The impact of the crisis on the national brand of Ukraine

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Abstract

The research is dedicated to the impact of the crisis on the national brand in Ukraine. We consider the national brand concept from the standpoint of theoretical and methodological aspects. The concept of national brand profile includes goals, functions, participants, tools, target audiences, strategy and tactic. The economic, political, social and technological factors of Ukraine were analysed using SWOT and PEST analyses. Major macro-economic indicators are analysed reflecting negative trends on the economy of Ukraine. It was noted that Ukraine's economy is closely dependent on the balance of political forces in the international arena consisting of interaction between international financial organisations and markets. The negative image of Ukraine as a country with an unstable situation repels potential investors and national business circles. We conclude on the development of strategies and tactics for strengthening the position of Ukraine's national brand.

Keywords: national brand, brand profile, international rankings, crisis

1. Introduction

The concept of national branding combines many elements that reflect the condition and the motion vector of the economy, politics, science, society in the rush to create a reputation for a state in the eyes of the world. The process of defining the country's brand is a long term one and depends on various aspects related to government policy, implementation mechanisms, behavioural aspects of individual politicians, managers and general public.

The positive changes in the development of a country create its positive image and increase the value of the national brand. In turn, this enables us to enter into profitable contracts, to attract investment and to influence the

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international policy. The economic and political crisis worsens the international status of the country, reduces the value of its brand and isolates it from all the benefits and privileges at the international level.

Since its independence, Ukraine has made a significant contribution to the development of a national brand at all levels. The government overcame rampant inflation, introduced its own currency and created the financial market. The economy gained access to international capital markets and became integrated into the international relations system.

Today, Ukraine is in a deep political, economic and social crisis. In addition to the impact of the global economic and financial crisis, Ukraine is overwhelmed with oligarchic groups which struggle for political spheres of influence. Political instability is the main reason why the economic base is crumbling.

The above aspects have a negative impact on Ukraine's position in international rankings. The aim of the research is to assess the consequences of the impact of the crisis on the economy and politics of Ukraine, especially on the value of its national brand.

2. National brands profile

Before the creation of a national brand profile, we shall turn to the theory of branding. In the early 1970's, J. Trout pointed to the potential and the need to create a positive image of the brand not only for goods, services and corporations but also for individual countries (Trout, 1987, pp. 137-142). According to Kotler, Haider and Rein (1993) marketing is a mechanism for the comprehensive promotion of territories.

Anholt notes that the branding of a country is a systematic, sequential process of coordination, behaviour, investment, innovation and communication in order to implement the national security strategy and competitive identity. He also argues that “good products and services produced by a good corporation acquire a positive brand image, which eventually rejects the corporation and becomes its principal asset. Similarly, good products, services, culture, tourism, investments, technology, education, businesses, people, policies, initiatives, and events produced by a good country also acquire a positive brand image which eventually rejects the country, and perhaps also becomes its principal asset” (Anholt, 2011, p.7).

Analysing the factors that influence the popularity of a state (culture, tourist interest, politics, economics, social climate, and so on), scientists created an attractiveness ranking. According to the method of calculation by S. Anholt, the key components of a nation brand are (Anholt, 2007, p. 45, p. 75):

- exports (the impression of residents of different countries on the products that they buy or avoid buying);

- governance (the public opinion about the competence and honesty of leadership that characterises the individual ideas of the government and views on global issues such as justice, democracy, poverty and environmental protection);
- culture and Heritage (evaluation of the historical heritage of a country) and the state of contemporary culture (film, music, literature, sports, etc.);
- tourism (the level of interest in visiting a country, interesting and attractive tourist destinations);
- investment and immigration (the country's attractiveness for living, studying, working, that is information on social stability, the level of medical support and economic development);
- people (education, openness or hostility and tendency to discriminate against others).

Rating Futurebrand Country Brands Index 2014-2015 (2014) also relies on state branding methodology. It is based on a hierarchical model of solutions which allows to estimate the national brand in the following terms:

- awareness (or known information related to the existence of the country), familiarity (how well a person knows the country and its opportunities);
- associations, stereotypes (tourism, heritage and cultural heritage);
- available opportunities to do business, quality of life, the system of values;
- respect, authority of the country (that is, respect for the country), reasoning (if a person is going to visit a country);
- the decision to visit the country (which leads to its adoption);
- the human desire to tell friends about the country.

Dinnie (2008, p. 251) explores the practical cases of national branding campaigns. She develops the strategy's theoretical basis and describes in detail the conceptual origins as well as the main components of national branding. The problem of the public diplomacy and nation branding relationship is examined in the work of Fan (2010, pp. 97-103).

Temporal (2002) suggests that, in addition to the key goals of attracting tourists, stimulating inward investment and boosting exports, nation branding can also increase currency stability; help restore international credibility and investor confidence; reverse international downgrade ratings; increase international political influence; stimulate stronger international partnerships and enhance nation building (by nourishing confidence, pride, harmony, ambition). An important goal for Central and Eastern European countries is to distance themselves from the old economic and political system before transition to market relations (Szondi, 2007, pp. 10-19).

Researchers associate the concept of nation branding with investment climate, level of tourist interest, living conditions and education, demographic, environmental, economic and social aspects, urbanisation and many more. Marketers, regionalists, political scientists and other specialists study national branding which facilitates the development of the state (Tastenov, 2007, p. 109).

Firstly, internal branding helps society overcome conflict and absenteeism and enables the development of patriotism and identity.

Secondly, international branding creates a completely different perception over a country, thus building a new attitude of the other states and their citizens towards it. The positive international image of the country enables the consolidation of its political success on the world stage and builds the necessary associative array.

According to the concept by E. Galumov (2003, pp. 200-202), there are three groups of factors forming the image of a country:

1. Conditionally static factors:
    - natural potential;
    - national and cultural heritage;
    - unregulated geopolitical factors;
    - historical facts which have a significant impact on the development of the country;
    - a form of government and governance structure.
2. Adjustable conditional dynamic sociological factors:
    - socio-psychological state of society;
    - the character and principles of public associations, forms of social and political integration;
    - moral and ethical aspects of social development.
3. Adjustable conditional dynamic institutional factors:
    - economic stability;
    - legal space;
    - the functions, powers and mechanisms of state regulation of various spheres of public life;
    - the efficiency of the dominant structure.

Nagornyak (2013) investigates territory branding as the direction of regional policy from the point of view of two institutional positions:

1. the formal institutional level of decision-making on the branding of the country and its political territory and implementation (adopted policy and strategic documents, public actions of the government and other political institutions) and informal practice of branding – i.e. social initiatives and business projects to improve the brand's territory;
2. the irrational level of branding measurement – i.e. the perception of certain areas as a result of formal and informal practices of branding, expressed through emotional evaluations.

Shulgina and Leo (2011, p. 25) indicate that brand positioning in a competitive environment, which means that the brand suggests a proposal which, firstly, is clearly perceived by the target market segments and, secondly, has a number of unique properties which offer differentiation among competitors in the market. To determine the position of the brand on the market requires an understanding of how consumers, the handling segment, determine its value, based on their choice.

The national brand tools are: the laws and regulations of the state, decisions and orders of state authority and local self-government, political diplomacy, summits, etc. According to the above scientific and methodological approaches to the definition of national branding and its components, its profile, based on the decomposition of the mental image of the country, will be created (see Table 1).

Table 1. National brand profile

Goals	Economic, political
Functions:	Social: the consolidation of the interests of stakeholders; enhance the feelings of national identity and national pride of the citizens; Financial: attracting investment, improving the stability of the currency; Marketing: the conquest of market niches on international markets; strengthening the competitiveness of the country; Law: implementation of international law.
Participants	Governmental and non-governmental organisations, business structures citizens.
Targets audiences	Governments, consumers (products and services), international financial institutions.
Tools	Political and economic decisions at various levels, the position in the negotiation process, the image of political leaders, security and ease of doing business, investment attraction, working with the media.
Strategy	Promoting a positive image; Expansion of cooperation; Strengthening the position in the international arena.
Tactic	Smoothing of problematic situations at the international level; Formation of the components of recognition: product groups, attractions, public people; Creating a mutually beneficial environment for international cooperation.

Source: own representation

3. Evaluation of the effects of the crisis on the economy and politics of Ukraine

Marketing has numerous tools to assess the territory, allowing it to be positioned in terms of the current and desired state. The best-known tools are: the index of global competitiveness IMD, indexes GCI, IRPEX (index of the Institute for Regional Policy), the calculation of the standard food basket, Agencies MERCER HR, the rating of a British magazine, The Economist, top brands cities (ACBI) and the Simon Anholt ranking of national brands (NBI) as well as the SWOT, STEP (PEST), ABC and XYZ - analyses. We use the PEST and SWOT - analyses (see Table 2 and Table 3) to describe the quantitative and qualitative characteristics of the crisis in various spheres, as well as to identify strategic opportunities to stabilise the economy of Ukraine. The data we employ compares the results of individual international ratings having Ukraine as their main focus.

Table 2. SWOT analysis of Ukraine

Strengths – fertile land suitable for agricultural development – world leader in manufacture and export of sunflower oil – among the three largest world exporters of corn – has great potential for the development of industrial cooperation with European countries – has qualified workers – can act as a trading bridge between Asia and Europe	**Weaknesses** – economic crisis (GDP declined for the 2nd quarter of 2015 by 14.6%) – banking sector crisis (in 2014 and 9 months in 2015 more than 50 banks were closed) – about 47% of GDP is produced in the "shadow economy" – low purchasing power (for 9 months in 2015, real wages fell by 23.2%) – total amount of state debt of Ukraine at 01.09. 2015 - USD 1.4 trillion, or 90% of GDP
Opportunities – development of the economy of Ukraine in the framework of association with the EU – creation of new enterprises and branches of European companies in Ukraine – increase of food products export, especially in India and China – development of services, including tourism, IT technology and international logistics – implementation of new technologies in manufacturing, energy conservation, alternative types of energy	**Threats** – decreasing demand for food in the world – cancelling trade relations with Russia and loss of the export market – slow economic reforms – inefficient bureaucracy – political crises

Source: own representation

The PEST analysis describes the SWOT analysis in the context of the various factors that have an impact on the national economy.

Table 3. PEST analysis of Ukraine

Political factors (UNTSPD, 2014) – redistribution of spheres of influence between oligarchic groups – coalitional character of government changes in the political system and organisation of state government (de-concentration of power) – certainty of the European integration process – cooperation with the IMF – legislative regulation against corruption – the issue of ownership of agricultural land still unidentified – armed confrontation in Eastern Ukraine	**Economic factors (2014)** – real GDP decreased by 6.8% – inflation rose by 24.9% – industrial production decreased by 10.1% – agricultural production increased by 2.2% – the volume of construction decreased by 20.4% – the volume of cargo decreased by 10.8% – wholesale trade turnover decreased by 17.9% – retail trade turnover decreased by 8.9%
Social factors – from January 2014 until October 2015, the population of Ukraine decreased by 267.000 people (excluding Crimea) – in 2014, the number of new-borns felt by 7.8% compared to 2013 (excluding Crimea and the ATO area) – on 01.01.2015, the total number of pensioners in Ukraine amounted to 12.14 million people, or 28% of all citizens of Ukraine. One working-Ukrainian has a 0.64 corresponding pensioner – the average pension in January 2015 totalled 1581 UAH, which is 3% higher than in January 2014. In September 2015, the average pension increased by 13%, well below the inflation index – the level of unemployment (ILO methodology) in 2013 was 7.2%, in 2014 - 9.3% (in July 2015, the unemployment rate was 9.2%) – real wages for 2014 felt by 6.5% (in the first eight months of 2015 to 23.2%)	**Technological factors** – adopted laws and regulations that are necessary for scientific and technological development and innovation – despite the Law of Ukraine "About scientific and scientific-technical activity" (which fixed the level for funding research at 1.7% of GDP), the total cost of research over the last decade did not exceed 1.26% of GDP – the degree of depreciation of fixed assets in the industry amounted to 56.4%, and in some sectors it reached 80-90% – the lack of funding sources, weak logistic and scientific base, high economic risk, lack of demand for products, equipment and outdated technology, low scientific and technological potential.

Source: own representation

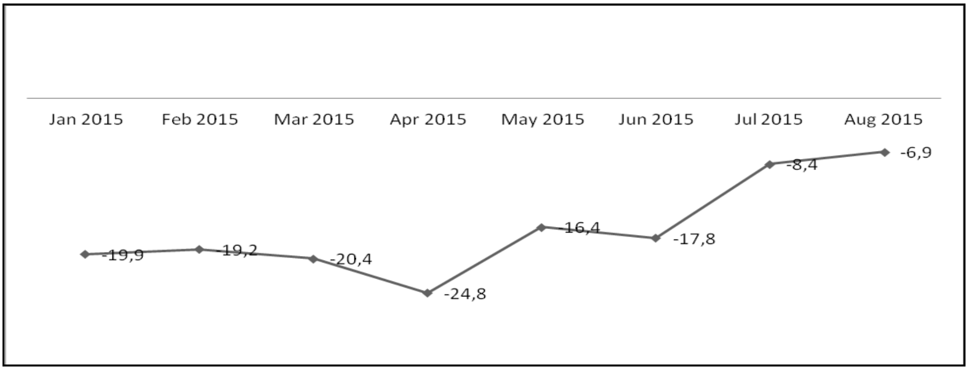
In political terms, Ukraine is undergoing significant events that affect the decentralisation of power through the transfer of powers and resources from state to community level. This stimulates the strengthening of local responsibility for decision-making and work. Ukraine gets the possibility to create a civil society able to replace oligarchic structures. Today, in Ukraine, one hundred richest oligarchs control 38% of national assets. This increases the degree of inequality among the population.

Despite the change of political elites, the adoption of appropriate legislation, the level of corruption in Ukraine has not decreased, but rather increased. In some segments of economy, the increase was 5-18%. This affects the drop in foreign direct investment. The fall of investment attractiveness of the country depends on corruption and corporate raiding.

In 2013 foreign direct investment in Ukraine increased by $ 2.86 billion (compared to $ 4.13 billion in 2012). Foreign investors in 2013 invested in the Ukrainian economy $ 5.677 billion (compared to $ 6.013 billion in 2012), but at the same time withdrew $ 2.845 billion (compared to $ 1.256 billion in 2012). The coalition in parliament hardly retains its majority. Parliamentary factions have expressed dissatisfaction with the policy imposed by major coalition partners, and periodically declare their withdrawal.

Politically, Ukraine is closer to European standards and values, but the economic situation deteriorated. Despite its production potential, a significant drop can be observed in Ukraine in all basic sectors (see Figure 1).

Figure 1. Index of basic industries



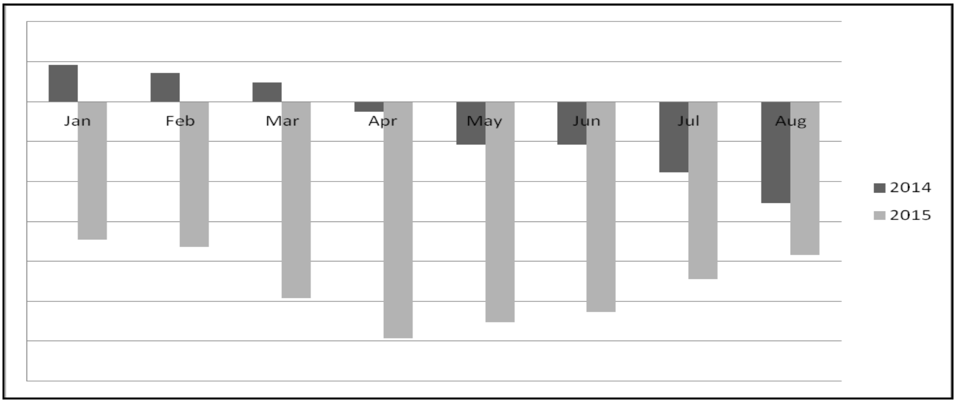
Source: National Bank of Ukraine (2015)

At the end of 2014, the industrial production plunged by 10%, whereas at the end of January 2015 it felt by 21%. The economic downturn has been experienced not only in the East of Ukraine. During January 2015, the fall in industrial production in Kiev amounted to more than 40%. The agriculture of Ukraine grew only by 2.8% in 2014. In addition, the new taxes for agricultural companies, the rising cost of energy and fertilisers and the absence of governmental loans have further contributed to the decline.

The political decision of the government to cease the Ukrainian machine-building production cooperation with the Russian industry has led to negative consequences. Ukrainian distributors have participated in many segments of the Russian market as goods manufacturers, as well as suppliers of parts and components of critical imports for the Russian military-industrial complex.

The diminished production and the devaluation of the Ukrainian currency have had a negative impact on real wages. Real wages of Ukrainians in September 2015 decreased by 18.6% compared to September 2014 (see Figure 2).

Figure 2. Index of real wages (previous period)



Source: National Bank of Ukraine (2014)

The loss of markets affected Ukrainian export. In January-August 2015, Ukraine exported goods increased only by $ 24.8 billion, a 34% decrease from the same period in 2014. If we compare with the same period of 2013, the drop in exports was more than 40%. One reason for this situation is the collapse of the infrastructure in Donbass region as well as the closure of several enterprises in Donetsk and Lugansk, which used to play an important role in the Ukrainian industry and largely provided foreign inflows into the country.

The gap in its economic relations with Russia worsened the foreign trade situation. On the one hand, the Russian aggression pushed Ukraine to abandon trade cooperation with its Eastern neighbour, while, on the other, Ukraine’s economic downturn is more significant than Russia’s. The Russian market is one of the main targets for the Ukrainian industrial products, so closing this segment actually led to the closure of many machine-building enterprises.

The slowdown of the global economy, especially in China, resulted in an excess of metal on world markets and under such circumstances, the demand for Ukrainian metal fell. Ukraine's economy is influenced by the problems of the Eurozone: the Greek debt crisis, the economic difficulties encountered in Spain, Ireland, Italy, the ban on the supply of products from Europe to Russia. All these factors generated a reduced demand for Ukrainian products.

Despite numerous seminars and workshops on export opportunities in the EU in the framework of a free trade zone, the new Ukrainian brands are still able to access the European market. Ukraine will officially become part of a free trade zone with the EU starting from 1 January 2016.

Statistics shows that Ukrainian producers are not able to take full advantage of derived preferences. In April 2014, Ukraine applied for the regime of autonomous trade preferences and began to unilaterally carry out the economic part of the Association Agreement. Zero tariffs have been established for 80% of agricultural goods and food products, and 90% of industrial products, which are exported to EU countries. For these goods, duty-free quotas are established. If they exceed the quota, exporters must pay import duties on general grounds. For other positions, the average tariff fell from 7.6% to 0.5%, i.e. to the level specified for the first year of a free trade zone.

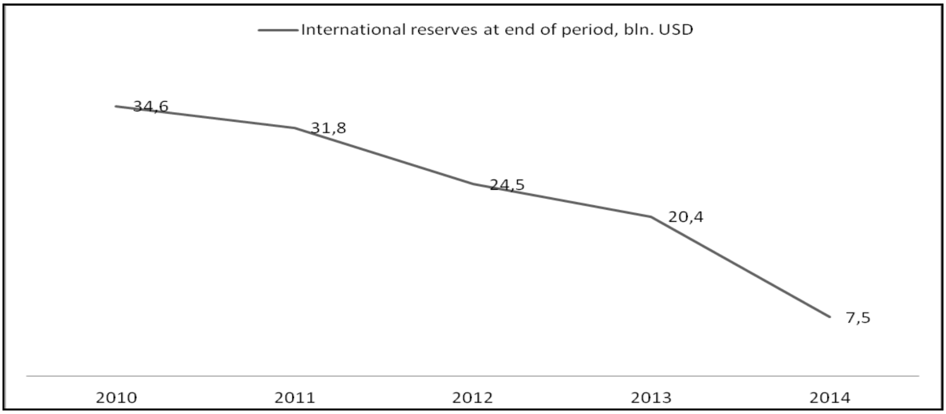
At the end of 2014, the volume of exports to the EU amounted to 17 billion USD and, compared to 2013, increased by 2.6%. In particular, shipments of animal or vegetable oils increased by 58.4%, wood and wood products – by 21.8%, electrical machines – by 10.6%, mechanical products – by 5.5%, cereal crops by 5%. However, in the first 9 months of 2015, the volume of exports to the EU had already amounted to 9.24 billion USD and decreased in comparison with the 9 months of 2014 by 30.4%.

Ukrainian producers do not use the quota due to their inconsistency in sanitary standards.

The decline in oil prices led to a decline in demand for metal. Many countries have frozen their building projects. Demand for machinery and vehicles decreased. As a result, for the first eight months of 2015, Ukraine has exported 22% less metal than in the same period in 2014. But the drop in demand for metal has led to a fall in metal prices in the world. In eight months of 2015, average metal prices in the world fell by 92%. In the first eight months of 2015, Ukraine sent abroad 16% more grain than last year, but grain prices have fallen by 22% due to the fall in oil prices. As a result, the total export revenues from the sale of grain for the first eight months of 2015 turned out to be 9% lower than the same period last year.

Since the beginning of this year, Ukraine has received from international partners almost $ 10 billion in financial aid. Due to this money, the NBU reserves were replenished and the state budget expenses were financed. So the total amount of loans granted by the IMF amounted to 12.999 billion USD. The total amount of foreign reserves in Ukraine on September 1, 2015 amounted to 12.616 billion USD. That is, they were replenished by the IMF. By the end of this year, Ukraine has the opportunity to receive an additional $ 4 billion. The next tranche of the IMF is $ 1.7 billion and 2.3 billion (see Figure 3).

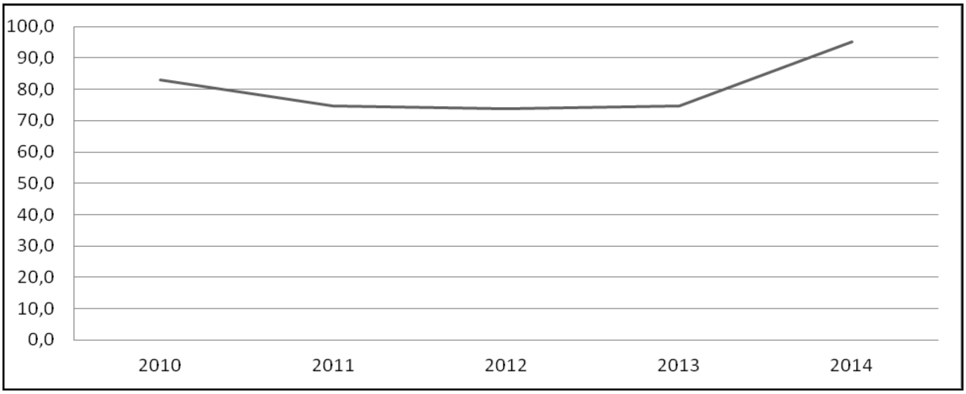
Figure 3. International reserves at end of period, billion USD



Source: National Bank of Ukraine (2015)

The total government debt of Ukraine reached 70.6 billion USD on 1 September 2015. According to preliminary estimates of government debt to GDP ratio, at the end of 2015, it will be 83%. For comparison, at the end of 2013 debt to GDP ratio was only 42% (see Figure 4).

Figure 4. Gross foreign debt of Ukraine to GDP, %



Source: National Bank of Ukraine (2015)

Regarding the internal public debt represented by the bonds of domestic government loan, of the total of about 492 billion UAH, 75% bought the NBU thus financed through the issuance of domestic debt of Ukraine hryvnia. Guaranteed domestic debt amounted to about 26 billion UAH.

On 1 September 2015, the external public debt amounted to 46 billion USD. For comparison, at the end of 2013, foreign debt amounted to 37 billion USD. On 1 September 2015, Ukraine owes IMF almost 13 billion USD, i.e. 28%

of all foreign debts. About 18 billion USD constitute Eurobonds Ukraine (bonds of external state loan), which is what now the Ministry of Finance wants to restructure. In addition, the government should return the EU nearly 2.5 billion USD, the EBRD about 1 billion USD, the EIB 500 million USD, almost 5 billion USD to World Bank and about 1.5 billion USD to China.

The above trends have a negative impact on the national brand of Ukraine. This can be seen in the best known international rating (see Table 4).

Table 4. Ukraine's position in the international rankings, 2014

Index	Official site (*Source)*	Position 2014	Position 2015	Number of countries in ranking
Global Peace Index	www.visionofhumanity.org	**141**	**150↓**	**162**
Global Terrorism Index-2013	www.visionofhumanity.org	**51**	**12↓**	**162**
Global Slavery Index	www.globalslaveryindex.org	**40**	**-**	**167**
Legatum Prosperity Index	www.prosperity.com	**63**	**70↓**	**142**
Index of Economic Freedom	www.heritage.org	**155**	**162↓**	**178**
Corruption Perceptions Index	www.transparency.org	**142**	**-**	**177**
Global Gender Gap	www.reports.weforum.org	**56**	**56**	**142**
World press freedom index	www.rsf.org	**127**	**129↓**	**180**
Doing Business-2016	www.doingbusiness.org	**83**	**87↑**	**189**
Country Brand Index	www.futurebrand.com	**74**	**-**	**75**

Source: official sites

Global Peace Index: Last year, Ukraine was the only country outside Africa and the Middle East, which entered the top five countries with the sharpest decline in the rating. Having lost 30 points compared to 2013, Ukraine ranked 141st among 162, between Ivory Coast and Chad. This is the lowest position among the countries of the Eurasian region, excluding Russia. The reason for this result is the military conflict in the East and political instability, which is caused by the annexation of Crimea by Russia. The peaceful settlement of the conflict depends on the implementation of three key conditions: compliance with the truce, withdrawal of heavy weapons and the free access of OSCE observers to places of its deployment.

Global Terrorism Index: In 2014, the number of deaths has increased by 80% compared to 2013 as a result of terrorism. Terrorist activity is concentrated mainly in five countries: Iraq, Nigeria, Afghanistan, Pakistan and Syria. These countries account for 78% of lost lives in 2014. Ukraine was one of six countries in 2014, which was ranked for the first time, as the number of deaths from terrorism exceeded 500. Thus, Ukraine fell on the 12th place in the Global Terrorism Index, being among the Philippines and Egypt. The first position is held by Iraq and in the top 20, except for Ukraine, there is no European country.

Global Slavery Index: On the list in the absolute number of slave's labour, Ukraine occupies the 40th position (about 112,600 people). In Eurasia, which includes 12 countries, Ukraine occupies the 11th position on the labour of slaves ratio to the total population (0.248%), second only to Belarus. Ukraine also took the 3rd position in the region in the index of combating labour slavery, behind Georgia and Azerbaijan. The ranking drafters expanded the traditional definition of slavery as "the status and condition of a person over whom any or all of the powers attaching to the right of property". According to researchers, the concept of "modern slavery" includes, among other things, depending on the lender and forced marriage. The index reflects the level of development of democracy in a country and the place of the individual in the system of human values. With the deterioration of the economic situation, the situation of workers employed is worsening. Looking at the high level of shadow economy, people become dependent on the employer, which independently determines the level and method of payment of labour.

Legatum Prosperity Index: Ukraine ranked 63rd on the list, between Sri Lanka and Mexico; and this is one position higher than in 2013. The country has the highest indicators in the category of "social capital" (the percentage of citizens who volunteer, involve themselves in charity activities) – 42nd place, the worst, while in "Management" category is placed 121. With inflation currently running at more than 50% and the economy shrinking, the Prosperity Index shows that only 28% of Ukrainians are satisfied with their standard of living. Ukraine is now ranked 70th on the Index, seven places down since 2014. Also, Ukraine took three points out of 5 in state-sponsored political violence index. The lowest rating was reached by Ukraine in the economic sector (127 from 142) and in the quality of public administration (120 from 142).

Index of Economic Freedom: Ukraine ranked 155th among 178 countries. It has the most positive results in terms of trade, monetary and tax policies; the lowest ratings came from investment freedom, property rights and corruption. If in 2014, Ukraine took the 155th position among 178 countries, in 2015 it went down to the 162nd position. This is the worst position among European countries. Over the past year, Ukraine lost important positions on all indicators, except for the fight against corruption, as well as freedom of the fiscal system. A particularly difficult situation is in the area of property rights, public expenditure management and investment freedom. Ukraine's economy remains "repressed". The rule of law is extremely weak. The investment regime remains closed, foreign investments have to compete against large State-owned enterprises. The inflexible labour market and bureaucratic rules in business hamper the development of a dynamic private sector.

Corruption Perceptions Index: Ukraine ranked 142 between Uganda and Bangladesh. The country has moved just one position up since 2013, and did not manage to break the “corruption disgrace” limit, as expressed on the drafters’ list. However, the bureaucracy became less stifle while business, exports and imports are slightly freer of bribes.

Global Gender Gap: In 2014, Ukraine ranked 56th on the list of 142 countries, along with Croatia and Poland. The country improved its ranking in 2014, having raised 8 points compared to 2013 (the year the study was conducted in 136 countries). The level of the average salary in Ukraine sends it on the 31st position (last year – 30th, the level of literacy – 29th (in 2013 – 27th), on life expectancy and level of health – 74th (2013 – 75th), the level of participation in politics - at 105th (in 2013 – 119th). However, in 2015 there was a deterioration in Ukraine’s position in this ranking. Ukraine occupied the 64th place. In particular, in terms of equal opportunities for men and women in matters of employment and career, the country ranked 34th, in terms of women's participation in political life – 119th, in access to healthcare – 34th, in education – 22nd. In political life, women are inferior to men. However, due to the parameters of access to education and healthcare in general, Ukraine could eventually outgo European countries such as Poland (57th), Romania (72nd), Slovakia (90th), Hungary (93rd).

World press freedom index: Ukraine reached the 127th position on the list, one point lower than 2013. The researchers explain that as being related to the political crisis which began in December 2013, and a sharp reversal of power of Viktor Yanukovych times toward the suppression of freedom of speech beyond the time frame of formation ranking. The drafters emphasise that long before the 2013-2014 winter events, in Ukraine, the suppression of freedom of speech was felt: the growing concentration of the main media trusts in the hands of people close to power, more frequent and unpunished violence against journalists and attempts to intimidate them. In 2015, Ukraine fell to the 129th positions.

Doing Business (includes results for the second half of 2014 and first half of 2015). Ukraine has taken a new ranking at 83rd of the 189 countries and is located between Brunei and Saudi Arabia. For the second year in succession, the rating of Ukraine is growing – last year it rose by 16 positions according to this rating. The main factors of success were the sharp simplification of business registration procedures (lifting 46 positions) and international trade (45th). The ease of obtaining building permits dropped sharply in Ukraine – from just 70 to 140 positions. The ease of paying taxes and bankruptcy / restructuring of insolvent counterparties remained unchanged.

Country Brand Index: According to Brand Finance, Ukraine took the first place in the “Worst Performing Nation Brands” group. Russia is another country heavily involved in the conflict, not to mention one on its doorstep in Ukraine. Both Russia and Ukraine saw their nation brands suffer heavy losses between

2013 and 2014 thanks to the detrimental impact of the conflict on investor and consumer perceptions. This year is no different. Russia is down 31% to US$810 billion and Ukraine 45% to US$44 billion (Nation Brands, October 2015).

According to the Country Brand Index, Ukraine does not have a status-brand although some steps for the formation of this position were made in preparation for Euro 2012.

Ukraine's positioning strategy abroad with the slogan: "Ukraine – openness" was developed in 2011. Legislative regulation was submitted to the Cabinet of Ministers of Ukraine "On Approval of the Action Plan for the development and implementation of export potential of Ukraine and the expansion of foreign markets for domestic producers of goods for the period up to 2015", but unfortunately, its implementation did not lead to the expected positive results.

In the ranking of Country Brand Index 2014-2015, Ukraine took the 74^{th} position in 2014 (between Pakistan and Nigeria). This ranking annually evaluates the popularity and recognition of international brands among the population and experts from all over the world. The evaluation takes place in five main areas: the system of values, quality of life and working conditions for business, heritage and culture, and tourism.

Over the years, the budget for improving the image of Ukraine in the world made up different sums: in 2005 - 20.4 million UAH, in 2006 - 9.6 million UAH, 2007 - 20 million UAH, 2008 - 15 million UAH, in 2009 the funds were not allocated, in 2010 - 10 million. A brief summary of the numbers include 2011 - 8 million UAH, in 2012 - 5.1 million UAH, in 2013 - 4.07 million UAH, in 2014 - 369 thousand UAH, in 2015 - 1 million UAH. The political situation, the poor economic situation and lack of strategic vision at the level of government does not contribute to the promotion of the brand "State of Ukraine".

4. Conclusions

Thanks to public access to information resources, national brand components tend to change their qualitative and quantitative characteristics under the influence of internal and external factors. This changing profile includes national brand characteristics such as goals, functions, tools, strategy and tactic.

The analysis of macroeconomic trends of Ukraine reveals negative trends occurring in almost all sectors. The cut off from the Russian market led to the closure of some enterprises and an obvious deterioration in exports. Ukraine is in the process of de-industrialisation with manufacturing companies closing or significantly reducing activity. At the same time, the agrarian sector actively develops, including the agricultural logistics part, food production. Therefore, in the future, investors will focus precisely on the above-mentioned segments of the economy. In this respect, the favourable prognosis becomes possible in the context of a serious promotion of the national brand in world food markets. Such an approach may be the key to increasing demand for Ukrainian products abroad; however, the state must create the optimum conditions for doing business both in order to attract foreign investments and to create favourable conditions for local entrepreneurs.

The absence of effective reforms hampers business activity and discourages foreign investment. The dependence of the Ukrainian government on international financial institutions holds back the initiative in making appropriate decisions.

The political situation in Ukraine hinges on the balance of forces between the major players in the international arena: the US, EU and Russia. The economy is a reflection of the balance of political forces.

For the completion of the national brand, Ukraine must define goals to be included in the development country strategy. National brand strategy should rely on a legislative basis as well as on investment and financial mechanisms. The legislative mechanism should be implemented through state programmes.

Institutional mechanisms should focus on the specialised state body which will be entrusted with the distribution in the international information space of positive information about the state, and the promotion of Ukrainian exports.

The financial mechanism should include the involvement of the international donor assistance for the modernisation of enterprises, development of priority sectors and for facilitating technology transfer; it should obtain loans to finance Ukrainian exports, provide export credits and insurance.

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