

## Branding and marketing the city as business ecosystem

How smart specialisation can be instrumental

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## Branding and marketing the city as business ecosystem: How smart specialisation can be instrumental

Thematic note inspired by the inputs and discussions taken at the InFocus Thematic Workshop “Attractiveness: City’s Internationalization Pathway to Smart Growth”, Grenoble, 7-9 February 2018.

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2018.

The communication dimension of the local economic agenda

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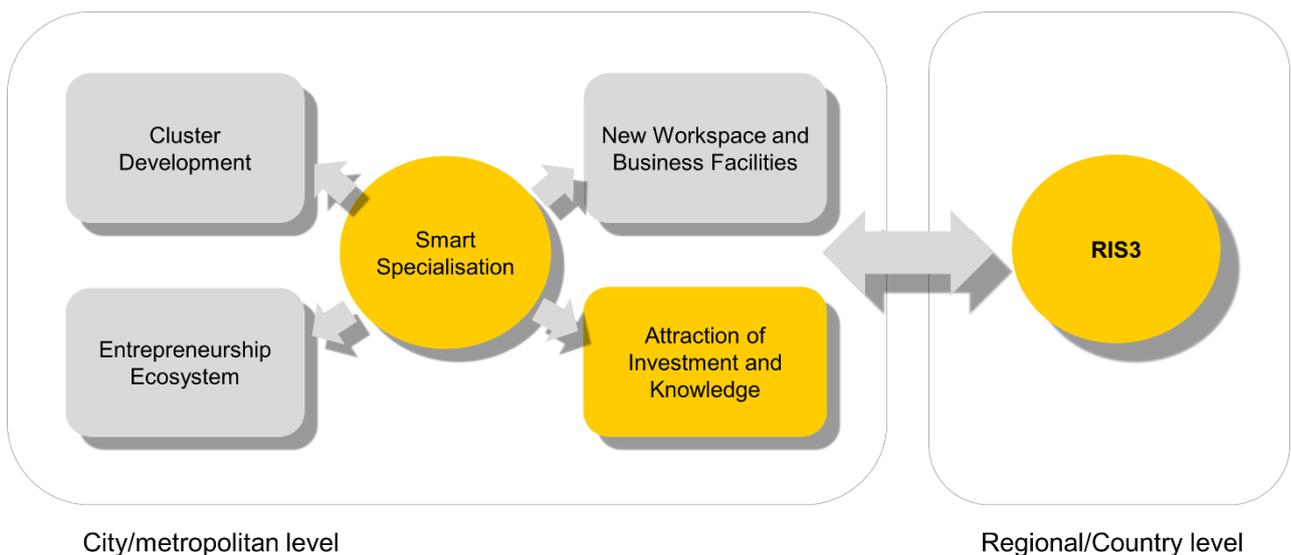
Private sector engagement

Making urban diplomacy work

With Grenoble-Alpes Métropole as local organizer, the fifth Thematic Workshop of the InFocus Network was devoted to marketing the city as business location and urban internationalisation, with a central question to discuss about: How to take advantage of the smart specialization concept to enhance and give more direction when branding and communicating the city as business environment and innovation ecosystem?

InFocus is an international action-research project aimed to examine how the policy concept of smart specialization can apply at the city level. To that purpose, the urban agenda on economic development was de-constructed in four main pillars: cluster development, entrepreneurship, space provision and **attraction of investment and knowledge**.

To feed the discussion, a number of case studies from the partner cities were gathered: Magnetic Bordeaux strategy, FrankfurtRheinMain GmbH inward investment agency, Porto Tech Hub, Be Basque Talent Network and Grenoble’s GIANT innovation campus. In addition, Greater Zurich Area AG, a benchmark among the investment promotion agencies (IPAs), kindly accepted the InFocus network’s invitation to contribute to the discussion. It was represented by its CEO Sonja Wollkopf.



**Smart specialisation as a driver to refine the urban agenda on business-led economic development, while articulating better to RIS3 at regional level. Source: M. Rivas, TASO**

## The communication dimension of the local economic agenda

Increasingly, cities devote more energies and resources to market themselves as great places to live, work and invest. Just considering the InFocus partnership, enhancing Porto's attractiveness and visibility in the global arena was one of the main priorities of Mayor Rui Moreira, who set up Invest Porto in 2014 as a small, agile team to spread Porto's value proposition worldwide. Mission Bordeaux Attractiveness was launched in 2017 by Bordeaux Métropole as a long-term strategy not jumping just into a logo/motto/campaign logic. Frankfurt took a giant step into inward investment attraction by organizing this work in a way that the same team and strategy is serving the whole metropolitan region Frankfurt Rhein-Main - an area of 5.8 million that stretches across three different Länder and including other major cities like Wiesbaden and Darmstadt. Ostrava, in the Czech Republic, has just launched in 2018 an ambitious strategy on talent attraction, targeting skilled workforce, researchers, students and creative people.

That's the communication dimension of a modern local economic agenda, which is getting a growing importance. In this regard, **how can smart specialization be helpful, in order to enhance and give more direction at branding and marketing the city as business location?**

## Smart specialisation is an outward-oriented concept

Indeed, the idea of smart specialisation has a significant outward dimension. The link to the outside is something that is emphasized by the RIS3 method - "this process is carried out with an eye on the outside world" (Foray et al, 2012)<sup>1</sup>. In fact, S3 was born as a response to the need for better positioning the EU regions in the global competition. That is why RIS3 should take advantage of the numerous city branding & marketing practices that are now underway. This way would be a significant building brick for the "two-way bridge" we are claiming here, in InFocus, between RIS3 and the city level. Both types of strategies reinforce each other.

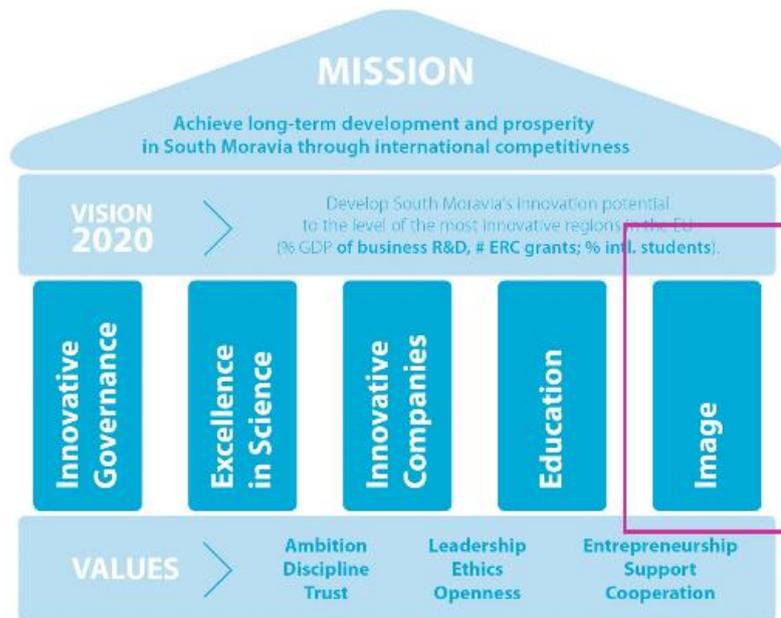
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At this point, it's worth noting that wide-scope communications are usually missing in many RIS3 strategies at regional level. An exception to this is South Moravia regional innovation strategy 2014-2020, where interestingly **Image** is one out of the 5 key horizontal policies, alongside Innovative Governance, Science, Innovative Companies and Education. South Moravia actually works

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<sup>1</sup> Foray, D. et al (2012) Guide to Research and Innovation Strategies for Smart Specialisation (RIS3). S3 Platform, JRC-IPTS, European Commission.

as Brno city-region and perhaps it might explain (i.e. the prevalence of an urban scale logic) this central role given to place branding and attractiveness at the innovation policy.



**South Moravia Regional Innovation Strategy 2014-2020 (RIS JMK)**  
**Source: South Moravian Innovation Centre**

From a spatial economic development perspective, innovation is not only related to the capacity to produce new knowledge locally, but also to absorb global innovations generated elsewhere. Thus, cities depend more and more on their “anchor capacity” to attract investment and firms, knowledge and innovation, talented people... One can refer to this anchor capacity as **attractiveness**, which is a popular concept in France (*attractivité*), although it is used much less in the rest of Europe.

### **S3 priority areas as linking pathways to the world**

If well done, smart specialisation-driven strategies should provide greater direction and much more precise focus for cities and regions marketing themselves as business location, and therefore targeting inward investment, research capacities, niche businesses, entrepreneurial talent, etc. In other words, if the purpose of smart specialisation is to draw specific roadmaps to growth, based on distinctive industrial/knowledge capabilities and potentials, then it should contribute to build up stronger and more competitive (productive) narratives for cities and regions. Otherwise, those roadmaps won't be working well.

On the more tactical ground, the set of priority technological and knowledge domains can work as a compass to approach the FDI<sup>2</sup> global market and getting a much more precise segmentation of target groups, sometimes from an unconventional perspective (see Zurich's 15 target technologies at the text-box). There is therefore a fertile ground of cooperation between S3 type of strategies and city branding & marketing.

A good example is Ostrava's brand new strategy on talent attraction that has been produced as a result of the InFocus experience. This strategy benefits from the techno-productive priority areas set at Moravian-Silesian RIS3. The latter may work as an additional segmentation to Ostrava's four main target groups (qualified labour force, innovative researchers, excellent students and the creative class). Such a crossed-segmentation may lead to higher quality performance of the marketing and attraction activities with no doubt.

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In any case, it's worth noting the value of getting focused to navigate across the FDI ocean. At the InFocus workshop in Grenoble, the investment promotion agency **Frankfurt Rhine-Main** (FRM) presented their focus on a specific range of sectors: automation & robotics, automotive & suppliers, chemicals & materials, finance & banking, information & cloud connectivity, logistics & distribution, pharma & life sciences and consulting.

## Targeting individuals, not only firms and organizations

Inward investment attraction is evolving. Increasingly, many cities and regions are not so interested in the "war for jobs and dollars" but in attracting knowledge and talent. A battle for the international young talent, which is extremely mobile, has commenced. Individuals are increasingly being targeted, not only firms and organizations, and consequently a **new promotional language** is needed.

The arguments to seduce the entrepreneurial creative class, as well as firms and innovators in the knowledge economy, are different than ones from conventional inward investment attraction. Career opportunities and lifestyle matter now, in addition to the usual location factors related to corporate investment opportunities, labour costs, corporate taxation, etc. The city has now to be communicated simultaneously as functional business place and as unique urban experience (including cityscape, cultural agenda, amenities...), which unavoidably leads to a more integrated approach on how we market the city as business environment.

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<sup>2</sup> Foreign Direct Investment.

### A LESSON FROM ZURICH: THE VALUE OF GETTING FOCUSED

As non-member state of the EU, Switzerland and Zurich are out of the influence radius of RIS3. However, it's good to see how they work in FDI and knowledge attraction to appreciate the value of getting focused.

The Regional Innovation Scoreboard 2017 has ranked Zurich as the most innovative region in Europe, and according to the Global Talent Competitiveness Index 2018, Zurich is the most attractive city in the world to grow, attract and retain talent. Indeed, the economic capital of Switzerland has reached a sort of global city status despite its modest size (400,000 inhabitants, 1.8 million in the Greater Zurich area including Winterthur), due to a unique business and research environment, which is a magnet for young researchers, skilled workers and knowledge intensive firms from all over the world.

Greater Zurich Area AG (GZA) is the investment promotion agency. With 20 staff and an annual budget of 3.5 million Euros for 2017, it was established in 1999 as a public-private partnership supported by the area's eight cantons, the cities of Zurich and Winterthur, Zurich Chamber of Commerce and 18 companies, mainly from the finance and real estate sectors.

The GZA strategy stands out for a clear target prioritization within the FDI global market. On the one hand they have focused on **precision technologies**, whatever the industry. And on the other hand on **directional functions of transnational companies** (international strategy, management, law, finances & treasury, controlling, logistics) since they have promoted themselves as best location for global and European headquarters, especially to firms from America and Asia - what they call "premium segment". Thus, GZA has 4 permanent representations outside Switzerland, in the United States (**New York and San Francisco**) and China (**Shanghai and Beijing**). Representation in Brussels is not relevant to them.

As GZA CEO Sonja Wollkopf presented at the InFocus workshop in Grenoble, this strategy has been nonetheless revisited recently as a result of a paradigm shift. The "What can Greater Zurich do for a company?" has been turned into "What can a company do for the region?", and the latter has led to a new USP: Greater Zurich as **best place to research and develop technologies of the future**. Accordingly, GZA's characteristic focused approach has been even emphasized, though largely revisited. In this respect, three main changes can be highlighted:

- This is not about direct investment only, research collaborations matter too, as a first step to a future location.
- Metropolitan regions rather than countries as target geographical areas. It's no longer Switzerland versus other countries, it's about Zurich competing with other metropolitan regions in the world.
- Cutting-edge technologies rather than industries. To that aim, **15 key technologies** has been selected to attract knowledge, talent and investment, namely: machinery, sensors, photonics, robots/drones, wearables, materials, pharma, medtech, biotech, energy, process automation, artificial intelligence, IoT, fintech and gaming.

**TALENT ATTRACTION TO OSTRAVA:  
TAKING ADVANTAGE OF SMART SPECIALISATION**

Ostrava (Czech Republic) is undergoing a significant inflow of high-value foreign direct investment, notably since 2006, which is boosting the evolution from a heavy industry economic base (coal mining extended to metallurgy, chemical industry, heavy engineering and power generation industries) to more advanced manufacturing, with new pillars like the automotive industry.

This transition to a knowledge-based economy is quickly absorbing a skilled and well educated workforce and has brought the unemployment rate down from 12.5% in 2012 to 6.5% in 2017. Consequently, the City and the Authorities of Moravian-Silesian Region (MSR) fear a shortage of this critical location factor becomes a bottleneck for future growth. That is why Ostrava has been working on a talent attraction strategy, which targets four main groups:

**Qualified labour force**, with a focus on younger graduates, in particular from European countries more affected by unemployment, to start their careers in the area, notably jobs related to mechatronics and Industry 4.0.

**Innovative researchers**, in order to activate the full potential of a number of technological and R&D new facilities in the area.

**Excellent students**, cutting down the lack of excellent PhD students.

**Creative class**, also a driver to consolidate the creative hotspot of Vítkovice, a huge brownfield redevelopment, and promote a livelier city centre.

This primary segmentation has been crossed with RIS3-MSR’s knowledge and technological priority domains, resulting in a very **precise target segmentation**. It will certainly allow delivering tailor-made messages and communications to every specific audience.

S3 vertical priorities	Qualified labour force	Innovative Researchers	Excellent Students	Creative Class
Materials Engineering				
Specialized Machinery				
Mechatronics				
Regenerative Medicine				
Processing of Mineral Resourcing				
Smart Grids and Smart Cities				
Integrated Security Systems				
Supercomputing Methods				
Creative economy				

City of Ostrava. Work in progress

In this regard, **Be Basque Talent Network**<sup>3</sup> deserves a special attention. "It is the largest network of highly-qualified professionals who are or want to be in contact with the social and economic reality of the Basque Country", with more than 9,000 people from almost one hundred countries that have signed up and nearly 300 Basque firms and organizations. Promoted by the Provincial Council of Bizkaia, the initiative was born in 2005 basically with the idea of making the Basque talent that is widespread internationally come back, since that local talent is necessary to support current economic growth more than ever.

In this attempt, Basque RIS3 is providing direction in order to focus on particular sectors and knowledge fields. Be Basque Talent Network's main tool is the organization of networking events (the Be Basque Talent Conferences) in international capitals such as Munich, London, Zurich or Dublin, with a focus on the Basque diaspora and matchmaking between professionals and Basque companies.

## Cultivating uniqueness

Differentiation and uniqueness are key aspects for an urban economy to get more robust positioning nationally and internationally. And real uniqueness usually emerges by connecting city assets as far as possible (specialisations or priority domains included) not just finding them out. It is the resulting crossover what often produces distinctiveness. In other words, the more we can bridge between our city's key assets, our positioning will become stronger and unique, which fits quite well with the S3 idea of **related variety**.

This assumption should inspire the storytelling on the city as innovation ecosystem. For instance, time ago the Rotterdam city marketing team made an effort in promoting stories and stunning images by bringing together its condition as world-class seaport and the fact of being home to the most innovative architecture studios in The Netherlands (OMA/Rem Koolhaas, MVRDV...). See picture below.

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According to London-based expert David Adam, "cities should tell a global story", lying over cosmopolitan values. To a large extent, this means that cities should qualify themselves on solutions that are responses to major global challenges. In a way, that's the case of Barcelona, becoming the world capital of mobility as a result of making the most of being home to the World Mobile Congress over the past few years. Local paths and responses to a set of global challenges. That might be the meaning of **cosmopolitanism** in the context of local economic development. And that challenge-based approach connects fairly well to the spirit of smart specialization.

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<sup>3</sup> <https://www.bizkaiatalent.eus/en/>



De Rotterdam. Designed by Rem Koolhaas and OMA

## Private sector engagement

Branding and marketing the city is an **organizational challenge**, a matter of stakeholder mobilization and alignment. So, place branding can never be the responsibility of one organisation only. The approach is to provide a strategic platform for all entities in the city interacting with international audiences more frequently. City brand management is therefore a matter of curating and providing a common ground to the different stories and communication capacities from a number of local stakeholders.

For instance, **Mission Bordeaux Attractiveness** is a platform that was organized to brand and market Bordeaux's current vibrancy. It was launched in 2017 by Bordeaux Métropole as a long-term strategy. So, prior to launch "Magnetic Bordeaux" campaign, its first priority was to build up a strong collaborative model, which is supported on a "first circle" of 8 main partners (the Tourist Office, the Convention Centre, University, CIVB-Inter-Professional Council for Bordeaux wines, Chamber of Commerce, airport and the urban regeneration project Bordeaux-Euratlantique) plus a "second circle" of around 80 stakeholders.

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When branding and marketing the city as business environment, those stakeholders are no other than firms, startups, local innovators, higher education institutions, cluster initiatives, tech parks,

etc. Sometimes, it is the private sector which even takes the lead to market the city to specific audiences. That's the case of Porto Tech Hub or **MakeIT in Ireland**<sup>4</sup>. The latter is about talent attraction in the IT sector that fills the gap in branding Dublin and Ireland as leading location for that industry. It's a platform of global leading companies located in Dublin (Facebook, Twitter, Google, PayPal...) pooling resources to attract a flow of global talent to them.

### **PORTO TECH HUB WHEN FIRMS TAKE THE INITIATIVE IN MARKETING THE CITY**

Porto Tech Hub is an initiative promoted by 3 leading Porto-based IT firms (Blip, Critical Software and Farfetch) aimed to give Porto more international visibility as innovation ecosystem, also targeting IT-related global talent. "Our mission is to grow Porto's role as a global hub for technology, talent and innovation, promoting the city's attractiveness as a great place for ICT professionals to live and work in". It is a great example on how the private sector can also take a leading role in promoting the city as business location and innovative ecosystem.



<https://portotechhub.com/>

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<sup>4</sup> <http://makeitinireland.com>

Engaging the private sector makes a difference, but it can be a hard task. We mean strategic engagement or just in the form of endorsements, participation in PR events, as brand ambassadors, etc. It is an important issue, which leads to wonder about the territoriality of firms and their sense of place in a globalized world. Some transnational companies fear to be closely linked to a specific location, because it may counteract their strategies into other local markets where they want to be perceived as local companies likewise. That sort of “schizophrenia” is common in the banking sector. On the contrary, others seek to associate their brands to the reputation and lifestyle of certain cities and places, which is quite usual in the fashion industry and luxury business. Even sometimes, countries and flagship commercial brands co-evolve in time in a sort of symbiotic relation, like Nokia-Finland or Ikea-Sweden<sup>5</sup>.

Thus, a fundamental question is therefore how to capture the attention of local firms, startups and innovators to involve them in marketing the city as business and innovation ecosystem. In this regard, the entrepreneurial discovery method (EDP) can be valuable not only to find out innovation pathways and business opportunities, but also to co-produce business-driven Invest-IN and talent management strategies.

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Anyhow, reaching out specific target groups and opening a dialogue with them is also a matter of developing specific business/market intelligence, which needs from the concurrence of firms and local innovators at some point, and it has to do with the EDP.

Getting the practitioner’s viewpoint is good at this point. Véronique Pequignat is Director for International Actions at **Invest IN Grenoble-Alps**. She was asked by the author of this note how to capture the attention of local firms and professionals to involve them in marketing the city. She answered the following:

*"Well, this is the million dollar question, as there are multiple answers and channels. I would say it is a combination of promotion, communication and also very specific targeting of individuals involved into a specific industry. One key fact: outside companies and talents do not come over to a specific location by chance. Most of the time they come because they already have somehow a connection to a city: either a personal one or a partnership, a customer... And the smart thing to do is to have a very intimate knowledge of your own local ecosystem, and by that I mean knowing individuals and small labs or companies, and sort of pull these strings in order to get them to convince their R&D partners, their sales agent, their customers that they would benefit from sharing this ecosystem; Incentives are not enough, as you will always find another site which will offer more... But having someone marketing your location for you is what works best."*

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<sup>5</sup> See RIVAS, M. (2015) Innovative Place Brand Management, Re-Learning City Branding. URBACT-CityLogo final report.

## Making urban diplomacy work

Urban diplomacy, city networks, participation in global forums... can be of great help to support business internationalization or just pump an inflow of innovations and new knowledge to the city. For instance, **Brisbane** (Australia) is fairly active in making the most of a very pro-active foreign agenda as a tool for their local firms to expand in business. It usually encompasses a vast region from the Gulf countries to Singapore and China, with a great involvement of the Mayor as main ambassador.

And vice-versa, the international deployment of local firms and clusters may work as a great supporting channel when branding and marketing the city as business location. The strategy of **Invest Porto** relies largely on the success of a number of Porto-based clusters, in terms of business opportunities, innovation and degree of internationalisation.

Tendensor AB is a well-established Scandinavian consultancy who found that the different stages in a cluster life cycle demand specific styles of branding and marketing. Paradoxically, both embryonic and declining stages in cluster development are coupled by the same communication style, characterized by a focus on primary identification, strong place-based approach and emphasis on shared values – that is, more oriented to the local business ecosystem they belong to, rather than in specific companies. Both stages are where synergies and alignment with city branding & marketing are more necessary.<sup>6</sup>

### DENMARK OPENS AN EMBASSY IN... SILICON VALLEY!

It's actually an Innovation Center Denmark's mission, which has also offices in Munich, New Delhi, São Paulo, Seoul, Shanghai and Tel Aviv, all global hotspots on technology and business. The latter, Tel Aviv, was inaugurated in 2016. Interestingly, Innovation Center Denmark is the result of the cooperation between the Ministry of Foreign Affairs and the Ministry of Science, Technology and Higher Education. According to the home page, "the mission of Innovation Center Denmark is to build bridges between research institutions, companies and capital in Denmark and Silicon Valley; accelerate the entry of Danish companies into Silicon Valley; promote US investments in Denmark; and facilitate research cooperation and provide inspiration to help drive innovation in Denmark".

<http://www.icdk.us/>

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<sup>6</sup> See Andersson, M. et al (2011) Cluster Branding and Marketing, a Handbook on Cluster Brand Management. Tendensor AB.

## **InFocus**

InFocus is a pioneering transnational network aimed at boosting the urban/metropolitan agenda on economic development by means of smart specialisation as overarching approach, while articulating better with RIS3 at regional level. Funded by the URBACT programme and led by the city of Bilbao, InFocus is also joined by Bielsko-Biala, Bordeaux, Bucharest, Frankfurt, Grenoble, Ostrava, Plasencia, Porto and Torino.

# In focus

SMART SPECIALISATION AT CITY LEVEL



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better cities