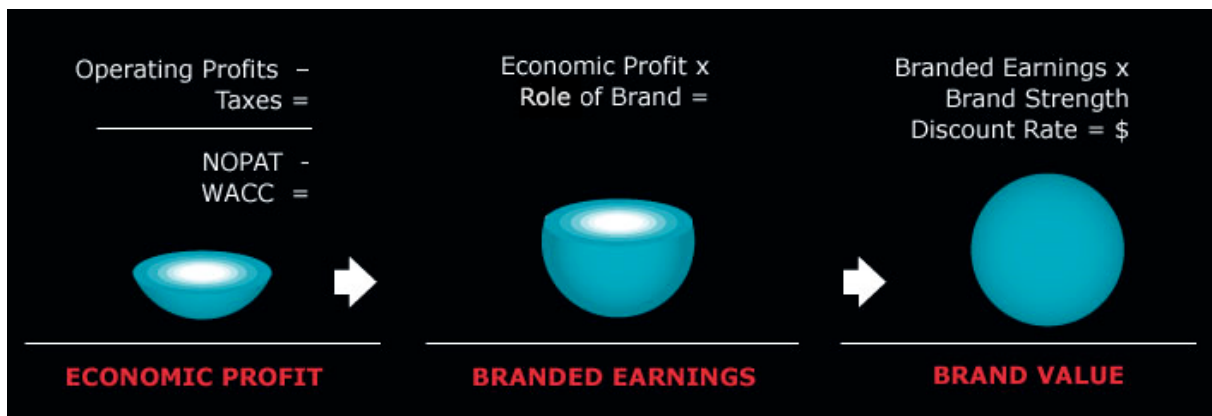


Figure 14: The Interbrand's Method for Brand Assessment (Interbrand, 2011)

4.3.2.2 Reputation Institute - Global RepTrak™ 100

The Reputation Institute annually measures the reputations of the 'most visible companies' in the world, since 1999. The Global RepTrak™ 100 was developed in 2006 and

it measures public perceptions of specific companies in their home country. Just as the Country RepTrak™, it is interested in measuring the degree of admiration, trust, good feeling and overall esteem that respondents have about companies.



Figure 15: Seven Dimensions of Reputation

There are six dimensions taken into account: Products/Services, Innovation, Workplace, Governance, Citizenship, Leadership, and Performance (see Figure

15). The RepTrak™ system measures how a given dimension affects the emotional bond between a stakeholder group and a company. The 2011 survey was conducted in 15 countries among 50,000 consumers (Reputation Institute, 2011b: 2-4).

Companies had to meet the following criteria to be present on the list:

“1. They were among the largest companies in their home country in terms of annual revenues.

2. They had earned an above-average reputation score based on the [Reputation Institute’s] global database of home-market RepTrak™ scores gathered from 2006 to 2010.

3. They could claim either a multinational presence or a global footprint in production and distribution around the world.

4. They had high familiarity with consumers in the following 15 countries and four regions: Asia-Pacific: Australia, China, India, Japan, and South Korea; Europe: France, Germany, Italy, Russia, Spain, and the United Kingdom; Latin America: Brazil and Mexico; North America: Canada and the United States.” (Reputation Institute, 2011b: 5)

From the examined three Taiwanese companies only Acer is listed on the RepTrak™ ranking, and for the first time in 2011. Acer is also the only company representing Taiwan. The first on the list is Google, the second is Apple and then comes The Walt Disney Company; all are originated from the United States. The five top companies from the computer hardware or the communications equipment industry were Apple (2nd), Sony (6th), Nokia (15th), HP (17th) and Dell (34th).

An interesting result of the RepTrak™ is that it shows that products/services (18.6%) are the biggest drivers of reputation, followed by governance (15.6%) and citizenship (13.9%). However, in the computer and electronics sector, innovation (13.1%) is extremely important, too. Knowledge about products/services and innovation comes by consumer experiences; governance and citizenship (plus workplace environment (13.4%)), in turn, are covered by the category of Corporate Social Responsibility. Taiwan definitely needs more improvement in this latter group-dimension (Fang *et al.*, 2010: 131). It has not been listed in any rankings regarding to CSR or green production (Interbrand). Finally, it appears that consumers are the

least interested in the corporate enterprise: leadership (12.8%) and performance (12.6%) are the least concerned dimensions (Reputation Institute, 2011b: 9).

4.3.2.3 Rankings on Tech Media Websites/Blogs

The above rankings are based on a company's size in every aspect: revenues, assets, market value, etc., Tech Media Websites/Blogs, however, focus on product attributes and separately rank even the different products or brands of a given company. This paper examines top lists of seven websites, which were all on the first page on Google search engine after seeking out the phrases "Top 10 Best Laptops" and "Top Ten Phones".

The editors of these pages made rankings, taking into account product features that are significant for users. In the case of Acer and ASUS, laptop lists, in the case of HTC, mobile phones or more specifically, smartphones were in focus. The biggest competitors of the concerned companies are also listed. Rankings are made on the basis of products, not companies, therefore, it is possible for a company to be ranked more than once as it makes more than one product. The table below shows the 2011 best computer and mobile phone/smartphone lists:

Tech Media Website/Blog	Editor Ratings (1-10)			Biggest Competitors	
	Acer Notebooks	ASUS Notebooks	HTC Smartphones/ Mobile Phones	Notebooks	Smartphones/ Mobile Phones
CNET	NR	1 st , 2 nd , 3 rd , 4 th , 5 th , 6 th , 7 th , 9 th	3 rd	Dell (US) Lenovo (CN) Apple (US) Samsung (SK) HP (US) Toshiba (JP)	Apple (US) Motorola (US) Samsung (SK) Sony (JP)
PC Magazine	NR	4 th , 5 th	3 rd , 6 th , 10 th (2010)		
Laptop Magazine	NR	9 th	6 th , 10 th		
PCworld	4 th	1 st , 6 th , 8 th	2 nd , 3 rd , 6 th		
TopTenREVIEWS	4 th	NR	4 th , 10 th		
Notebook Review	NR	10 th	N/A	Less: MSI (TW)	Less: Huawei (CN) Blackberry (CA)
Trusted Reviews	6 th	10 th	2 nd , 7 th , 9 th		

Table 11: Editor Rankings of Acer, ASUS and HTC on Tech Media Websites/Blogs in 2011. Rankings are made on the basis of products, not companies, therefore, it is possible for a company to be ranked more than once as it makes more than one product. (Ranking scale: 1st-10th, in which the 1st is the highest and the 10th is the lowest)

From the seven websites only CNET provided lists of user ratings as well. On these, ASUS performed similarly well in the laptop category, but a huge difference was that Acer turned out to be the champion of phones and HTC ended up as the 5th (CNET, 2011).

Although, except from CNET, none of the websites prepared a separate list for user ratings, but they all made it possible for visitors (after becoming a member) to write reviews, comment or rank any product. In addition, all websites made it possible for users to ‘like’, ‘join’ or ‘follow’ them on Facebook, Twitter, YouTube or other Social Media channels. Therefore, all these Tech Media Websites function as blogs in the sense that among others, they allow content publishing (text, video, photo, links, etc.), comments and connection with SNS (Locatelli: 2010: 2).

The country-of-origin was not indicated on any of these websites, not putting emphasis on differences between country image perceptions.

Table 12 and Table 13 summarize the differences between user ratings and editor ratings of computers (1st Table) and phones (2nd Table) on PC Magazine and CNET. Only these two websites were chosen since the others do not indicate user ratings. The summary shows that user ratings and editor ratings are usually different and that user ratings often rank a brand lower or higher than editor ratings. However, a significant setback of user reviews is that sometimes there are only 1-2 or even zero users who take the effort to rate, post or comment which makes it hard to rely on these sources.



<i>Laptops</i>	Editor Ranking	Editor Score	User Score	Number of Users Who Reviewed	Better/Worse
PC Magazine	1. Dell Inspiron 14z (Core i5)	●●●●○ (very good)	N/A	0	N/A
	2. Lenovo ThinkPad T420s	●●●●○ (very good)	●○○○○ (poor)	1	Worse
	3. Apple MacBook Air 13-inch	●●●●○ (very good)	●●●○○ (fair)	3	Worse
	4. ASUS U46E-BAL5	●●●●● (very good)	●●●●○ (very good)	3	Worse
	5. ASUS U56E-BBL5	●●●●○ (very good)	●●●●○ (very good)	1	Same
	6. Lenovo IdeaPad V570- 1066A9U	●●●●○ (very good)	●●●●● (very good)	3	Better
	7. HP Pavilion dv7- 6143cl	●●●●○ (very good)	●●●●● (excellent)	2	Better
	8. Dell Vostro 3350	●●●●○ (very good)	N/A	0	N/A
	9. Dell XPS 15z	●●●●○ (very good)	N/A	0	N/A
	10. Apple MacBook Pro 15-inch	●●●●○ (very good)	●●●●○ (very good)	4	Same
CNET	1. ASUS K53E-B1	●●●●○ (very good)	●●●○○ (fair)	5	Worse
	2. ASUS U31JG-A1	●●●●○ (very good)	●●●●○ (very good)	3	Better
	3. ASUS U41JF	●●●●○ (very good)	●●●●○ (very good)	6	Better
	4. ASUS Eee PC 1015PED (blue)	●●●●○ (very good)	●●●●○ (very good)	2	Same
	5. ASUS Eee PC 1015PED (black)	●●●●○ (very good)	●●●●● (very good)	1	Better
	6. ASUS Eee PC 1015PED (White)	●●●●○ (very good)	N/A	0	N/A
	7. ASUS Eee PC 1015PED (Red)	●●●●○ (very good)	N/A	0	N/A
	8. MSI Wind U160-007US	●●●●○ (very good)	●●●○○ (fair)	2	Worse
	9. ASUS G71GX- RX05	●●●●○ (very good)	●●●●○ (very good)	16	Same
	10. Toshiba Satellite R15- S822	●●○○○ (fair)	●●●●○ (very good)	32	Better

Table 12: A Comparison of Editor and User Ratings of Laptops on PC Magazine and CNET

Phones	Editor Ranking	Editor Score	User Score	Number of Users Who Reviewed	Better/Worse
PC Magazine	1. Apple iPhone 4	●●●●● (very good)	●●●●○ (good)	33	Worse
	2. Motorola Droid X	●●●●● (very good)	●●●●○ (very good)	9	Worse
	3. HTC EVO 4 G	●●●●○ (very good)	●●●●○ (very good)	6	Same
	4. Samsung Captivate	●●●●○ (very good)	●●●●○ (very good)	4	Same
	5. Samsung Vibrant	●●●●○ (very good)	●●●●○ (very good)	3	Worse
	6. HTC Droid Incredible	●●●●● (very good)	●●●●● (excellent)	1	Better
	7. Apple iPhone 3GS	●●●●● (very good)	●●●●○ (very good)	3	Worse
	8. Blackberry Bold 9700	●●●●○ (very good)	N/A	0	N/A
	9. Palm (HP) Pre Plus	●●●●○ (very good)	●●●●● (excellent)	1	Better
	10. HTC HD2	●●●●○ (very good)	●●●●● (very good)	3	Better
CNET	1. Motorola Electrify	●●●●○ (very good)	●●●●● (excellent)	3	Better
	2. Sony Ericsson Xperia X10	●●●●○ (very good)	●●●○ (good)	41	Worse
	3. HTC Touch Pro2	●●●●○ (very good)	●●●●○ (good)	41	Worse
	4. Huawei Impulse 4G	●●●●○ (good)	●●●○ (good)	3	Worse
	5. Sony Ericsson Xperia X10 Mini Pro-black	●●●●○ (good)	●●●○ (good)	16	Worse
	6. Sony Ericsson Xperia X10 Mini Pro-white	●●●●○ (good)	N/A	0	N/A
	7. Sony Ericsson Xperia X10 Mini Pro-pink	●●●●○ (good)	N/A	0	N/A
	8. Sony Ericsson Xperia X10 Mini Pro-red	●●●●○ (good)	●●●●○ (very good)	2	Better
	9. Sony Ericsson Xperia X10 Mini black	●●●●○ (good)	●●●●○ (good)	8	Same
	10. Sony Ericsson Xperia X10 Mini white	●●●●○ (good)	●●●○ (good)	2	Worse

Table 13: A Comparison of Editor and User Ratings of Phones on PC Magazine and CNET

The study above showed how the examined Taiwanese companies (Acer, ASUS and HTC) performed on Tech Media Websites/Blogs, on which rankings were primarily made by

editors of those sites. PC Magazine and CNET also listed companies according to user ratings. However, a big drawback in the case of CNET was that it separately rated products on the bases of their colors.

Amazon.com among others, also rates products by average user reviews. As Amazon.com is the 14th most often visited website globally (Alexa, 2011), there is a prolific amount of user reviews concerning any products on its site. Table 14 and 15 list the top laptops and phones according to user reviews on Amazon.com.

Top Computers:

Total List	Scores (out of 5)	No. of User Reviews	Previously Identified Biggest Competitors	First Appearance (out of 50)	Scores (out of 5)	No. of User Reviews
1. Apple MacBook Pro MC700LL/A	●●●●●	209	Dell	31 st	●●●●●	23
2. Apple MacBook Air MC965LL/A	●●●●●	53	Lenovo	25 th	●●●●●	19
3. Apple MacBook Air MC966LL/A	●●●●●	53	Apple	1 st	●●●●●	209
4. Apple MacBook Pro MC721LL/A	●●●●●	74	Samsung	21 st	●●●●○	186
5. Acer Aspire TimelineX AS4830T-6642	●●●●●	46	HP	20 th	●●●●●	24
6. Acer Aspire TimelineX AS3830TG- 6431	●●●●●	36	Toshiba	11 th	●●●●○	149
7. Acer Aspire TimelineX AS1830T-6651	●●●●●	52				
8. Acer AS5552-7474	●●●●●	28	Taiwanese Companies			
9. Apple MacBook Air MC969LL/A	●●●●●	36	Acer	5 th	●●●●●	46
10. Acer Aspire TimelineX AS3830T-6417	●●●●●	14	ASUS	19 th	●●●●●	15

Table 14: Top Laptops by Average User Review on Amazon.com. October, 2011.

Top Cell Phones:

Total List	Scores (out of 5)	No. of User Reviews	Previously Identified Biggest Competitors	First Appearance (out of 50)	Scores (out of 5)	No. of User Reviews
1. Motorola Atrix	●●●●●	31	Apple	50 th	●●●●○	58
2. Samsung Galaxy S II GT-I9100	●●●●●	50	Motorola	1 st	●●●●●	31
3. Samsung Nexus S	●●●●○	94	Samsung	2 nd	●●●●○	94
4. Samsung GT I8700 Omnia7	●●●●●	29	Sony	11 th	●●●●●	11
5. Google Nexus	●●●●●	119	Nokia	6 th	●●●●○	42
6. Nokia X2-01	●●●●○	42				
7. BlackBerry 8520	●●●●○	242				
8. Nokia C3-00	●●●●○	93				
9. Samsung GT-B2710	●●●●●	17	HTC	38 th	●●●●○	34
10. Nokia C2-01	●●●●○	35				

Table 15: Top Cell Phones (Unlocked) by Average User Review at Amazon.com. October, 2011.

4.3.2.4 Analysis of Data

Two official institutions were chosen to evaluate Taiwanese companies' global reputation. Interbrand, besides financial performance, takes into account brand awareness and strength for future operation. The Reputation Institute especially focuses on corporate reputation and on assessing how much stakeholders trust, respect and admire the company.

According to the previous description, HTC and Acer are holding a much better global position on official rankings than ASUS. Nonetheless, ASUS was doing much better in the previous years. It led the Interbrand Top 20 Taiwan Brands list in 2007 and it was the second between 2003 and 2006 (Branding Taiwan, 2011). Consistent with the Interbrand's ranking,

HTC is leading out of the three, but on the other hand, only Acer was mentioned on the Reputation Institute's Global RepTrak™ 100.

In a global context, the three examined Taiwanese companies only occasionally appear among the best. Although Taiwan is kept count of a technological or innovational powerhouse, but even its top national brands in consumer electronics, or specifically communications, software, and computer hardware; are in a low or a middle position compared to others in the industry.

Different data was collected from the Media Tech Websites/Blogs, which prepare rankings by product features, consumer needs and satisfaction. ASUS was doing relatively well compared to Acer in the computer category; HTC, in turn was placed quite high compare to other companies in the phone sector.

The sharp differences between rankings of Tech Websites/Blogs and official global rankings are the consequences of their diverse methods and focus. Obviously, general consumers are more interested in tech website-ratings than in official ratings, since those concentrate on their needs. In addition, users are those who actually get a direct experience with companies through their products which can lead to an overall evaluation of their country-of-origin as a reliable, less reliable or not reliable place of product origin.

According to Table 11, in order, companies from (1st) the US (Dell, Apple, HP, Motorola), (2nd) Taiwan (ASUS, HTC), (2nd) Japan (Toshiba, Sony), (3rd) China (Lenovo), (3rd) South Korea (Samsung) are leading the lists of the best computer and phone manufacturer/designer companies.

Table 12 and Table 13 show that HTC and ASUS are generally doing better on user ratings than on editor ratings, however, due to the small amount of user reviews it is hard to make any generalization.

The Amazon analysis indicates that Acer in the laptop category is ranked much higher by users than by editors on previous lists. In addition, Amazon.com also shows that ASUS, but especially Acer have much better reputations than the above identified big competitors. Apple was the only brand which was ahead of both. In the cell phone category, however, Apple is the only one which is behind HTC compared to the other competitors (see: Table 14 and 15).

4.3.3 Facebook Research of Corporations

In the last few years Facebook has become the most popular Social Networking Site in the world. According to the *Alexa* Web Information Company's traffic ranking, Facebook is the second most popular website globally, visited by approximately 43% of global Internet users daily. It currently has more than 773 million users globally. The majority of these users is between the ages of 18-44 and has at least college education. There are about 4.5 million websites that have an inbound link to Facebook.com. (Alexa, Oct. 29, 2011; 'CheckFacebook', Oct. 29, 2011).

Through such a visitor traffic and extensive functions for self publishing and social interactivity (see: *Ch. 2*), Facebook has enormous opportunities in store for organizations which are concerned about their image. Despite of these easily accessible possibilities, it appears that most of the organizations do not utilize Facebook to its full extent (McCorkindale, 2010).

In order to discover how actively companies utilize Social Media, an analysis of corporate Facebook pages was conducted in this study. The previous subsection (4.3.2) identified Taiwan's biggest competitors related to the reputation of its corporations. The Facebook pages of these along with the three top Taiwanese companies were examined. The

goal of the research was to identify those factors that make some companies attractive to the general public by using Social Media (=Facebook).

The analysis was conducted between October 29 and September 29, 2011. The number of fans and the number of people talking about a brand are determined according to data of October 29, 2011. Only in the case of Samsung, the company had to be separated into two groups on the basis of product categories, because it did not have a general Facebook page. In addition to the number of fans and of the people who talk about a brand, wall posts, discussion boards and events were taken into account.

The results showed that Samsung Mobile has the most fans: 3.5 million; and it is also the one which most people talk about. It is followed by HTC, then Sony and finally, Dell takes the fourth place on the score of ranking by the number of fans. In the contest of which company people talk about the most, Samsung got the first place, regardless of product category; it was followed by HTC, HP and then, Toshiba. In the overall ranking by the number of fans, HTC was the 2nd, Acer the 7th and ASUS the 10th out of 12.

A wall post is a public message that can be posted, viewed and commented by anyone visiting the site. It can be removed anytime by the administrator of the page. In this research, only the wall posts that were published by the company itself were counted. Regarding these posts, Lenovo had the most (64), followed by Samsung Mobile (56), ASUS (49) and Dell (48) in the examined one month period. Most of the posts were about product or company promotion and questions or issues to generate public discussion.

Discussion boards are similar to wall posts, since those also allow anyone to post, reply and view the content. However, comments cannot be deleted entirely, as a “discussion board item deleted” note will be left on the page (McCorkindale, 2010). Discussion boards are more transparent than wall posts as those are organized by topics which can be commented or replied anytime. In this research, only those topics were counted which had

comments within the examined one month period. The results showed that less than 50% of the concerned companies take advantage of discussion boards. The list is led by Samsung Mobile, then HTC follows, the third is Sony and the fourth is Dell. Apple although had the link to discussion boards, but the latest post was written two months ago.

Facebook pages also let users to give information about upcoming events. However, only six companies out of 12 used this option. Information about upcoming events was not given by any company, but there were some past events listed. The most was posted by HP, followed by HTC and then, Dell. Acer had a link to events, but did not list any upcoming or past event.

	COO	Overall Rank by No. of Fans (out of 12)	No. of Fans	No. of People Talk About It	No. of Wall Posts by Company	No. of Topics on Discussion Board	No. of Listed Events
1. HTC	TW	2 nd	955,897	22,843	25	90	10
2. Acer	TW	7 th	231,780	3,959	6	N/A	0
3. ASUS	TW	10 th	90,777	7,161	49	N/A	N/A
Competitors:							
1. Samsung Mobile	SK	1 st	3,504,301	806,019	56	126	1
2. Sony	JP	3 rd	908,329	13,041	16	70	4
3. HP	US	4 th	783,141	14,794	44	N/A	15
4. Dell	US	5 th	770,993	10,350	48	24	6
5. Motorola	US	6 th	626,784	7,372	23	N/A	N/A
6. Samsung Notebook	SK	8 th	182,196	44,038	17	N/A	N/A
7. Lenovo	CN	9 th	175,182	4,021	64	N/A	N/A
8. Toshiba	J	11 th	34,712	13,408	21	N/A	N/A
9. Apple Inc.	US	12 th	1,471	45	1	No new posts	N/A

Table 16: Analysis of Top Taiwanese Companies' and Worldwide Top Companies' Facebook Pages between October 29-September 29, 2011.

Most companies had links to other SM sites of the company, which were generally YouTube or Twitter. None of the companies had a special link to Corporate Social Responsibility, although HP emphasized its Live Green project. Most of the eligible options to click on (besides the already mentioned) were general information, photos, videos and

product-introductions. None of the companies indicated their origin country under the ‘Info’ option or anywhere else.

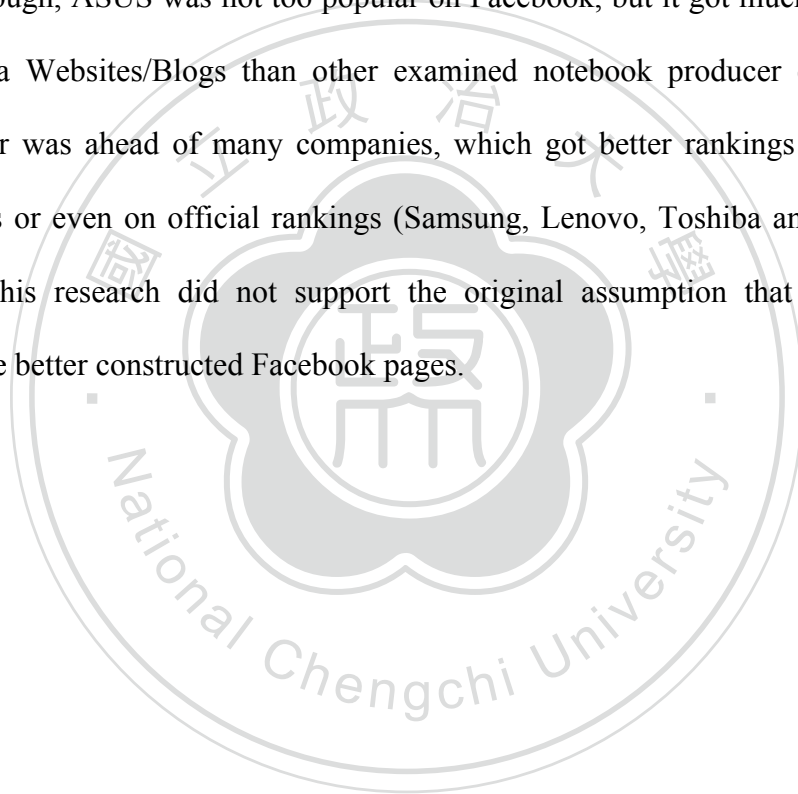
Three companies: *Acer*, *Lenovo* and *Samsung* (Notebook) used the option ‘Questions’ through which companies can get feedbacks. There are several product or company related questions, which users can answer and thus, enable the companies to better understand the needs of customers.

Six companies used the option ‘Notes’ which allow users to publish anything that it is on their mind in a full rich format (Facebook Help Center). These six companies were: *Sony*, *Motorola*, *HTC*, *HP*, *Dell* and *Samsung* (Notebook). Most notes gave information about events, news, products, contests or the company itself. *HP* had a special reference to reviews of Tech Media Websites/Blogs of *HP* products.

To summarize, the research showed that the examined companies are all taking advantage of Facebook, but do not utilize it to its fullest extent. Most companies are encouraging discussions either on their wall, discussion board or under the ‘notes’ option. In addition, they are customer oriented, offering product introductions and product deals. Most companies (*Toshiba*, *Motorola*, *HTC*, *Samsung* Notebook, *Lenovo* and *Dell*) frequently reply to wall posts, but there is a lack of response on the sites of *HP*, *Sony*, *ASUS*, *Acer* and *Apple*.

While some companies are using the functions of questions, discussion boards and notes, most of them do not take advantage of these opportunities, however, these would be the most important in order to understand customer needs. Other widely ignored functions are the special indications of CSR, origin country and job postings. Companies should spend more time in developing their Facebook pages in order to provide more information on these. Nation branding and corporate branding sites should be interlinked on Facebook in order to establish connections in consumers’ mind. Facebook is especially suited to such a function as users can quickly jump around on the webpage by clicks.

This research aimed to identify factors that played a role in making some companies more attractive to the public compared to the examined three Taiwanese companies. The research showed that the Facebook pages of HTC, ASUS and Acer are not remarkably different from those of the most reputable companies. In addition, they similarly do not indicate their origin country on their page, moreover they also ignore the indication of CSR projects. Interestingly, HTC had much more fans and was doing much better in Facebook marketing than Apple, Motorola or Sony, which are its biggest competitors in the phone industry. Although, ASUS was not too popular on Facebook, but it got much better rankings on Tech Media Websites/Blogs than other examined notebook producer companies. On Facebook, Acer was ahead of many companies, which got better rankings on Tech Media Websites/Blogs or even on official rankings (Samsung, Lenovo, Toshiba and Apple). As a consequence, this research did not support the original assumption that more reputable companies have better constructed Facebook pages.



4.4 Chapter Summary

This chapter presented a case study analysis of Taiwan's national image and corporate reputation. Data was collected from official rankings and rankings of Social Media websites. The major purpose of the chapter was to evaluate Taiwan's current image and understand what nation-branding project would be suitable for it. This assessment was conducted by Taiwan's comparison with the most reputable economies, moreover by the comparison of its best-ranked brands with the most reputable global brands.

The first analysis examined Taiwan's national image according to official ranking lists. It was found that Taiwan has a good reputation concerning its technological development, innovative nature and product-quality. In addition, some reports also stated that many people think that Taiwan is culturally exciting and has interesting tourist attractions. It was also seen that the most reputable economies in the world do not build their nation-branding project on the basis of tourism.

In the second part of the chapter, corporate reputation was analyzed. Three top Taiwanese companies: Acer, HTC and ASUS were chosen to test the arguments. It was seen that these brands are quite successful in their own industry. However, official rankings did not rate them as high as Tech Media Websites/Blogs. There were also some differences between the rankings of editors and users on these blogs. A Facebook research was also conducted, examining the pages of the most reputable companies compared to the three Taiwanese brands. No remarkable differences were found between these Facebook pages.

It was concluded that ranking lists on Tech Media Websites/Blogs can better satisfy the interests of consumers about products and brands than official rankings. It was also seen that Taiwan has a middle-good reputation, which could be improved by a more extensive use of Social Media websites. Although many of the most reputable companies do not utilize

Facebook to its full extent either, the immense opportunities offered by this Social Networking Site are seen as a good way for improving images. This is mainly the consequence of the high popularity of these sites.

Due to the good reputation of Taiwanese companies in the information and communication technology industry, it is proposed that instead of tourism, Taiwan should concentrate on the promotion of these elements to improve its image. Social Media websites are perceived to be the most suitable tools to achieve these goals.



CHAPTER 5

FINDINGS AND CONCLUSION

5.1 Building a New Nation Brand of Taiwan

5.2 Social Media as a Means for Taiwan's National Image Building: A Proposed Model

5.3 Final Conclusion

5.4 Practical Implications



5.1 Building a New Nation Brand of Taiwan

Despite the burgeoning IT industry, Taiwanese branding strategies are focusing on tourism and culture, instead of technology and manufacturing and brand-branding. Papadopoulos (2004, in: Amine and Chao, 2005: 202) holds that it is a natural path of nation branding to shift from a focus on technology and manufacturing to nature. This was also the case with Taiwan. However, Taiwan should not stop advertising its brands when they are just beginning to establish strong global positions. Indeed, it should use these brands to cultivate its own nation brand.

As it was shown in the subchapter 4.3.1.5, most countries with the best reputations did not achieve such positions by building on tourism and culture, but by emphasizing their biggest strengths. Singapore is well known for doing business; German, American and Japanese products are synonymous with high quality; and all of them have democratic political systems, which are consistent with global values. As the 2005 Gallup Poll showed only 32 percent of about 8500 respondents were aware of the fact that Taiwan is a democratic nation. In addition, Taiwan is an acknowledged technological and manufacturing powerhouse, but the advantages of such a feature are not utilized to their fullest extent.

The current branding project of Taiwan attempts to emphasize the nation's cultural and tourist attractions. Besides, Taiwan claims to be the best in these among all Asian countries. The new nation branding slogan 'The Heart of Asia' with the logo which brings together many symbols of Taiwan (Taipei 101, Sun Yat-sen Memorial Hall, fireworks, lanterns, teapot, a bird, flower blossoms, a butterfly, two people eating and an aboriginal motif) unequivocally refers to Taiwan's strong intention to become a first-choice tourist destination in Asia. However, for a nation which is still mixed up with



Figure 16: Taiwan's New Nation Branding Logo

Thailand and which has a confusing political situation, such a strategy might be premature. In addition, the logo does not clearly explain how Taiwan is actually different from the rest of Asia and why travelers should choose Taiwan instead of other Asian destinations.

The vast literature introduced in this study showed that national image matters for numerous reasons. It attracts tourists, but also supports diplomacy, attracts investment and builds a better image for companies and products associated with a nation as well. Therefore, a nation-branding project cannot entirely concentrate on one specific issue, since they all reinforce each other. The most important is to be well known for some positive features, which then will bring benefits to other areas.

This paper demonstrates that Taiwan's most valuable assets are its products, and that Taiwan has value as a country-of-origin. This characteristic is derived from its strong information and communication technology industry. Taiwan has promoted itself as a good country of manufacture with the slogan 'Very Well Made in Taiwan' since 1992 or 'Taiwan – Your Source for Innovalue' since 1997, but these aspects got less attention with the introduction of tourism promotion programs. However, the purpose of nation branding is not to support the areas in which the nation is merely good, but where the nation has a comparative advantage. Taiwan's comparative advantage is technological production and innovation. It is the author's opinion that this should be emphasized in order to direct public attention toward Taiwan. In addition, it is clear that most people will never have the chance to travel to Taiwan, meet with its people and try its food, however, they can buy its products in a local store. High familiarity and satisfaction with products, in turn, brings associations with the nation brand itself, which later can result in an increase in tourism.

With regard to Taiwan's political values, it clearly has a big advantage over China as it is the first Chinese democracy. However, most people do not care about politics nor do they value this in Taiwan. Politics and political systems are mostly seen as something abstract,

being beyond of the influence of the average person. I would again emphasize that people care more about products than these abstract values that do not influence their lives directly. Public diplomacy by exploiting soft power sources is intended to attract the general public abroad and not official representatives of countries. This fact indicates that the focus should be on that which the general population is concerned.

As a consequence, this paper concludes that Joseph Nye’s soft power categorization should be expanded by a fourth category, which is products/services. In order to enhance a country’s appearance in this category, the public and private sphere should collaborate on building better image. If a company has a good image, its products are widely bought. Then, good product experiences reinforce national image, which leads to further benefits. As Jaworski and Fosher (2003: 107) stated, a nation first has to identify its core values which give rise to a Nation Brand Identity, then that raises the Nation Brand Effect, which enhances the successes of the country’s global brands. This continues in a circle as successful brands reinforce the nation’s core values.

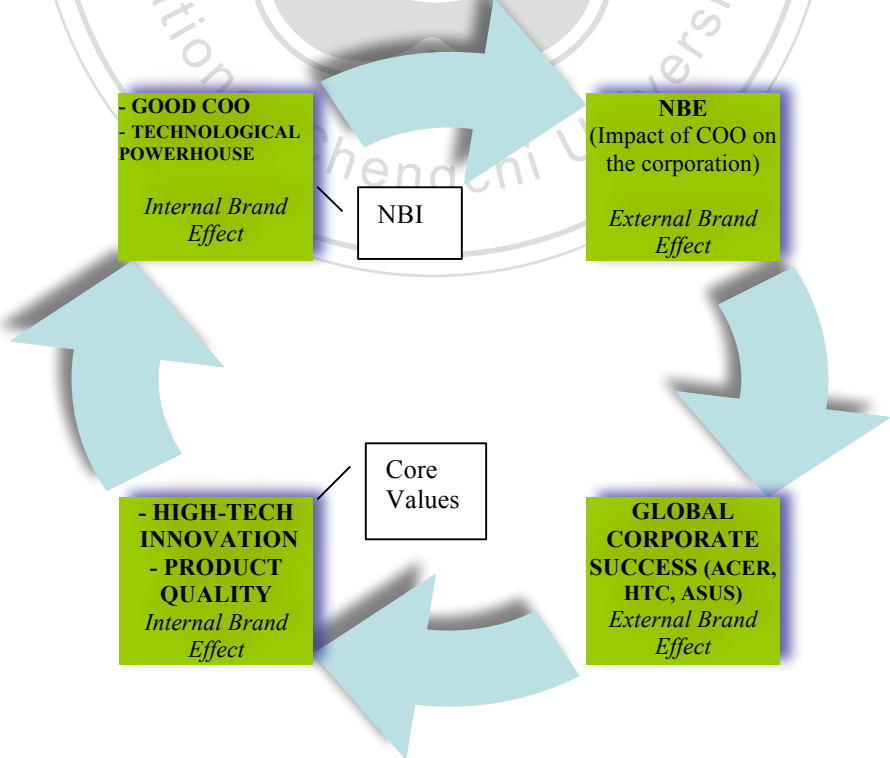


Figure 17: Nation Brand Effect Cycle in the case of Taiwan

Figure 17 shows how the NBE Cycle can be applied to Taiwan in that technological development, innovation and product quality are Taiwan's core values. These values affect Taiwanese image, as Taiwan is perceived as a reliable COO and a place that creates technology. National image and COO perceptions have an impact on Taiwanese corporations, which reinforce their global success. Acer, ASUS and HTC have the biggest chances for such a development as they are the top Taiwanese companies generally, and particularly in the high-tech industry (Interbrand, 2010-2011). Corporate global successes reinforce the core values such as technology, innovation, and product quality and this improves national image, especially the country-of-origin image. After these areas are highly developed and well acknowledged, other values can step into the circle.

As it has been already mentioned, good COO and product quality image can only be achieved by an extensive cooperation between the private and the public sector. A criterion for good corporate reputation is good corporate image in all related fields. This is achieved by satisfying all the key receivers of corporate reputation and national image as well. One of the key areas in which these two overlap is Corporate Social Responsibility. Indeed, this latter is becoming more and more relevant within reputation construction. Rockower (2011: 137) claimed that middle powers, the category in which he counts Taiwan, often employ niche diplomacy in order to raise their public diplomacy profile. It means that these nations can attain leverage on the international stage by the domination of a certain issue considered relevant to global civil society. By getting involved in Corporate Social Responsibility issues with corporations Taiwan can acquire better image in all aspects.

This paper proposes that Taiwanese corporations need to pay enormous attention on CSR and that the state sector should give assistance in building a better CSR image for companies as it is also in its own interest.

5.2 Social Media as a Means for Taiwan's National Image Building – A Proposed Model

In the previous section, I proposed that Taiwan should place more emphasis on its products and high-tech achievements in order to enhance its national image along with the reputation of its companies. I also argued that it should be conducted by the collaboration of the private and public sector with a special attention on the field of Corporate Social Responsibility.

The second argument of this study is that this cooperation and image/reputation building process should be performed through Social Media channels. Chapter two clearly stated the significance of Social Media and the possibilities that it carries. However, these functions have not been fully utilized by companies or nations.

Chapter four examined how products of brands are rated on official rankings and on Tech Media Websites/Blogs. Huge differences were apparent between the top brand lists of the two. A Facebook research was also conducted in chapter four and it was stated that companies do not take advantage of this social medium to its fullest extent. Concerning countries, no national image top lists prepared by the general public were found. In addition, a Facebook research could not be conducted either, as the examined countries did not have official nation branding Facebook pages. These findings all show that the possibilities offered by Social Media are not fully utilized.

This study proposes a model for Taiwan, which states that nation-branding should mainly be concerned with its high-tech innovations and product quality. In order to actualize this project it needs to collaborate with corporations since the success of the two is highly connected. The main area of collaboration should be Corporate Social Responsibility, which was also one of the biggest reputation drivers according to the Reputation Institute's 2011 study (Reputation Institute, 2011b). An example CSR promotion is when a corporation

makes products which are environmentally friendly. Another is that the company provides a good workplace environment for employees. Taiwan has especially good opportunities in the first category due to its high level of technological development and innovative nature.

Cooperation, country image building, corporate reputation construction and CSR promotion should be conducted through Social Media channels. The reason why these channels are more effective than simply established websites, for example, is that they encourage user-interaction, sharing, collaboration and collective construction of information by users. In addition, these channels are easily accessible, flexible and have already become an inseparable part of people's lives.

Facebook pages should be established with clear information regarding to Taiwan's assets, emphasizing its high-technology and product quality. All functions of these pages should be fully utilized in order to provide maximum information and get feedbacks from visitors. The biggest brands should also be listed with the indication of their country-of-origin and their engagement in CSR. As information is disseminated by interaction and sharing, the site should be interactive, encourage discussions and build communities. In addition, blogs should be written about special products, which could easily be accessed from the Facebook page. It is significant that Social Media channels are connected and one can be reached from another without requiring users to do special search.

Besides of establishing these 'personal' Facebook pages and blogs, there should also be a separate website which aggregates the content, especially the user-reviews and comments of every site on the web. It is significant to determine the best keywords so these websites can be found easily. Administrators representing the nation or a particular company are highly encouraged to respond to all visitor comments and questions and to ensure the concerned that problems are going to be fixed. Such websites should be set up by both companies and the state sector as well.

Figure 18 below visually illustrates the proposed nation-branding model of Taiwan:

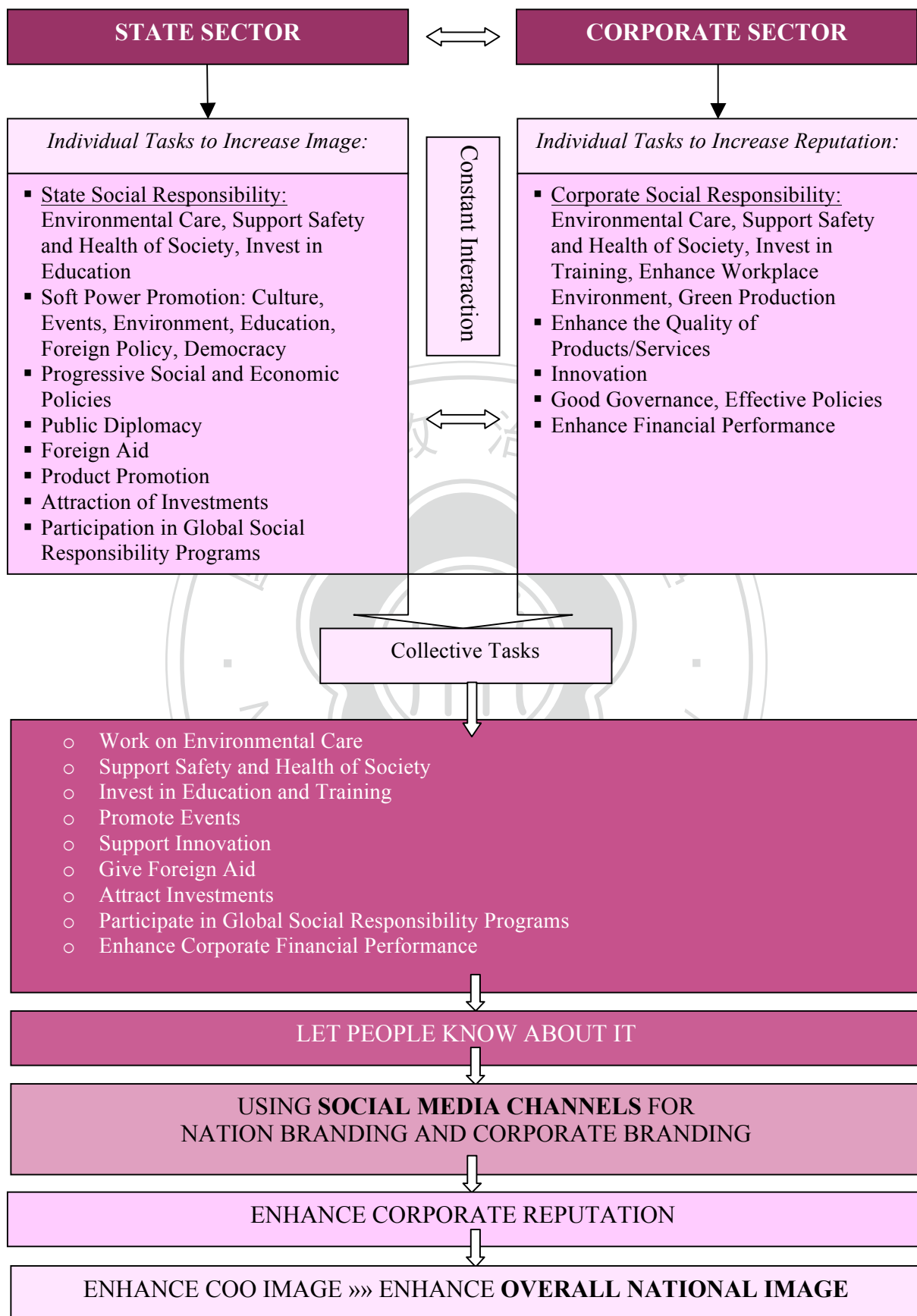


Figure 18: Proposed Model for Taiwan’s Nation Branding Project

5.3 Final Conclusion

In order to keep up with today's rapidly changing world, organizations are required to follow new trends and change the ways that they think and act. Information is power and it now spreads faster than ever with the emergence of Social Media channels. Image is no longer a purely abstract mindset, but it is now created with the inclusion of diverse observations and data. In accordance with these changes, organizations need to adjust their strategies in order to scrutinize public opinion and to better understand how to reach their target audience.

Reputation and image are complex concepts, composed of a wide range of sources. It is often unexplainable how they have been created and become such powerful bases of our thoughts. What is certain is that these perceptions are converted into truth and influence our behavior. We make decisions about where to travel, what products to buy, what movies to see in line with this perceived truth. An image, however, can be changed by the correct utilization of resources. In this process, the focus should be on what change is required in accordance with the needs of society and what are the most appealing image sources that an organization holds. Recent technological developments have made it possible to realize these goals in ways never before imagined.

This paper researched the relevance of image/reputation in keeping with modern trends. National image is managed by nation branding projects, similar to advertisements of brands. For the sake of a desired image, these projects need to follow the way that is paved by the public itself. When everything is done the right way, Social Media leads organizations to follow the right path and to understand the necessities of the public, which is the basis of national image management.

5.4 Practical Implications

Throughout this study the author attempted to characterize the major sources of national image management that affect all aspects of image, built in a human mind. The case study focused on Taiwan, a geographically small nation that is poor in natural, but rich in creative, strenuous and well-educated human resources. In addition, it is economically strong, has great technological achievements and good-quality products. It holds a middle-good global reputation, which is mainly the consequence of these features.

This paper attempted to assess the value of Taiwan's current nation branding project, which has seen to be a false approach toward the formation of a desired image. The study claims that instead of tourism, Taiwan should focus on the promotion of its technological development and good-quality products, especially in the electronics sector. At the end, a model of nation branding is proposed that Taiwan and other nations with similar characteristics to Taiwan are advised to follow.

Additionally, this research also holds implications for other countries, but for companies as well. The subject of Social Media has just started to enter the academic sphere; therefore the possibilities it offers have not yet been entirely understood. It appears that organizations are not utilizing these channels to the fullest of their ability. As a consequence, Social Media is an important area for new research, which could enhance the accuracy of future conceptions.

Image/reputation is a form of assessment of our achievements in the minds of others. It is a natural part of our life as we are constantly exposed to phenomena that shape our imaginations. With the rise of the digital world, the quantity of these phenomena the diversity of informational resources has increased profoundly. In order to turn these changes to our advantage we need to understand how to approach them in a successful way.

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