



## National Image and Competitive Advantage

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Good morning! Before I start the lecture, I have two announcements, First: I'd like to thank ESPM for organizing this so important conference and for inviting me to be one of the speakers, it is a honor to be here, and second: it is a very important day for me today as I was introduced as a member of the University Center of Ariel, that is only today, actually it used to be the college of Judea and Samaria, and today it became a university, so it is a very special day for me to be here today. Ok, let's start with the talk, what we are going to discuss is the formation and change of country image and how country image can be influenced, we are going to discuss a number of topics, first we are going to discuss what is country image and what is a country brand, how are images formed, can images be changed and how can place, brand promote their services, finally we'll end up with a number of success and failure examples of country branding. Well when I was invited to give the lecture here, the first thing that occurred to me was to ask myself: What do I know about Brazil? What is my image of Brazil? And I am going to show you the first concepts that came to my mind as they came, the first thing is carnival, funny, sexy the second was football and Maradona, I guess Maradona shows my age, then rain forests, jungles and certain Aborigine tribes, violence on the streets, crime, crime, crime and even more crime. Latin America being Catholic, a BRIC country, for those of you who are familiar with the term, BRIC stands for Brazil, Russia, India and China, the first letters are the BRIC countries, which are considered to be the major powers of the future, so what we are dealing here, the first letter B stands for Brazil, so we are dealing here with...the first letter here Brazil... while the other items before may be a little bit unbusiness, the last item I think it is very positive, well let's continue a little bit, I am going to show you a slide, with an advertisement and I'd like you to think about which product s being promoted in this particular advertising, well those of you who know Hebrew, please don't yell, this is an advertising that appeared last week in an Israeli newspaper, I am not talking about History, that is last week. Well I think there is a clue at the bottom of the screen, it is very difficult to

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<sup>1</sup> Texto redigido a partir dos registros em áudio da palestra para oferecer a um público mais amplo o conteúdo abordado. Destacamos que a transcrição não foi revisada pelo palestrante.



see, right at the left-hand bottom of the screen, which is the insignia of the Rostchild bank, the world-known Rostchild bank and what they are promoting is a mutual fund that specializes in stocks of Brazilian companies, so that's how a company is trying to promote a mutual fund that specializes in Brazilian stocks, obviously there is no relation between the picture and the items being sold and I assure you that is the image of Brazil, whether we like it or not, in the world market that is the image of Brazil, now let's discuss a little bit more about theoretical topics, what are brand and country images? Well first, brand and country images are defined as mental pictures that consumers have about them, the idea really is, that what counts is not reality, what counts is what the consumer has in its brain, not the facts, but what we have in our mind, with that respect we may even have ideas about a product that does not exist, for example: If I were to ask you what is your opinion about the super car made in Greece, most of you should be able to have an image about it. Is it a good car, is it a specialty car, each one of you can have an opinion about the car, even tough there is no super car being manufactured in Greece, the idea here is: What counts it is not reality but what people have in their head, there are different constructs that compose country image, while the first definition isn't about image at all, now we are going to talk about different constructs of country image, first what are the constructs, first of all cognitive, cognitive are intrinsic cues for product quality or item quality, affective means emotional, emotional association with the country, prestige, establish of the country, then we have normative, for or against country politics, country behavior, next we are going to discuss about brand, and now most of my examples in the presentation will relate to Denmark. So, what is a brand first of all? Well the brand is a name? And Denmark is a brand name. There is this theme that the country likes to promote about itself for example: visit, invest, live and work in the country, there are symbols and Denmark designed a symbol that combines a heart with the flag, trying to show that they are open-hearted, it's a country with emotions, the purpose of branding here, of trying to brand Denmark, is to identify goods and services and differentiate from competitors, in other words, what makes Denmark unique as compared to other countries, well there are additional brand components, there are attributes, well Denmark suggests a fairy tale country, there are some benefits that relate to Denmark, except that this doesn't work anymore in our belief, functional, it is safe and clean, there are some emotional relations to the country, fun, a place of relaxation, there are some values, a motherly society, cultural aspects, Denmark is proud to be informal, community oriented. Every country also has a personality, Denmark tries to be innovative, dynamic and who are the users that we are trying to attract, now the personality of a country is like that of a



brand and we are trying to connect country and brand. Brand for example can be expensive or inexpensive, high quality or low quality, something that we are proud to own, or ashamed to own, reliable or unreliable, countries have similar concepts around it, for example, friendly versus unfriendly, ally versus enemy aggressive or passive, stable or unstable, notice that all of the items that I'm showing they have nothing to do with production, but they have to do with what people think of the country, its managing, its people and many researchers do believe that these concepts in particular do influence our perception and our image of the country and in the end influence our decision whether to buy or not to buy products coming from any particular country, now we are in the process of understanding image and how country image affect our purchase intentions and basically there are two theoretical models that try to explain how image affects consumer behaviors, first we have the Halo model, the Halo model states the following, it starts with the image that a consumer has in its head about a particular country now this image leads us to believed attributes of products coming from this country, for example, my image of Japan is of a very highly developed country with great quality of production that they are meticulously produced, with good quality, the exact form, it is my attitudes towards products coming out of Japan, which would very positive in this case, and eventually will lead to a purchase decision of buying products made in Japan, so the idea of the Halo model is that the image influence beliefs, and the beliefs lead to attitude and the attitude eventually leads to purchase decisions, there is the summary model which has a different thought towards country image, the summary model claims that the country image does not begin with nothing, but it is a summary of experience, the word summary means that we summarize our past experience with particular products coming from the country, when products from a particular country are in the market, people buy them, this is individually, word of mouth, information gets around the market, this is summarized into beliefs, the beliefs about the products come from actual experience in the market, now given the beliefs that we've developed, we formulate and summarize this information into a country image, in other words we buy a Toyota coming from Japan, we buy a Sony DVD and if they are working good we develop the belief that products coming form Japan are good and we have the image of Japan as a good producer, a good source for products and this will eventually lead to attitudes in purchase decisions now notice that these two models are in conflict, the first model claims that there is country image to begin with which eventually will influence attitudes, the second model claims: No, you need experience to build a country image now how can this conciliate?. There is a problem with these two models, and it is even more



difficult, empirical studies have verified both models, some empirical studies have verified the Halo model and other studies have verified the summary model, and then we are in a jam, we have two conflicting models that are inconsistent with each other, well professor Jaffe and I in our book country image and competitive advantage figured a solution to this conflict specifically our solution is that basically the two models analyze a different time, in other words, when we studied, all empirical studies were static, in each empirical study the past was done at a particular point in time in relation to the development of import and export of a particular country, however reality is dynamic, now we claim that when there is no experience about a product coming from this country, for example, I don't think that any of you have had experience about products coming out of Togo, and if I ask you for your opinion about products coming from Togo, you will have an opinion, and this opinion will come of whatever you know about Togo, you will have an opinion based on what you know about Togo, something that you know is that its is an African country, so maybe you give attributes related to African countries you may know about its government, about its politics so basically this will be the Halo model now let's assume that Togo is able to successfully export products to the Brazilian market now you go to the supermarket and you start to buy products from Togo, you gain experience you realize if these products are of high quality or low quality and this information is being summarized and later changes your original concept, image of Togo, so basically what we say is the following, when a country is not present in a particular market, the Halo model is at work, as we gain experience with products coming out of the country the experience changes our perceptions and our image form the country image and so from now on the summary model applies itself, now we can understand why empirical studies have verified both models, those that have verified the Halo model they were studies about images of a country which consumers had little experience, now those studies that confirmed the summary model were conducted in countries in which consumers already had experience with products from the country researched so we end up with two models that however theoretically in conflict, they are not, a question mainly of timing now the reason to stress this is that in the remaining of the lecture we are going to study whether country image can change, well this model says that yes, by summary country image can change, to summarize the whole concept of image is to understand that we have a perception process that begins with country image, at this moment, I don't care whether it is the summary Model or the Halo model, we have a particular image of a country, this affects eventually our buying intentions, first beliefs, attitudes and eventually buying intentions, the key point here is that



image affects buying behavior, now to get a little impression of how complex a image can be here is a map designed of Denmark image, well there are certain elements here on the first part talking about Denmark icons, Hans Christian Andersen, the little mermaid, a fairy tale country, a monarchy, there is a queen, on the other side we have people and what is the perception about people from Denmark, for example Danishes are easy-going, humorous, honest, informal, reliable, naïve, informal, and that is how the Danishes see themselves, what are the perceptions of the Danish business. Basically what most people are familiar with are agriculture, furniture and design, most people are not aware of other products coming out of Denmark, ideas, concepts of the Danish people basically, it is a liberal country with high tolerance to pornography sexual liberation of women, political neutrality, part of Scandinavian nations basically what I am trying to show here is that we have different ideas, different concepts related to a place, a country, the Halo idea is that all these images that we have in relation to a country will eventually affect the perception of a country and its products now that we have understood this concept about image and what is image and how image affects consumer behavior comes the question: Is it valid to work on the image of a country, if the country has a positive image, I believe that the next examples will help to answer this question. Assume that I tell you that the next super car will come out of Germany; you probably won't be surprised about a super car coming out of Germany well here it is, Know this? This particular advertisement, Deutschland is being stressed, the symbol of Germany at the bottom of the advertisement linking the product to Germany, now let's suppose that the same super car is a product of Turkey most people will think about that. And I don't think it will be advisable to link the car to Turkey, maybe you will try to hide it. Now let's get one step further Anne Holt is a British researcher that designed the measurement of country brand scale, and here is a panel of 25000 people all over the world that are served one set recorder and they have to access 35 different countries now what is measured are not the country products but the attributes of the country as being an export source a place for investment a place for tourism the attributes that people think about its people, governors in other words is it a dictatorship, a democracy, does the government behave rationally? Is it going into wars that are not needed? Culture and heritage and is it a good place for immigration? Following our Anne Holt's ranking of some countries I don't have the whole 35 because they don't fit in one slide so I can show you So we have the first 25 countries, notice some countries tune out here first of all as I mentions Anne Holt is British and surprise UK is the first, in all other studies that I am familiar with UK is never first, usually a good place in the middle, certainly



not last and not first, and well where is Brazil 22 this particular slide is from about a year and half ago I checked the last Holt study and Brazil is in the 19<sup>th</sup> place so Brazil is improving, so there is a good feeling about it, now how about Brazil in general. Think about my image of Brazil, should such image be pushed, my image of Brazil is a very typical European image, it is not my personal bias and you saw the advertisement, let the image be pushed. The question is: Is it a kind of image that the country would like to promote. I leave you with a question: Should Brazil try to change this image? And if yes, how? Well according to Anne Holt Brazil ranks 20 out of 35 is it good is it bad? Again I leave it for you to decide, but in any case as I mentioned before Brazil has improved and can improve its worldwide image but how about Brazil as a producer of meat, cars airplanes, software. I learned from different studies for example that study you mentioned yesterday about that study that was done in Brazil and in Canada about airline companies that touches this. Is it a Canadian or Brazilian made airplane? And one Canadian response, the idea of a Canadian company buying airplanes made in Brazil is a very bad idea in Brazil it is the other way around, the idea of a Brazilian airline company buying airplanes made in Canada is not such a good idea so this brings us to remind another concept the concept of ethnocentrism: it is the tendency of people to favor the products made in their own country as compared to products made in other countries, well if you are talking about ethnocentrism I must mention the opposite concept, professor Jaffe and I created a new term in the literature: othercentrism, othercentrism is what happens when most consumers from a country prefer to buy imported products in comparison with products from their own countries, this is very common in developing countries when consumers see its own production as being inferior compared to the production of other countries, and also products have social values, it brings more prestige in developing countries to buy products from other developed countries.

So here comes the question: Why branding a place or a country? Up until now it must be obvious to us that people might see a country as a brand, but the question is: - Should we brand a country or a place, and I used a new concept that was not used before that is the concept of place and that is a current trend in the international market when not only companies are being branded, not only countries or nations, but also places, for instance: places smaller than a country, a city or a region, or areas greater than a country like the European Union, which is much bigger than one single country, anyway, what are the motivations for branding? First: To change the image of a country, countries must be seen and treated as a brand, we mentioned before that image affects behavior, we mentioned that



countries have an image and if you'd like to control this image, to influence this image, the way to do it is perceiving the country as an image and the image can be changed, second motivation is that many countries and many nations are already branding their industries as coming from a particular country not only having relation one with the other. There is competition for the share of knowledge, in other words, we are already trying to influence the consumer we'd like to share, making the consumer consider our products, consider the products coming from our country, and not coming from other countries, when we are competing, one of the key aspects to have a good market share is branding, here are some examples of branding a place. I love New York that is a place, a city. Berlin another city and some countries, Ireland, Nigeria, Spain, Croatia, Hungary, so we can see that many places and countries are already branding themselves, you have symbols and all the other aspects of a brand are present for a good number of places.

Another reason why you should brand a place is that brands have value, now what are the values of a brand and the value of a country, first let's talk about brand, relative value of a brand is an additional fee that consumers are willing to pay to own a product, the branded product in comparison with the product from a competing brand, for example: in the studies that we've done recently in Israel consumers were exposed to the following research product, imagine that you want to buy a car, and you are in the store and you decided to buy a Subaru that costs around 100.000 Israeli Shekels, this is more or less the price of a sedan in Israel nowadays, and then comes the question, imagine that the salesperson offers you to swap the car brand from Subaru to Honda, but it is the same car, only manufactured by Honda other than Subaru, how much more or less are you willing to pay to have the Honda brand and not the Subaru brand.

Now, think about what I have just said: Would you pay more, would you pay less? How many of you would pay more for a Honda than for a Subaru, raise your hands, how many of you would pay more for a Subaru, I see that the majority hasn't decided so what we have is that in Brazil the image of Honda is somewhat below the image of Subaru, but I am not so sure of that. I am certain about what happens in Israel, in Israel the average of our sample would pay 15% more for the same product with the Honda brand than for the one with the Subaru brand, now, we did the exact same study in 1986, I conducted the study with professor John Johansson and we were at that time at the university of New York and we studied what would be the effect of changing the brand from the United States to Mexico.



Now the motivation for our study was the following: we were asked by an American company having a joint venture with a Japanese company to produce cars in Mexico, so these cars might have an American brand, a Japanese brand or a Mexican brand because there are partners in the three countries. Unfortunately when you manufacture in Mexico for the American market, you must label the products so that it indicates that they were manufactured in Mexico, so we checked what would be the effect of this label on consumers, well the final result was that to buy a Mexican car, let's say a Mexican Buick or an American Chevrolet made in Mexico not in the USA, the consumer asked for a discount of 70% they would not pay the same amount of money they would pay for the same car made in the USA.

15 years later, someone replicated the same study using the same tools, the same techniques and got the same result, so the Mexican value has not changed in the past 15 years at least as an automotive manufacturer.

Now that we understand brand value, we must understand country value that is the difference between the value of all that is produced in one country compared with the corresponding value of what is produced in other countries, in other words, when we mention brand, it is a particular product, a particular brand, when we mention country we are talking about all the different products and different brands coming from that particular country, it is the country value, then obviously the image value of a country like Japan or Germany must be in the trillions of dollars whereas the image of a country like Brazil is much lower, and let's develop this a little bit more, what is having a national brand? In other words what is the process of considering a country as a brand and make the process of branding a country. First creating an image and communicating it externally and internally. I must highlight here that it is not enough to promote your image externally, your own people must believe in the image you are trying to sell otherwise there will be conflict, either by your people traveling abroad, or by communication with foreigners visiting your country, there must be consistency in the way you present yourselves inside the country and outside the country.

The image might be of a good brand, might be based on positive values of the country, show good things about the country and not bad things about it.

In administration we have some challenges while trying to brand a country, first you need core values and that is really hard, a country is really vast, and it is difficult to conceive unique core values that you want to promote and that is the first thing that needs to be done in order to create a country image, other difficulty related to nations is that there are different stakeholders, in other words, we have different individuals, different organizations that are



involved in a country and are not always working together, and there are conflicts between them and if you want to promote a country you have to be sure that all the stakeholders share the same opinion as you, what means is that legitimacy is needed, and once more legitimacy to the eyes of the stakeholders, not only part of them, and that's another difficulty that countries must face and companies not, it is to annul the effect from the media, where do you think my image of Brazil came from? Watching CNN. When I watch CNN all I see about Brazil is crime, crime and crime. I don't see anything else about Brazil on CNN and once a year there is carnival, and the whole worldwide media, whether it is CNN or an Israeli TV, what you see is carnival, so the point is that Brazil cannot affect it that the independent media is showing what they think it is interesting to the consumer, what brings them audience. Finally existing reputation, existing reputation might be positive and when it is, this is very good, and when it is not so good then it is a problem for the brand, talking about reputations let's see some of the reputations of some countries: USA brand – Hollywood, NASA, it is both fun and high technology, United Kingdom, highlights status, heritage, France highlights: life quality, luxury, sophistication, Italy, style, sensuality, Germany, quality and reliability, Switzerland, precision, the Swiss clock, Japan advanced factionalism, miniaturization, Sweden efficiency, cleanliness, a clean country New Zealand, green and clean, in other words, forget about industry, my image of New Zealand are trees and sheep Ireland – gate with Europe, actually they do not say anything about Ireland just that its is part of Europe, trying to make it Europe.

Who are the stakeholders? We mentioned before that there are many stakeholders, but who are they? Well they are many, basically we have industry, workers, the church, the scientists, farms, government. To create a country brand it is necessary organization, strategies, branding a country requires organization that produces a brand for the country, as we mentioned before there are many stakeholders. What means that we need democratic principles to establish and administer an authentic brand of the country remember what we've mentioned before, industry, government and workers. And I am not sure if they are willing to cooperate, but if we want to create a national brand we need to come to a national brand that creates a democratic balance between the parts and get these ideas and try to make them equal. There is a problem in this concept: the more stakeholders a country has, the more difficult it will be to come to a representative brand alliance among them. If we come to a national brand without the alliance of all stakeholders, campaigns to promote this national brand will fail, for example: Great Britain, while trying to promote themselves in the



beginning of the century, around 2000 in the end of the 20<sup>th</sup> century, came with the following campaign; Rule Britannia that means, governs, associating with the Kingdom, with the Queen and so on and so forth. This particular campaign was a total failure, then they came to the conclusion that there has to be some change, again after negotiating with workers, industry having an organization to help them they came up with a different slogan, they changed it to Cool Britannia (fashion, cool, young according to the American idiom)

Scotland was promoting its own brand and created the slogan – “Scotland the brand”, which did not have success and did not improve Scotland Image, so there was a change to Silicon Glen, what is silicon? What does it bring to your minds? Silicon Valley, which is a place related to high technology and Glen which is a place in Scotland. These are some of the uses while giving Scotland a symbol, a brand to countries and here you are ”Scotland the brand” Spain came up with a concept of everything beneath the sun and here is what they mean by everything beneath the sun. Denmark as we said before: the cross in the heart – Enjoy, again promoting a feeling of fun and joy.

Let’s talk a little bit more about what Denmark did, and only mentioning that Denmark projected many times a concept to brand Denmark, in this process they developed different concepts depending on different audiences, now let’s see what concepts they tried to promote with each: labor force, first they designed an advertising to attract investors to invest in Denmark., so: - What are the messages they are trying to pass to try to attract investors? First: labor force (fim do cd)

Innovative partnership oriented business, environment oriented business, in other words, you can convince the local companies to cooperate, the level of transportation, the energy supply communication network, Denmark has a very good infrastructure, which can support industries, the quality of accommodation, because if the company invests, usually the managers will come together with the companies and we have to give something in relation to Denmark for the workers to come together with the companies, with the investors, finally a little culture, a country has to offer culture, so we saw how they are trying to promote the coming of investors, let’s see how they are trying to attract residents, in other words, Denmark is relatively not densely populated and with a vast area and they are interested in having new immigrants entering the country, with, attractive work market, tax reduction, attractive accommodations, high quality education, high quality social welfare at a reasonable price, they care about children, cultural enjoyment as well as business. The location of services: will the government help to find schools, jobs for the partner, accommodation and



usually the partner has his/her own interests, and will they help the partner to achieve that, attitude towards immigrants, are they not xenophobic societies, in other words are we open to foreigners, aren't we hostile towards them, and that is their message, but this positive attitude towards immigrants is not Danish, they try to promote this idea, but Danishes are really reserved, it is really hard to enter their society. Attracting tourists: again what are they trying to do to attract tourists, relaxation, fun, sun and beaches, which they don't have, or have just for a really short period of time, culture and history, events, sports, food and restaurants, low prices, theme parks, national beauty, nature, they really have this, the quality of infrastructure, special interests, unique products, notice that they did not come up with a unique concept, they didn't create something that has something in common among all of them, what we have is an approach for tourists, one for investors and one for residents. Now, besides this, if you search for Denmark on the internet, you will see the page that refers to investors has an insignia, a different symbol, a different heading, in relation to the page that attracts tourists. In other words, they are not using synergy, the same heading, linking Denmark investors page to Denmark tourist page, and that is a big mistake.

Now if you notice there are many failures in the campaigns done in the past, I mentioned that the British campaign was a failure, the Scottish campaign did not change much, the Danish with all my criticism obviously didn't succeed much, and here comes the question: Why? I pointed to some reasons, stakeholders did not accept it, we saw the examples from Denmark, another reason for failures was the inconsistency between the approaches, between stakeholders, but I think the most important reason for failure while branding successfully a country is simply budget, having a low budget, now the majority of the campaigns to create a national brand was evaluated in less than 50 million dollars and when I say 50 that is the top exaggeration, most of them were evaluated in the low tens, for example the project to brand Scotland, for two years was budgeted in 10 million sterling pounds, now 10 million pounds might sound like a lot of money for us as individuals, but let's compare it with what the industries are spending while promoting their image and their brand, according to Nelson, 2006, expenses with automotive publicity in the USA, and we are not talking about the world market, total expenses of 13 billion dollars, GM alone, promoting its brand and its line of products, spent 2.8 billion dollars in a year and now if we are trying to promote a new brand in the world market then let's see how much the companies are spending with new brands, well in the automotive industry according to Nelson the company spends 1.2 billion dollars with new brands, for example MAZDA promoting a truck, the CX7



truck, one single model spend 141 million dollars in advertisings, Lincoln promoting a new product: the LKZ spent 48 million dollars, so if there is a company spending 140 million dollars for one of its brands, and if all automotive industry spends 1.2 billion dollars in a year, promoting new brands, what are 10 million sterling pounds? Nothing and what the people responsible for the campaigns cannot notice is that the benefits are around billions of dollars and not millions of dollars.

Conclusion: the national campaigns are low-budgeted and this might be a good reason for their failure, so I've talked about the failures, and I cannot leave you with a bad taste, before we go, let's talk about some success stories, I will talk about two success stories when the brand was created, not only by publicity, but by great long term changes, in the real world, not by publicity. First I will focus on a approach, a unique approach in all world: Japan had a very consistent politics for 20 or 30 years in all world with all industries, they tried to have one approach in all Japanese industry, the second example is not focusing on all world, but in small well defined market segments, while realizing that a small country, which is the case of Israel, cannot promote products in all world, so let's focus on a small market to become well-known, change the image of this small market.

Lets focus on details: what the Japanese did was to create the Japanese quality control, I think its is the most successful brand in the world, what they did was the following, first of all, what they did in the 60's, they accepted and applied the Deming statistical quality control methodology what is interesting is that Deming tried to sell his quality control to the Americans without success. A Japanese professor got familiar with Deming's work and got him invited to go to Japan and he was welcomed with open arms and from then on we have history. First a campaign to improve quality (controlled by the government) using Deming's statistical quality control. The government designed a national education system, and when I mention this, it means that everybody in industry had to go through a one day course or a course of some weeks related to quality control, starting with the company presidents, vice-presidents, managers, even the individual worker, they all had to attend quality control courses. They assured that everybody would cooperate, unions, workers and industry, in other words, they noticed that the unions had to cooperate for everything to work out, you need the support from the administration and from the labor force to the individual, in other words, every Japanese had as goal to improve quality, the result was a consistent quality improvement, coming to the point where any measurement you make, for example, studies of consumer's reports, for you to get familiar with, there is an organization in the USA that



evaluates item quality doing objective measurements: number of breakdowns, achieving manufacturing standards. The Japanese products are by far leading in the automotive, photographic and home appliances sector, and needless to say that the summary model really works, throughout the years while improving quality of the Japanese products the image of the Japanese products also improved and today the image of Japan is one of the best producers in the world.

Let's see the second example, the position of Israel as an international producer of high technology. It started when noticing that branding is important, and the Israeli government made a continuous effort, around the 60's, to attract internationally famous brands of high technology and here comes the history;: Israel has a great percentage of engineers and people with high level of education and many of them were leaving the country and the government wanted to keep them in the country,, so what they did was inviting internationally famous brands in high technology industry to open their subsidiaries in the country, so companies like HP,IBM, Motorola, Intel, and each one of them was invited to open a subsidiary in the country and all of them received subsidies and why not? With this process there is an association with great high technology brands and Israel and the government subsidized the research and development for venture capital companies. After 15, 20 years Israel started to open its own research and development companies that are independent of international companies. We already have a good name, now let's enjoy it and what they did was to subsidize the opening of R & D companies, the government also established the venture capital fund, it was later privatized, but the first venture capital fund in Israel was the government. Now there were great perks for immigrants coming from Russia, bringing labor force relatively non expensive and highly – qualified and the result was that today the international direct investment by trust fund in Israel is bigger than in al European Union, Can you imagine that? One country with seven million people attracts more trust fund than the whole European Union?

Observe the NASDAQ stock market the high technology stock market in the USA, most companies that are there are American (big deal it is an American stock market) Second place is Canada (Big deal Canada is near the USA) third is Israel, there are more Israeli companies in NASDAQ than companies related to the European Union, so I think that it is a success history, now notice that most consumers in the world do not know about this change in image, however the target market of Israel knows this well, any person related to high technology knows Israel. Ok, Thank you