

**Startup Nation Case Study - Modern Science Diplomacy as a
Tool of Geographic Specific Branding and
Economic Development**

Abstract

The question of our study is: how can countries which are small in size and poor in natural resources and minerals break out from the bondage of geography? In the age of globalized markets and dependency on international economic trends, the country brands or according to Jaffe (2018) recently rather metropolitan images of regions have become key factors. As Csizmadia (2016) highlights attracting foreign direct investment (FDI), talents, entrepreneurs and researchers to settle down, and fostering the establishment of R&D centers and high-value added workplaces are all heavily important goals of purposeful nation branding strategies.

Israel is a great example for well designed branding activities. Numerous governmental and non-governmental players are forming a mature ecosystem in maintaining and developing the Startup Nation brand. The high tech export of the 71 years old 9 million citizen and 20.000 sqm scope state represented over 45% of the 102 billion USD in total exports of goods and services in 2017 (www.cbs.gov.il, 2019).

Our study attempts to outline and provide an overall picture of the innovation dominated elements of the Israeli Public Diplomacy (Hasbara) based on synthesizing personal interviews of study visits and secondary information.

Keywords: *innovation, nation-branding, geo-economics, Israel*

I. The Model of Innovation Centric Nation Branding

I.1. Branding and investment in R&D

The main goal of geopolitical and geo-economic strategies - referring to Tim Marshall's book published in 2015 - is to "break out of the captivity of geography" (Marshall, T. 2015). Namely to avoid factors that threaten the security of states and hinder their economic development, such as unfavorable climate and relief, unprotected borders, lack of strategic depth - and the listing is not over at all.

In the narrow but 424-kilometer-long country, economic actors need to adapt to different climatic and terrain conditions. The northern part is dominated by agricultural production, the high-tech industry and the service sector is concentrated in the central region, while the infrastructure of the army is located in the sparsely populated southern regions. The country has no strategic depth, at its narrowest point it is only 15 kilometers wide, while its maximum width is only 114 kilometers. The quasi-island state is isolated since it has minimal or no trade relation with its neighbors. Furthermore the country is poor in raw materials, minerals, and has limited

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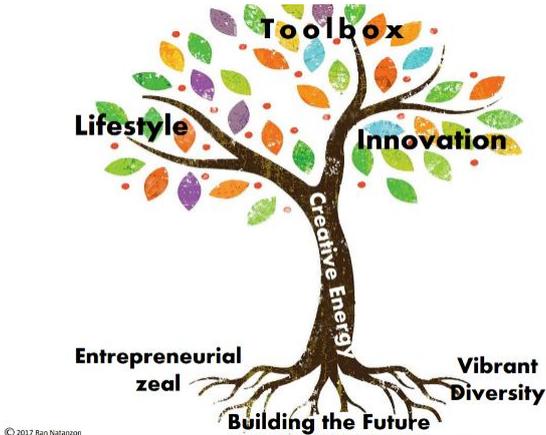
territories of cultivated area. In export of goods produced, there is also significant limitation of land transportation meaning the focus is on air delivery, waterage and digital transportation.

Thanks to the World Wide Web, low-cost, high-yield, export-oriented products targeting the global market can be instantly sold without the need for containers, packaging materials and complicated customs procedures. It soon became clear that investing in innovation, research, development and software engineering has enormous economic potential - not to mention the contribution to the national security capabilities – mentioned Porath (2018) at our visit at the Israel Innovation Authority.

I.2. Governmental efforts and the ecosystem

All the players working professionally on the positive international perception of the "Startup Nation" and "Silicon-wadi" are divided into informal and formal networks –according to Gottesman (2018).

The nation branding strategy is killing two birds with one stone. On the one hand it is an immense support in attracting foreign investments and talents. On the other hand it is proved to be an excellent solution to fight against the negative perception of the Middle East and Israel. This approach is called "broadening the conversation" (Natanzon, R. 2018). The narrative of the Israeli brand is the following: Building the future; vibrant diversity; entrepreneurial Zeal (*Figure 1*). These are accompanied by the elements of the special cultural medium: questioning the hierarchy; chutzpah; accepting failure; and the „you can do it” attitude.



1. figure: Elements of the Israeli branding
Source: Presentation of Ran Natanzon (Head of innovation & Country branding, Public diplomacy Division Ministry of Foreign Affairs of Israel): Brand Israel

The Ministry of Foreign Affairs (MFA) is the central actor, which looks at the country brand building as non-tourism marketing but works closely with the Ministry of Tourism. (Figure 2) The MFA has recently created the "Creative Energy", while the Ministry of Tourism introduced the "Land of Creation" slogan.



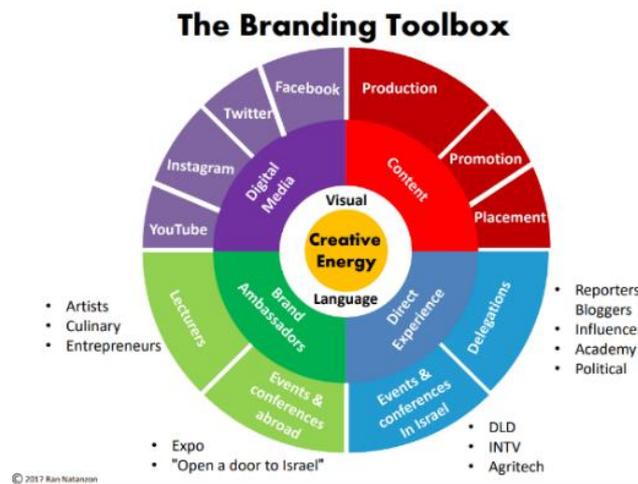
2. *figure:* Izraeli branding ecosystem
Source: Ran Natanzon, Brand Israel

The MFA supported bottom-up initiatives by financing the translation of the bestseller by authors Senor-Singer (2011) „Start-up Nation: The Story of Israel's Economic Miracle” into many languages. Their tasks are (Natanzon, 2018):

- Leading the branding of Israel: consolidation of the strategic process, managing the creation of the visual language, developing a toolbox for implication of the strategy. (Figure 3)
- Consolidation of policy papers. (Figure 4)
- Developing network with the innovation ecosystem.
- Monitoring global and Israeli trends and introducing them to international organizations and global media.
- Organizing the visits of business and media delegations.
- Presenting Israeli branding and innovation to senior government & business audiences.



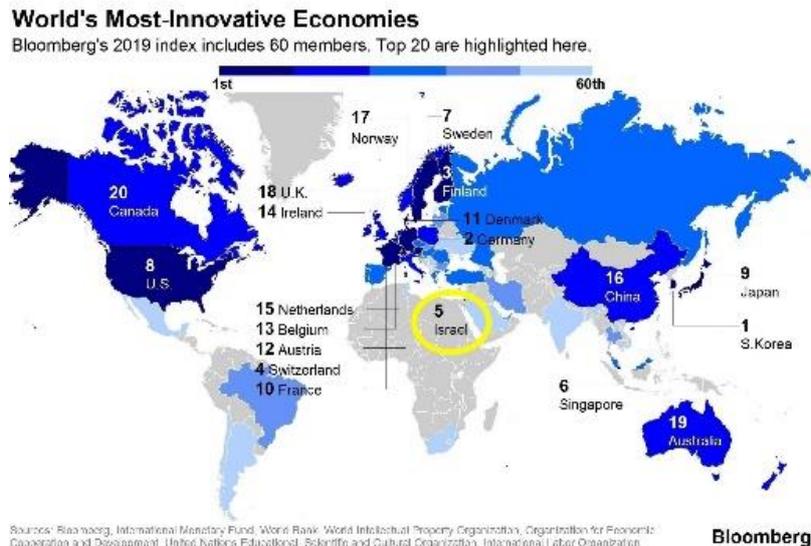
3. figure: Visual language of the Nation brand
 Source: Ran Natanzon, Brand Israel



4. figure: Toolbox of nation branding
 Source: Ran Natanzon, Brand Israel

The MFA also puts a strong emphasis on training their diplomats. Later they can contribute to the promotion of the innovative-economy-focused country brand at their missions. In addition, foreign diplomats accredited to Israel are also involved in innovation hasbara programs. For example, by study tours which ensure that participants send reports to their headquarters about the state’s outstanding research and development results and communicate Israel’s willingness to cooperate in exchanging models and best practices.

The MFA considers it important to be involved in different innovation rankings and they do their best to communicate the results: Global Creativity Index (# 3), Country Brand Index (# 26), or Happy Planet Index (# 11). At Bloomberg January 2019 ranking Israel was the fifth among World's Most Innovative Economies. (Figure 5)



5. *figure*: World's Most Innovative Economies ranking
 Source: Ran Natanzon, Brand Israel

According to the MFA's senior representative, it is an important guiding principle to deliver the messages with a human face, to provide direct experience for recipients, to start a dialog – avoid appearing as one-sided slogans; to build partnerships, and to use micro-marketing. He mentioned that the challenge is the difficulty of finding USP⁴³/ESP⁴⁴, maintaining and expanding platforms, partnerships and interest.

The International Development Cooperation Agency (MASHAV) which belongs to the MFA has been active since the 1950s, initially in the developing world to reduce hunger, disease and poverty through technology transfer and training. Today, MASHAV is also working with a number of countries in the developed world, including Hungary (www.embassies.gov.il/budapest, 2015) and other countries of the Visegrad group (www.skill-society.org, 2018). Every year the Agency implements a large number of its programs in Israel, with hundreds of foreign people, most of whom recall the activities as life-long experiences and are grateful for the study tours. Immediately after landing at the airport, the narrative is provided by MASHAV, thus contributing to the building of a conscious country brand.

I.3. Tel Aviv Non-Stop City

In addition to the slogans and complex promotional strategies coordinated by the Ministry of Foreign Affairs, the Tel Aviv - Nonstop City brand is also heavily involved in the development of an international perception of Israel.

⁴³ Unique selling proposition

⁴⁴ Emotional selling proposition

The Municipality defines it as an extension of the city's vision - positioning itself among the top twenty metropolitan regions that are globally dominant. "Competent Identity" defines innovation and the "non-stop" character that permeate every aspect of life (www.tel-aviv.gov.il, 2019).

I.4. Smart humanitarian actions and country branding

Lemelshtich (2018) explained that Israel puts a special emphasis on taking part in urgent crisis intervention actions that are seriously affecting the population. The specialty of their contribution is that in all cases the problems are being solved with the provision of special human capacity and the implementation of their latest military and civil technological developments. The organization known as-Zaka⁴⁵ is the one which most often joins rescue teams followed by very heavy-press coverage.

II. Conclusions

As Kandel (2018) mentioned in our interview, a new form of tourism has recently been born. Innumerable startup nation study tours are targeting Israel to find the secret sauce, their success in research, development and innovation related achievements. The authors believe that the too rarely examined element is the promotional and branding strategy together with the informal and formal networks. Results and image are in interaction and by the implementation of good policies and actions, nations facing challenges such as Israel can escape the prison of geography and become attractive destination for individual talents and multinational corporations.

⁴⁵ Acronis. Zihuy Korbanot Ason, ie Identification of Disaster Victims

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