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Protracted Conflicts

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TABLE OF CONTENTS

IT IS NECESSARY TO CREATE MESSAGES WITH THE IMAGE OF UKRAINE	3
<i>Interview with Anna Romanova</i>	
NATION BRANDING: IS IT ONLY ABOUT TOURISM?	6
<i>Hanna Shelest</i>	
NATION BRANDING: GLOBAL TRENDS AND UKRAINE’S CHALLENGES	13
<i>Vasyl Myroshnychenko</i>	
NATION BRANDS AND THE CASE STUDY OF UKRAINE	21
<i>Katarzyna Rybka-Iwańska</i>	
THE POWER AND THE LIMITS OF COMMUNICATIONS: CASE OF REFORMS IN UKRAINE	29
<i>Anastasiya Nurzhynska</i>	
COMBINING HARD AND SOFT POWER: HOW TO ALTER THE ATTITUDE TOWARDS UKRAINE	36
<i>Lesia Kuruts-Tkach</i>	
UKRAINE’S IMAGE OF “IN-BETWEEN-NESS”: BAD LUCK OR LACK OF POLITICAL DETERMINATION?	42
<i>Nadiia Bureiko</i>	
EU VALUE PROMOTION AND THE ‘ASSOCIATED’ EASTERN NEIGHBOURHOOD: STATE OF THE ART, LEGITIMACY CHALLENGES, AND PROSPECTS FOR THE FUTURE	50
<i>Maryna Rabinovych</i>	

NATION BRANDING: GLOBAL TRENDS AND UKRAINE'S CHALLENGES

Vasyl Myroshnychenko
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Governments design and implement sophisticated nation branding and public diplomacy programs with a goal of bringing more tourists, beckoning more foreign direct investment, and promoting export. However, reputation of a nation can hurt investment, tourism, and export. In this article, we will answer the following questions: Why is soft power important? How to increase FDI? How can corporate brands influence country image? What are the challenges Ukraine is facing? What practical steps are made by Ukraine's civil society to project a positive image of Ukraine?

Countries are starting to look more and more like corporations. Like corporations, they have to attract foreign investors, to compete for the attention of the world press, tourists, and markets for goods and services. In explaining the theory of neo-realism back in the late 1970s, well-known American analyst and international relations specialist Kenneth Waltz compared the behaviour of countries at the international level with the behaviour of companies. He thought that countries should carry out their external policies from a position of strength and self-interest, with the aim of thus gaining the greatest economic benefit. It is not for nothing that the concept of competitiveness, once used only with reference to business, at this stage appeared in discourse in political and academic circles in the US, Europe, and Japan and has long dominated the speeches of these countries' leaders.

Branding, traditionally considered as one of the most important components of

marketing, entered government vocabulary relatively recently. Studies on the emergence of this term in political circles were carried out for the first time at the end of the 1990s. At their source were two British branding experts, Wally Olins and Simon Anholt. Since that time, considerable experience has been accumulated that can be generally viewed as a theory of nation branding. The idea itself was not novel, as earlier, such terms as national image, national identity, or national reputation had been used.


According to Wally Olins, attitudes towards nations are formed from myth, rumour, or anecdote, which can hurt trade, tourism, and inward investment.

¹In his term, Simon Anholt characterizes nation brand as a sum of people's perceptions in six areas of national competence: people, tourism, exports, governance (domestic and foreign policy), inward investment and immigration, culture and heritage.²

¹ W. Olins, *Wally Olins on Brand*, Thames & Hudson: New York 2003.

² S. Anholt, *Editorial. Place Branding*, 2005, pp. 333-46.

Nations reshape their identities, because they need to project the real change to all the audiences with whom they relate. "Prejudice and ignorance have to be dispelled through ads, brochures, websites, competitive tenders, beauty parades, presentations and all other paraphernalia of modern marketing".³ This is especially relevant for countries that are undergoing rapid transition. Having freed themselves from communism, Eastern European nations embarked on rapid reform. They had to communicate to the international community the new images. So, nation branding was a strong communication tool for them to raise awareness about the changes in the legal and business environment, investment opportunities, tourism, etc.



Nations reshape their identities, because they need to project the real change to all the audiences with whom they relate

Simon Anholt sees nation branding as a "systematic process of aligning the actions, behaviours, investments, innovations and communications of a country around a clear strategy for achieving enhanced competitive identity".⁴ This can range from modest cooperation between a government committee for tourism and an investment agency to the decade-long enactment of coordinated and clearly planned strategies within the country and on the international arena in the arts, sports, education, politics, tourism, and international trade.

Foreign Direct Investments (FDI) and Nation Branding

Nation branding is the first important step in investment promotion. In a report conducted for International Finance Corporation in 2000, Wells and Wint divided investment promotion into three parts: image building, investment generation, and investor service.⁵ Image building is aimed at improving a country's image within the investment community as a favourable location for investment. Investment-generating activities pursue the goal of generating investment directly and investment-service activities include services provided to prospective and current investors.

According to Kotler, building and maintaining an "effective image" is fundamental to investment promotion. An "effective image" must be "realistic, believable, simple to understand, attractive to investors and distinctive, with unique attributes that make the place stand out among other places".⁶ An interesting fact has been revealed when studying the FDI flows into the four Eastern European countries, namely Poland, Hungary, Czech Republic, and Slovakia. According to Rafał Wiśniewski, deputy Foreign Minister of Poland in charge of the Polish national brand program (2005-2007), most of the market-seeking or resource-seeking FDI that flew into the four countries in the early and mid-1990s were driven by the traditional determinants, such as market size, labour costs, ease of doing business, proximity to the EU market, etc. However, he argues that FDI that came at the turn of the century was influenced by certain messages

³ W. Olins, *Wally Olins on Brand*, Thames & Hudson: New York 2003, p. 160.

⁴ S. Anholt, *Brand New Justice*, Butterworth Heinemann: Elsevier 2003.

⁵ L. Wells, A. Wint, *Marketing a Country: Promotion as a Tool for Attracting FDI*, International Finance Corporation: Washington 2000.

⁶ P. Kotler, D. H. Haider, I. Rein, *Marketing Places: Attracting Investment, Industry and Tourism to Cities, States, and Nations*, Free Press: New York 1993, pp. 149-150.

that the countries were communicating about their locations. In other words, in addition to the availability of the traditional FDI determinants, national branding played its role.⁷

Marketing inward investment is a serious, expensive, and sophisticated business. Its main goal is presenting a nation in a powerful, attractive, and differentiating way. Some argue that self-promotion plays a significant role in attracting FDI. A paper by the researchers John Pantzalis and Carl A. Rodrigues, *Country Names as Brands – Symbolic Meaning and Capital Flows*⁸, showed that investors are often heavily influenced by the brands of countries, which in turn affects the movement of international capital in and out of those countries. For example, investors might group several countries together because of superficial brand associations – the ‘Asian Tigers’ sounded like a good bet, but in fact some of the countries branded as tiger economies shouldn’t really have been in the group at all, and made a lot of people lose a lot of money.

Wells and Wint provided a good account of different “influence tools” or marketing techniques used by investment promotion agencies to attract foreign investment. They studied among 10 other agencies Indonesia’s Investment Coordinating Board, the Malaysian Industrial Development Authority, Singapore’s Economic Development Board, and Thailand’s Board of Investment. According to their report, promotional techniques consist of providing information to potential investors, creating an attractive image of the country as a place to invest, and providing services to prospective investors. Although attracting foreign

investment requires efforts in many areas, such as institution building, facilitating agglomeration effects, fighting corruption, improving investment legal environment, etc., promotion techniques serve as medium for communicating all these efforts to potential investors. Investment promotion “includes the following types of activity: advertising, direct mailing, investment seminars, investment missions, participation in trade shows and exhibitions, distribution of literature, one-to-one direct marketing efforts, preparation of itineraries for visits of prospective investors, matching prospective investors with local partners, acquiring permits and approvals from various government departments, preparing project proposals, conducting feasibility studies, and providing services to the investor after projects have become operational”.⁹

In the course of interviews with officials from promotion agencies, 12 different promotional techniques were identified: advertising in general financial media, participating in investment exhibitions, advertising in industry or sector-specific media, conducting general investment missions from source country to host country or from host country to source country, conducting general information seminars on investment opportunities, engaging in direct mail or telemarketing campaigns, conducting industry or sector-specific investment missions from source country to host country or vice versa, conducting industry or sector-specific information seminars, engaging in firm-specific research followed by “sales” presentations, providing investment counselling services, expediting the processing of applications and permits, providing post-investment services.

⁷ R. Wisniewski, *Speech at the Conference “Location Branding”*, London, March 2006.

⁸ J. Pantzalis, C. Rodrigues, *Country Names as Brands – Symbolic Meaning and Capital Flows*, Monclair State University, 1999.

⁹ L. Wells, A. Wint, *Marketing a Country: Promotion as a Tool for Attracting FDI*, International Finance Corporation: Washington 2000.

Image building is usually preceded by investment generation activities. But it is not always the case. For those countries that do not have a negative image for inward investment, the initial period of image building is not required. Often agencies start with the easy techniques, such as advertising or general missions. As they learn that it does not bring immediate results, they make their approach more targeted. Also, it appears that large countries need less of a marketing effort than small countries. As the world's most populous country, China is well known to investors. The potential market of a billion or more people has been enough to bring foreign investors to China without model marketing efforts on the part of the country. Investors came for export projects even when China's domestic market was largely shut off, in hopes of some day gaining access to that market. China might benefit from better investment promotion, but promotion is clearly not necessary in order to bring the country to the attention of many investors.

Branding a Country's Export

Establishing a national brand is the best tool for improving the appeal of products from the manufacturer's country. A brilliant example of this is Japan. In the 1950s, Japanese products were not widely used, but by the 1980s, the situation had changed dramatically. For example, the British household appliances chain Dixons began to manufacture tools under the Matsui brand, imitating products made by the Mitsui Corporation and successfully making use of a well-known Japanese appliance brand.

In addition to all this, it is very important to look at the country's own domestic brands and to consider how they might be used to help the country's economy expand. If we analyse the export structures of countries in the first and third worlds, we can see that developed countries get their current revenues not from exporting natural

resources, of which there is not that much anyway, but from exporting manufactured products, which are sold, thanks to smart marketing strategies, as brands. For instance, Italy sells Gucci, Ferraris, and Barbaresco. France sells Louis Vuitton, L'Oreal, and Hennessy; Germany sells Mercedes, Adidas, BASF; Switzerland sells Swiss watches, Victorinox, and stellar banking services epitomized by the Credit Suisse and UBS, while the US company Starbucks was smart enough to make a fortune selling coffee.

One can only imagine how much Brazil would make if it exported Marlboro, Starbucks, and Nestlé, and not tobacco, coffee, cocoa, and sugar. Thus, we can see that the use of branding among national corporations cannot only bring profits to the company itself, but tax revenues to the state treasuries. Developing countries like Ukraine find themselves in the so-called "poverty trap." They are unable to significantly increase revenues from their exports, because they effectively sell raw materials – commodities: steel, chemicals, grain, and so on, but not brands. But the difference is vivid when the question comes to Antonov airplanes, which is clearly associated with the state name.

How to Create a National Brand?

Creating a national brand can serve many ends. For instance, for a country like Ethiopia, which survives on the basis international handouts and is associated with instability, poverty, disease, and corruption, branding will be aimed not at evoking pity but at presenting the country's tourism, investment, and professional opportunities.

At the same time, for countries like Germany and the UK, the issue of branding is not so much in establishing as in supporting and protecting the national brand as a valuable asset and the key element in their competitive advantage. However, even they cannot take it for granted.

Germany faces challenges: the Volkswagen emissions scandal has rocked a key soft-power industry; the return of a far right party to the Bundestag for the first time since 1945 played out awkwardly; and Berlin has lost some of its attractiveness amid rising rents. For the UK, it is not only the decision to leave the EU that has dented its image but also the political instability that followed, the nadir being a general election almost as reckless as the Brexit referendum. Nevertheless, the UK scores big on tourism figures; cultural outreach is well entwined with diplomacy, and from the sport to the arts, the UK is in the top world. The BBC continues to speak to the world, with new services including Amharic and Pidgin trying to better reach the audiences of East and West Africa respectively.¹⁰

To create a positive international image for a country, government bodies generally establish separate organizations, such as Presence Switzerland or the Institute Marki Polskiej in Poland. The more famous organizations are the Goethe Institute, Alliance Française, and the British Council, entities that function as a tool of public diplomacy for their countries. Public diplomacy is a way to match the country's foreign policy actions with its strategy for a national brand.

As the 2020 Olympics approach, Japan is doing things that seem so obvious to the outsiders and is realizing the benefits of promoting itself internationally. It is finally taking advantage of its culinary and cultural mastery to sell the country and is rolling out a network of houses overseas as part of its Japan House project. The Foreign Ministry is funding Japan Houses in Sao Paulo, London, and Los Angeles.



Public diplomacy is a way to match the country's foreign policy actions with its strategy for a national brand.

The Ministry of Economy, Trade, and Industry has recently launched the Cool Japan Fund, a public-private initiative whose projects include showcasing Japanese food and drink in venues around Europe. At the same time, the government is fostering Japan's UNESCO-recognized washoku cuisine by easing visa rules for foreign chefs working or studying in Japan and they introduced a certification system targeting restaurants around the world serving Japanese food. Additionally, the Land Ministry has dispatched a team of experts to revive 40 (of the 500) Japanese gardens around the world. Moreover, the government aspires to show that in addition to a strong innovation economy, it has more to the country's popular culture than anime and J-pop.¹¹

Ukraine Efforts: Post Revolution of Dignity

Not only business but also civil society organizations can join efforts in country promotion and filling the information gap. Launched in early March of 2014, Ukraine Crisis Media Center has been serving as the major multilingual news agency delivering information on the key developments in Ukraine's security, economic, and public sectors. A group of strategic communications professionals and foreign policy analysts established the centre. Since its inception, UCMC aimed at filling in the public diplomacy void of the new fledgling

¹⁰ "Monocle", December 2017/January 2018, Issue 109, p. 51-59.

¹¹ "Monocle", December 2017/January 2018, Issue 109, p. 51-59.

¹² "Ukraine Crisis Media Center" [www.uacrisis.org]

government. The centre has run many campaigns and carried out a plethora of projects, which were designed to alter the perception of Ukraine on the global stage.¹² Here are several notable projects, which best reflect public diplomacy efforts.

Devised in 2014, the UN Hundred was among the very first UCMC's public affairs projects. The idea was rather simple and revolutionary at the same time – a multimedia book highlighting critical topics for Ukraine. The UN Hundred is, on the one hand, linked to the UNGA resolution 68/262, where 100 nations supported Ukraine's territorial integrity, but on the other hand, it is associated with the Maidan activists who operated in the units of 100. The project included a book, which was individually presented to the heads of states and governments during the UN General Assembly in New York. Each book had its own theme: 2014 – Euromaidan and Russian Aggression; 2015 – Annexation of Crimea; 2016 – Innovations in Ukraine; 2017 – Investing in Ukraine. It was a global public affairs project with a very limited target audience. The book was personally handed to over 100 country leaders, who in total represented over a billion people. UCMC aspired to change the attitude towards Ukraine by directly influencing the UN member-states' heads of state.

Prior to the referendum on the EU-Ukraine Association Agreement, which was held in the Netherlands in early April of 2016, UCMC ran its ad hoc office for three months in Amsterdam. Its team provided communications support to many Ukrainian NGOs and business associations reaching out to the Dutch public. One of the follow-up campaigns was called the Three Nations – One Freedom campaign and was carried out in the Netherlands in May of 2017.¹³ The

format of the campaign included targeted TV spots on major Dutch TV channels and a full-page advertorial in *De Telegraaf*, a leading daily. Here, 93-year-old Wally Bunka, a Ukrainian Canadian participant of the D-Day appeared in the video glimpsing into his grief and pride over his fallen 117 Ukrainian Canadian comrades, who gave their lives for freedom of the Dutch people. The idea of the campaign, subsequently leading to the positive vote of the Dutch Senate on Agreement ratification, was to bring more awareness among the Dutch about Ukraine, about the heroic role of the Ukrainian Canadians in the history of liberation of the Netherlands from the Nazis. This campaign was also to assert the international solidarity of people who share similar democratic values.

UCMC was behind the Hero Faces¹⁴ campaign through the ad in the *Washington Post*. The ad depicted the faces of Ukrainian armed service members, volunteers, and medics. By inviting the audience to Look Closely at Their Faces and realize that these young men and women are at the forefront of civilizational divide at the frontier between Ukraine and Russia. In July 2017, UCMC used the visual campaign during the G20 meeting in Hamburg, where the meeting between President Trump and President Putin was to be held. The billboard at the price of approximately \$250/day was placed right at the entrance to the building hosting the meeting. However, one day prior to the end of G20 meeting, it was taken down (as it turned out later, at the request of a local mayor). As the result, the billboard generated two waves of media coverage. The first time it was when it was put up and the second time when it was taken down. Due to the violation of the contract terms, the advertisement company returned all the money.

¹³ *Three Nations – One Freedom Project* [<http://threenations-onefreedom.org>]

¹⁴ *The Heroes Faces Project* [<https://herofaces.org>]

At the time of war, a nation's reputation becomes a national security concern, when the information sphere becomes a battlefield. In this field, governmental and civil society efforts should supplement each other. UCMC became one of the successful examples of combating fake news and massive disinformation emanating from the Kremlin, but at the same time making an impact on creating a necessary image of the Ukrainian state. The country's perception has an impact on Ukraine's key stakeholders in major world capitals. It is crucial for the Ukrainian government to communicate the reforms in the areas of economy, rule of law, and judiciary. Ukraine's support depends on the transformations it can deliver at these extremely challenging times in history. There has never been such a strong demand for efficient public diplomacy, when Ukraine badly needs to overcome the hurdles and successfully navigate the murky waters polluted by the Kremlin.

Investing in the National Brand Is Good For Everyone

Ukraine has a long way to go yet. A recent survey conducted by the Institute of World Policy about the perceptions of Ukraine in Europe has established that Ukraine is associated with Maidan, Russian aggression (war), and famous Ukrainians such as Klitschko brothers, winner of the 2016 Eurovision Song Contest Jamala, and President Poroshenko. Simultaneously, the country is associated with corruption and instability.¹⁵

Ukraine's hosting the Eurovision Song Contest in May of 2017 helped to dispel many stereotypes. Firstly, Ukraine could overcome the perception that the war is all over Ukraine. Secondly, Europeans have discovered that Kyiv is a quick flight away

from their cities, is relatively cheap and hospitable. The audience of the ESC finals was over 200 million people worldwide, exceeding the audience the World Cup Championship finals. Over 20,000 foreign visitors came to Kyiv and experienced the celebration of music, and so had the possibility to see for themselves and became the agents of information dissemination.



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Ukrainian government has overhauled and relaunched Invest Ukraine, the investment promotion agency, which was terminated in 2014 after the blatant embezzlement perpetrated by the previous management. Also, former Chief of Staff of the President of Ukraine set up the National Investment Council, which operates as an NGO but is closely linked to the office of the President. Undoubtedly, they are not just spending international donors' and private money but are engaging in meaningful activities. So who should be involved in making Ukraine's national brand? If we think of Simon Anholt's chart of nation branding as the sum total of a country's promotion in six areas, then everyone should be involved.

The logical next step in establishing Ukraine's image would be to run a national program called "Brand Ukraine." In general, its success should amount to having competent professionals who can coordinate the work of relevant government agencies and other organizations. This is a case of the person being more important than the position.

¹⁵ *How Ukraine Was Perceived by Guests of the Eurovision Song Contest?*, "GfK Survey", Institute of World Policy, May 2017, funded by the USAID through Pact in Ukraine.

Investing in efforts to develop Ukraine's image can be seen as a classical win-win situation. Putting money into the country's brand is good for everyone: the government, business, and the general population. The practice in developed countries is for the government to invest about 10–20% of the necessary funds directly from the budget. Business can function as the main sponsor, as it stands to gain the most from Ukraine's good image, ahead of both the government and the people. Major Ukrainian corporations and foreign investors in Ukraine are quite able to support this kind of process. A significant role might also be played by business organizations such as the European Business Association, the American Chamber of Commerce, the Ukrainian Chamber of Industry and Commerce, SUP – Association of Ukrainian Entrepreneurs, and other bilateral chambers of commerce.

Business and government can work together. One example of this kind of cooperation is a public awareness campaign run by Germany "Du bist Deutschland" and "Germany, Land of Ideas." The first one was launched in fall 2006 and aimed at branding domestically; the second was launched at the beginning of this year around the World Football Cup and was aimed at strengthening Germany's international image. The list of companies that contributed to this informational campaign is impressive. Among them were Adidas, Bayer, BASF, DHL, Deutsche Telecom, E.ON, Deutsche Bank, Bertelsmann, Fidelity International, and others.

Business is capable of establishing a fund that would carry out the National Brand Ukraine Program. Thus, Ukrainian, European, American companies could make their own contribution to accelerating Ukraine's economy. In addition to money, such companies can contribute their know-how, contacts and international experience. The National Brand Ukraine Program will not only contribute to establishing an international image for Ukraine, but will also work on establishing a national identity in Ukraine, a sense of a general purpose and national pride. This, in turn, could help unite Ukrainians around a single idea: the economic development of their country.

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