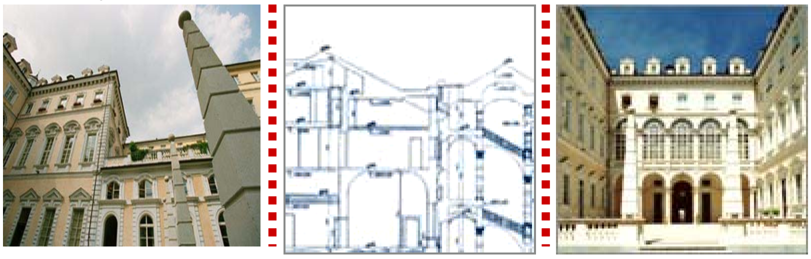
INTERREG IIIB ALPINE SPACE - ”NENA” - Network Enterprise Alps

A Marketing Strategy for the Alpine Space – WP8

Torino, November 30th 2007



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1. Introduction

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The main goal of the NEnA project (Network Enterprise Alps) is to **implement actions favouring the establishment of co-operation models between innovative SME´s** (Small and Medium Enterprises) and their clusters of reference located in the Alpine regions.

More specifically, NEnA aims to enhance the **exchange of know-how, stimulate co-operation, improve the offer of training as well as measures/ actions facilitating SME' s positioning in their markets of choice.** NEnA is also aimed at contributing to the enhancement and improvement of the existing co-operation potential by mobilising synergies within and between the different economic sectors.

In essence, this means for NEnA to succeed in providing a platform of interaction between SMEs and enabling policies and **actions allowing companies to build real co-operation on the base of mutual technology exchange and system integration** (staring with the comparison and adoption of successful business models).

Actual networking between companies and clusters takes place on the base of mutual recognition of interests and aims: the key is for the company to see an added value advantage in putting its business in relation to those of other companies active in sectors (parallel – tangent) which can provide an opening to new markets through the improvement/extension of the offer.

Without the possibility of injecting robust added value into its business **any other perspective limited by a simple "commercial" view is simply hopeless.** This accounts for all the failures and difficulties in having companies interested in initiatives which cannot clarify this relation and are built on simple product-purchase approaches.

The point for a marketing strategy ("this" marketing strategy) in this context is to make pertinent to companies' interests the rationale laying at the base of any action provided/envisaged by projects such as NEnA as this is clearly stated by the Interreg IIIb Alpine Space 4th Call from which NEnA depends.

The purpose of this document is to provide help to build on the complexities that such belief entails.

This will give partners a unifying strategic frame of reference on which to create their own local actions.

1.1 Project focus

At first, NEnA project was intended to focus its investigation and action on three core "areas" which in two cases were further detailed to one single sub-segment:

- Renewable Resources (general "Wood chain")
- Energy from renewable resources (un-detailed)
- Saving energy (specific "Passive house")

The development of the work led to the conclusion that the "Saving Energy" and "Energy from renewable resources" areas could have been grouped into one more general "Renewable Energies" area, subsequently gathering the "Passive Housing" into the new category. As a consequence, the "Renewable resources" area was re-tuned and focussed on the "Wood chain". This reduction and simplification action allowed to reconsider the remaining areas as proper "industry segments".

In this new perspective, "Renewable Energies" and "Wood chain" are permeated by some crossing functions labelled as a group as "Innovation and Technology":

1. Innovation management
2. Education and training
3. Process optimisation and certification
4. Interface management

Bearing all the above in mind, two specific Work Packages have been put in place at the base of any development of the NEnA Project:

- **WP5 "Analysis of alpine innovation and cooperation potentials"** interpreted, also further to discussions between the partners, as the investigation and study of the presence and action of companies operating in the core economies in the partner regions (carried out by Tyrol – Tyroler Zukunftsstiftung), through the:

  - Definition of the core strengths of Alpine regions
  - Identification of innovative potentials in SMEs.
  - Identification of needs and main obstacles for innovation
  - Definition of new markets

- **WP 8 "Developing marketing strategy"** as the creation of the foundation and leading principle for the positioning and promotion of innovative SME´s in the Alpine Space (carried out by Regione Piemonte), providing the most effective support for marketing/positioning on markets of choice and creating a shared strategy strengthening impact and effectiveness of market presence.

1.2 Project partners

There are ten partner regions of the Project: seven are member states and two are non-member states:

- **Austria**: Entwicklungsverein Natur- und Kulturerbe Vorarlberg (Lead Partner)
- **Italy**: Autonome Provinz Bozen; Innovation, Forschung, Entwicklung und Genossenschaften
- **France**: Rhônalpénergie-Environnement (RAEE)
- **Italy**: Regione Piemonte – Assessorato alle Politiche Territoriali
- **Germany**: Fachhochschule Rosenheim
- **Slovenia**: Posoški razvojni Center
- **Austria**: Energieagentur Judenburg-Knittelfeld-Murau (Styria)
- **Austria**: Tyroler Zukunftsstiftung
- **Liechtenstein**: Internationale Alenschutzkommission, CIPRA-International (non-member)
- **Switzerland**: ITZ Innovations Transfer Zentralschweiz (non-member)

The significant presence of partners from a specific geographical and cultural area of the Alpine Space accounts for some of the peculiarities of the whole project (see: Wood Chain segment, for instance) which are subsequently influencing the structure and themes of this document.

1.3 Main goals of WP8

Building a marketing strategy means to follow a well-defined procedure which takes the shape of a plan detailing a series of complex tasks. These can be categorised into four genders:

1. Analysis and definition of context/s (macro/micro)
2. Elaboration of objectives (effects achievable in real)
3. Processing of ideas (rationale for action)
4. Definition of actions (technical/creative)

At the base of the work is the ability to reach two goals:

- Creation of an **overall frame strategy capable of shaping single sub–strategies** designed to address the specific needs of single sectors/segments
- **Allow the sub–strategies to rely on the main one** (the frame strategy) as the setting of reference capable of putting them together in a coherent vision

More specifically the main goals of WP8 as defined by NEnA are:

- Provision of the most effective support for marketing/positioning on markets of choice
- Creation of a shared strategy strengthening impact and effectiveness of market presence
- Differentiate actions for internal/external targets, by cluster profile, trans-sector co-operation and commercial potential

- Define a common marketing communication strategy for Clusters
- Provide an integration marketing frame for actions from other WPs under a synergistic approach
- Provide communication guidelines per sector addressing industry-specific marketing needs

1.4 Connection between WP5 and WP8

The connection between WP5 and WP8 is key to the success of the NEnA project itself as **every marketing activity must lay its foundations on the analysis phase** in order to identify, investigate, understand and address the needs of the market of reference.

However, it has to be remarked that the scarce availability of statistics and the difficulties experienced in collecting sufficient and congruent data from some of the local markets have to be put in relation with the decision to reduce and simplify the investigation areas (see point 1.1). Considering both (data availability and simplification), the analysis phase of WP5 has been restricted to the Renewable energies and Wood chain segments, also leaving "Passive Housing" partially un-investigated.

As a consequence, this forced Tiroler Zukunftsstiftung (Austrian partners in charge of the WP5) to an extra effort to provide a sufficient degree of analysis.

The introduction of the WP5 final document testifies the above together with some decision taken at the NEnA meetings held in Innsbruck and Judenburg in 2007, as it can be understood from the minutes of the events. We will see later in this document how this induced a change in the goals of NEnA with respect to the starting phase of the project (as per the Application Form).

2. From Market Analysis to Assets Identification

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2.1 A comprehensive approach: Process actions and System actions

The key to success of a marketing strategy aimed at supporting the achievement of NEnA theoretical **objectives is the ability to implement actions responding to two different layers of intervention: enterprises-based and business/local environment oriented**. These are to be integrated in a vision of mutual connection between the plan on which "the market is made" and the dimension on which local competitiveness and sustainability are "built". This relation is that of an equal balance between the midi- and macro- sizing of phenomena where **the interest of the single enterprise has to match and be matched at the same time by the interest of the communities.** We will then distinguish between **Process Actions and System Actions.**

The first set of actions takes place at the enterprises (private interest) level. It is then required to implement actions – **Process Actions** - which **focus on single enterprises and start-up companies of highly competitive and relational potential in order to favour the creation of imitative behaviour and the extension of the clusters interactions on the base of co-operative exchange in/of technologies.** This is an essential precondition to found a virtuous cycle of relations based on actual benefits for the enterprises.

As widely recalled in this document **a "commercial" vision fails to lay the basis for mutual co-operation extended in time since this does not match and integrate different needs/responses from different enterprises and it is limited to a short-sighted approach of immediate economic advantage**. This could help to make some a bit more rich but does not create the added value represented by the ability to cope with international competition by building stronger SME's so that their success can be converted into direct benefit to the local communities and, in the end, the Alpine Space as a whole.

Also, it should not be forgotten that the **new objectives of the European Commission for the programme period 2007-2013 are deeply rooted into the Lisbon strategy which sees in the Economy of Knowledge the key for development of the Europe to come**: if growing a network of relations between innovative clusters of the Alpine Space is essential this can be real only if based on strong technological co-operation links and the achievement of a critical mass of research/production integration between enterprises.

On the other hand, **System Actions take place at the public interest level**. These are focussed on laying the foundation for collaborative competition and the creation of a "chain of innovation".
These can be obtained through:

- **Targeting the cluster/district activities to the selection of technologies, applications, industry segments and previously unexplored new product categories and industry segments, which are on a growing wave of interest and attention from the market and with regards to which the single region, sub-regional area or cluster already possesses the base of knowledge** or the key know-how to rapidly build the needed competencies reasonably easy. This specialisation principle, however, should not limit the expansion or maintenance of other pre-existing segments of interest as to risk to loose specific well-established knowledge and competencies in temporarily less interesting fields

  - *The tools: Long term research projects, technology development-aimed partnerships between enterprises, co-operation with the research and science world...*

- **The increase of the specialisation level of the enterprises on specific single phases of the innovation process aimed at enhance the degree of excellence of competencies about the market and the technology.** This specialisation favours as well the growth of efficiency both on an enterprise level as at cluster's. **This also helps to create local sub-markets upstream and downstream the specific chain, reducing duplication and adding to the number and the efficiency of the possible alternatives**. Moreover, the existence of a sub-market specific to each phase of the production chain it is to be considered key to the growth of a "co-opetition" model.

- *The tools: provide resources to access research, identify new market opportunities, segmentation of geographical area of excellence complementary to the local ones.....*

- **The development of information exchanges and the spill-over internal to the cluster**. A strong limitation to the technology and competence exchange and to the introduction of innovation resides in the **often excessive cost of gathering correct and exhaustive information on technologies evolution and fields of applications**. Truly, this is a daily problem in the technology areas of most rapid growth, hindering the capability of enterprises to implement an effective management of innovation activities and/or shifting the timing of introduction of innovations to when these are not anymore sufficiently competitive.

    - *The tools: create information exchange places (organisations, offices, task forces...), multiply opportunities for meeting and confronting ideas, organise information channels with contribution from technology top-players, source and access top-rank information from inter-European centres of excellence and knowledge....*

- **The creation of a set of financial tools with the help of banks, funds and venture capital operators.** Venture capital in particular, by entering/tutoring the company management is at the base of that significant **cultural change required today to enterprises of small and medium size, especially those of the Alpine Space and the less advanced/obsolete segments, in order to envision a realistic future for themselves.**

All of the **above has to be brought to the territory by intervening directly on the enterprises thus abandoning an old-fashioned "over the counter" assistance in favour of a 360 degrees action**, highly flexible and acknowledgeable **so to be able to modify and self-tune during time following the dynamics of change in the evolution of the local enterprises against the market and the technology trends**. This applies as well to **the financial dimension where new tools to create/source**

resources are also subject to evolution and innovation especially in the high technology sectors.

Therefore, **all the strategy takes the form of a selective and personalised approach, starting with the identification of the most promising local players in terms of capabilities, business plans, market opportunity, on whom to invest with a customised and specialised mix of actions**: this will extend the effect of the strategy well beyond the results of an improved business and competitive performance of the single enterprise as this allows a truly effective process of international/over-the-Alpine-Space networking.

In fact this apparently easy to achieve result cannot be under any terms or conditions obtained if not on the base of **a sound and in-depth knowledge of the potential and needs of each one of the enterprises which can be – and ought to be - "accelerated" immediately to bring substantial benefits to the local system (economy-society-environment-individuals).**

2.2 From two "core economies" to Intelligent Building

The industry segments considered by NEnA are strictly intertwined by a system of technological, commercial and factual relations that influence the ability of these same "core economies" to express and build "added value" in their industrial chains and with regards to the external markets.

Also, it should not be forgotten that one of the main goals of the Interreg IIIb Alpine Space call under which NEnA falls is that of **creating a favourable environment for the positioning of the Alpine Space as an ideal area for the location and growth of innovative and highly advanced industries and businesses** with the final aim to increase the attraction potential of the Alpine regions to attract endogenous as well as exogenous investments.

This is why, for the purpose of this marketing strategy, the industry segments have to be considered on a whole through the definition of a common identity background characterised by a "field of coherence": this last being easily and logically represented and embodied by the concept of "Intelligent Building".

Intelligent Building (energy-efficient) is the starting point of all the process of strategy development. It is the cross-platform on which NEnA's core economies meet each other and become relevant to Alpine Space' ability to be competitive in innovation.

From this point of view, **Intelligent Building (energy-efficient) could be considered as a cross–sector: one transversal function with several and deep relations, connections and links with each single segment**.

Therefore, **Intelligent Building (energy-efficient) encompasses the economies** enabling the extension of their horizons by setting the conditions for an evolution towards more mature business models. This **allows the reinforcement of the dialogue between segments of different origin** (sometimes even geographically), **at different levels of "obsolescence"** (extra maturity – e.g. wood - versus new frontiers – e.g. hydrogen and innovative energy sources), **relying on quite different distribution chains**, pushing the concept of "interregional" co-operation to pretty significantly opposing points of view and experiences (from a couple hundred kilometres radius of business "interest" to an intercontinental perspective).

All the above becomes crucial in reinforcing the concept of **"Sustainability" in the Alpine Space well beyond its eco-environmental "meaning".** However at the base of any vision of "Sustainability" this concept shifts to a broader perspective incorporating the understanding of the factors and interactions between phenomena and facts **influencing the ability of a community to "act" in a sustainable way for the benefit of their complex socio-economic nets.**

Sustainability gets into a multi-faceted dimension which takes into account a number of aspects which have to be dealt with in a correct balance in order to find the right degree of positive impact in the life and the future of the Alpine and peri-Alpine communities ensuring a sound future based on the reality of the daily facts they have to face and relate to. A "close" community is nonsense in today's world but it is crucial to be able to ensure that phenomena are not ignored but mastered for the benefit of the community itself.

Intelligent Building (energy-efficient) then sets a complete new frame of action by **allowing sectors to integrate on the basis of common technological understanding and interest** with the aim of providing, as said, a competitive frame of action strengthening their ability to be successful in a sustainable perspective:

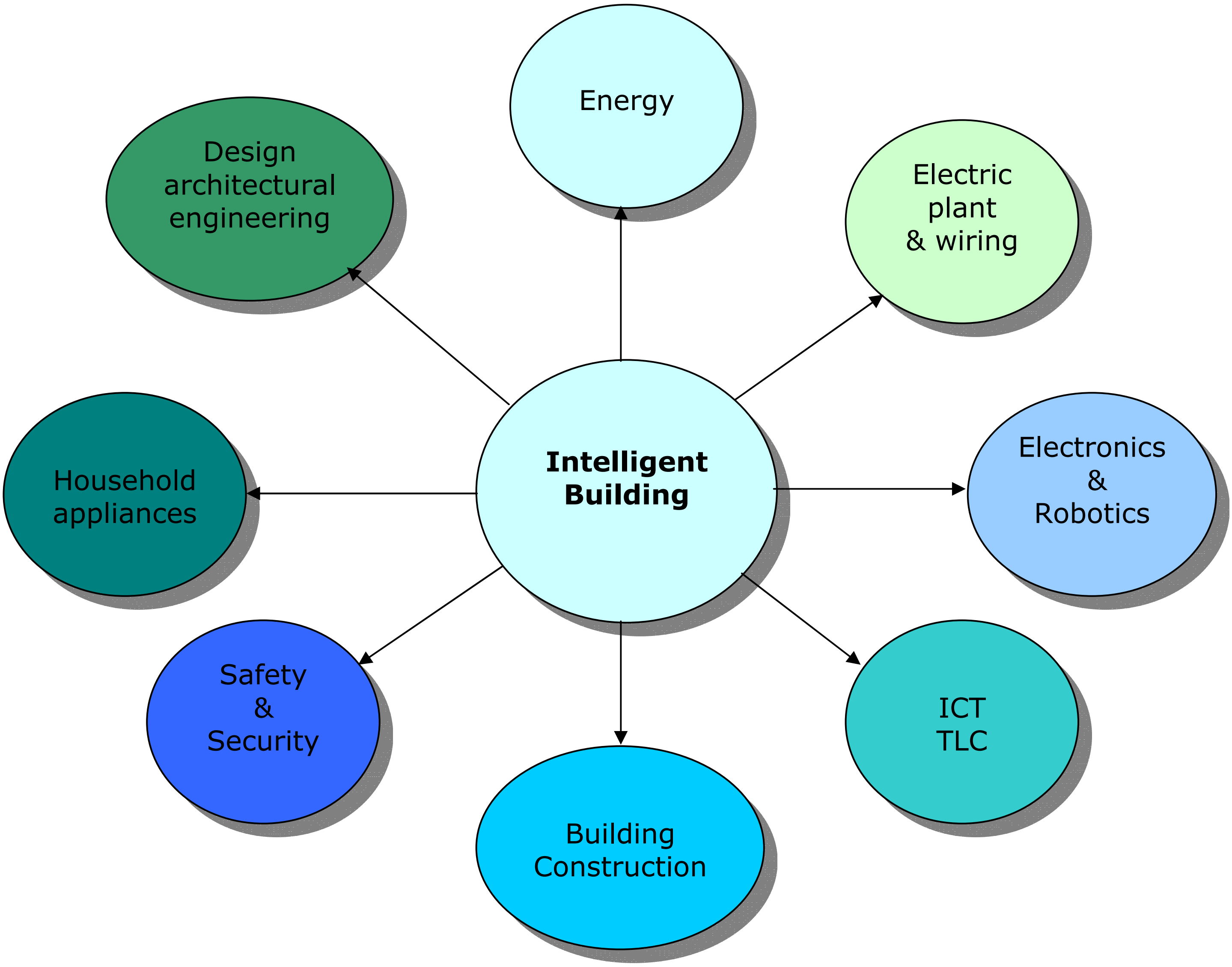
- "Value added chain of wood" - **How can the traditional value chain of wood make a leap and become a real innovative value added chain in the perception of markets**? For instance, dealing with the concept of Intelligent Building, supporting R&D in building materials and following the path of integration between wood sector and applications to eco–efficient house building.

- "Energy from Renewable Resources" – From WP5 Analysis document: *"**Because of the quiet young sector of the economy, it is very difficult to find a representative amount of companies in every region**. Therefore the definition of "Renewable Energies" in the primary sector was* *extended to the field of "Environmental Technologies."* According to this ICT devices design and development are subsequently full part of the segment in order to gain superior eco–efficiency of buildings and constructions.

- "Saving energy – Passive house" – **Intelligent Building (energy-efficient) is strictly intertwined with energy saving since the birth of the concept**. Therefore, design and production of automatic and digital controls, water/ electricity flows regulation devices, house insulation and heat preservation techniques are technological areas and products naturally related with the most important NEnA aims.

(see following page for detailing table)

Table 1 Intelligent Building as a "Space of Integration and Innovation"



Bearing the above in mind, it comes that the true meaning of an overall and credible marketing strategy for enterprises operating in the Alpine Space economy is related to the intimate nature of the NEnA project itself (**and, by the way, it is in the spirit of every INTERREG project**) and should help all the partners to understand and clarify which public they should refer to.

In other words, the marketing strategy instead of being referred to a "close" local/regional market environment should be focussed on the implementation of initiatives on an international scale.

There are many reasons that seem to make this option to prevail:

- The base of any development lays on the rationale of the INTERREG programme, which is not only focussed on the creation of a network and the sharing of experiences between project partners, but **also to encourage the adoption of dissemination and fertilisation initiatives/policies across the EU.**

- Secondly, we should consider that in marketing terms **the image of the "Alps" region can count on a very strong and good positioning well-established since ages**. Everybody knows the Alps and, most importantly, the concept of Alps is always related with positive values among the worldwide public.

- By building on that, it is possible to exploit the power of this positioning and let it gain additional value. Creating a common vision for the Alpine Space where elements of excellence coexist, can bring to the construction of a crucial competitive advantage**. The Alpine Space can be seen, indeed, as the ideal place where innovation, economic growth, care of the environment, high living standards, historic and cultural heritage are closely bound**. A powerful reality, not only for the residents but also for the world.

- The Alpine Space includes some of the most dynamic and strong regional economies inside the EU. Alpine Space includes **"economic and social engines" as well as "highly perfected and specialised areas"** such as Northern Italy, Southern Germany and Eastern France, not to mention the heart of the Alpine Space itself (Slovenia, Austria and Switzerland). These are economies playing an important role on the international checker and globally recognized as sources of innovation, ideas and competitiveness.

2.3 The Alpine Space: a marketing definition

Historically, **the Alpine Space region is a land of relevant economic standing where innovation did develop since ever in tune with- and consistent to- industrial evolution**. The presence of big companies and conglomerates in all the key technological sectors, the existence of top research (institutions, centres, scientists....), the extended system of world reputed University education are by definition the pre-conditions essential to ensure the development of specialised competencies and the building of manufacture chains of the highest importance.

As these are considered key facts unavoidable to ensure a flexible and evolved dynamism to a local economy and social environment, common understanding is that they are not the only assets required to allow the Alpine Space to achieve and held the competitive position and the aimed to quality and sustainability of growth.

The existing situation however promising and interesting is nevertheless **characterised by territorial, economic, productive and social fragmentation:**

- Pretty often, innovation activities are not addressed to the most profitable market channels because of the **lack of co-ordination and networking between the local stakeholders and the poor ability to preserve and exploit the intangible assets of the territory**.

- Local products/services are very often the outcome of **isolated manufacturing so that the region cannot benefit fully from applied innovation** (in some cases even resulting in the reduction of research activities).

- By covering all the product cycle the **player/entrepreneur tend to incorporate most of the processes in his/her enterprise thus contradicting the criterion of specialisation and distribution of competencies deemed**

necessary to ensure the region a relevant market positioning.

A wide-sized marketing action **should therefore be aimed at the creation of a base of relations between companies in the Alpine Space so to favour the aggregation of a co-ordinated system of local actors with a "district-type" perspective, able to work on a few key sectors**.

The boundaries of a marketing definition of the Alpine Space can be outlined through the re-grouping and summary of the main elements affecting/influencing the ability to operate – with special regards to innovation introduction and implementation/development - of the enterprises located in the Alpine Space, as they can be evinced by the WP5 Marketing Analysis report.

The analysis work of the partners allowed to identify six different categories under which common tendencies and influencing factors can be grouped by coherence, affinity and comparability:

- **Products and services**
- **Organisations and employees**
- **Research and development**
- **Co-operation and networking**
- **Market and customers**
- **Marketing and distribution**

Starting from these categories the analysis outlined problems, questions and needs in relation to each of the two "core sectors": "Renewable Energy" and "Wood".

The overall results of the analysis – **research findings as well as perceptions of the interviewed** - can be summarised in the following tables, one per each of the two sectors: (see following pages)

Table 2 – "Renewable Energy"

Products and services	In this sector SME´s and organisations investigated are mainly operating in the following fields: consultancy/ energy efficiency, planning, distribution, alternative technologies and power plants. Main obstacles are the frequent changes of legislative and institutional framework, together with **the life-span of funding, which makes the development of long –term planning quite difficult**. Moreover, even though renewable energy has a strong reputation among residents, **price (and not environment) is still the main worry** for residents. Finally, especially for small companies, professional assistance in dealing with the funds is required.
Organisation and employees	All companies are well below 250 employees. **The main part is represented by very small companies from 1 to 10 employees.** In most companies the number of **employees doesn't vary since some time**. In all companies education is often acquired in two steps: ordinary education at school or university and then specialised training on the job. Most of the companies prefer internal education for their employees, because specific problems and work guidelines can be addressed more exactly. **Nearly all companies experience difficulties in finding and recruiting qualified personnel.** Finding new markets and customers is deemed necessary for every company because otherwise they would loose market share. Due to this the qualification profile of the employees also changes: in

	addition to traditional-skilled workers for special procedures, companies also need international experience and good command of foreign languages.
Research and development	**Not many companies have their own R&D department**. In the field of renewable energies many companies outsource their R&D activity to universities and technical colleges. Most of companies believe R&D will become more important in the future thus they will invest in this field. **Especially small enterprises are not able to run a separate R&D department and therefore they are looking for co-operation and partners.**
Co-operation and networking	A number of enterprises have some sort of co-operative relations with external partners. This takes place mostly on a regional level with companies in the same sector. Some companies are members of a "cluster" (**definition here is not that straightforward – see chapter 4 about the definition of "cluster" and clusterisation** – most believe there is still a lot to do) and so the importance of clusters is seen as very high in the future. Companies are interested in co-operation and networking but often more on a regional level than on trans-national ones –**thus unveiling a limited perspective and restricted ability to face bigger – but most profitable – challenges.** **Not only co-operation within one sector is important, but also co-operation between different sectors; also co-operation to the government and to politicians should be promoted**.

Market and customers	**Most of the companies are active in regional markets only**, **although (especially for bigger companies) there is a demand for exploration of other markets and try to reach other customers.** Generally, the "Renewable Energies" market is composed by a balanced mix of public, private and governmental customers. In general, customers ask for innovative products with good quality. The price takes a lead in importance with customers but equally shared with a quick distribution/installation and aftercare. **More than 50 % of the companies are member of a "Quality labelling " or certification**. These companies deem that being a member of a "Quality Brand" is very useful in dealing with customers and that customers are keen towards these labels.
Marketing and distribution	**Marketing is seen as very important, but nearly every company uses the same media mix** **Some companies are in favour of a trans-national marketing campaign within the Alpine region (sic!),** but they cannot be 100% sure about its effectiveness. **This question was not answered by numerous companies**, but many stated that a label "Alps – Region of clear energy" would be very interesting. **Especially small companies do not invest sufficient money and time in marketing.** They more or less depend on word-of-mouth recommendation and small advertisements in local newspapers. **A lack of understanding of the strategic role of marketing is clear. Most tend to confuse marketing with**

	advertising. Significantly, they shift the problem of public awareness of products and solutions to other external players blaming for instance, the low degree of information in the population about these topics. A too wide price-conscious approach is blamed as working against environment care.

Table 3 – "Wood"

Products and services	In this sector SME´s and organisations are mainly operating in the following fields: owner of woods, wood processing (sawing, chipboard, etc...), wood-trade, handcrafting (carpenters, cabinetmakers, etc...). **Products and Services changed a lot in the last years, due to the increase of demand, the introduction of new technologies and process optimisation.** These trends have been supported especially by a modernisation in machinery, passive-house building, new insulation technologies and the work on the assembly line. Key to the improvement seems to be the urgent adoption of more efficient distribution chains in order to allow a significant reduction of storage costs which account for high financial exposition for warehousing and handling equipment. **The sector increasingly shows a trends toward market and production concentration: medium companies either grow in size as a result of the need to reach more efficient economies of scale or "shrink" down to more agile dimensions focussed on niche products.** Competition form foreign producers of prefabricated houses is growing: **an aggressive response from the Alpine Space industries is then deemed necessary. Good quality, good services and good marketing are needed.**

Organisation and employees	**In employment terms most of the companies stabilised their work force in the last years** against an overall negative trend of the last decades. **Some analysts are pointing to a possible new increase of the employment capability of the sector as the consequence of the introduction of new technologies and the development of new products and new markets.** **Nearly all companies experience difficulties in finding and recruiting qualified personnel**. The level of qualification depends on the job and on the financial resources of the company. Some companies have declared they need to change their organisation by reducing manufacturing in favour of consulting and service: this is also related to a growing demand from customers for more information, service and aftercare.
Research and development	**Being substantially mature, the wood industry is prone and exposed to little research and development. Mostly, innovation takes place through the introduction of technologies and also machinery developed in other sectors** However, market push is putting the industry under pressure and several companies has renewed their product range or even their business scope (e.g. wood pellets, energy-saving houses, etc.), requiring the sector to approach R&D in a modern and advanced way common to other industries. Innovation and Development is required at all stages of the company life: machinery, products, workflow, processes. **Especially small enterprises are not able to run a separate R&D department and therefore they are looking for co-operation and partners.**

Co-operation and networking	Some sort of clustering seems to be more common in this sector **(again, the definition here is not that straightforward – see chapter 4 about the definition of "cluster" and clusterisation**) and some sort of higher awareness of the clusterisation process seems to be in place. The value of a cluster is mainly identified in the exchange of know-how and the acquisition of new clients. **The picture here is pretty contradictory: On the one hand, companies are interested in co-operation and networking but often more on a regional level than on trans-national ones –thus unveiling a limited perspective and restricted ability to face bigger, but most profitable, challenges.** The added value of international co-operation is scarcely visible and perceived in many SMEs. As a consequence, regional networking is preferred, because effects are thought to be directly perceived. **On the other hand there is a recognition of the value and need for co-operation *"because otherwise they won't be able to cope with the competitors from other (also non-EU) countries"*** Companies suggest that co-operation and networking should not always be established for a whole sub-sector or including all of the enterprises working in the field in the Alpine region. **Single project co-operation (e.g. building of a big house/hotel) is seen as a tool for getting company used to the idea of co-operative integration.** The possibility of reaching positive effects in a small group for a limited venture would help build a more positive attitude (culture) towards trans-

	national and larger co-operation.
Market and customers	**The ability to compete and innovate (their "positioning") of the enterprises is largely influenced by the size of the company and the place they held in the production chain.** But also for small enterprises it is possible to develop a strong market presence if their business core is focussed on manufacturing or trading "special" products. **The demand is largely oriented towards the "One-stop-shop principle": customers prefer to relate to one single partner supplier which operates and manages the building of a house, for example.** **The Intelligent and Ecological Building market niches are seen as promising new market channels**: a consequence being that R&D becomes key to the competitiveness of companies – some are developing specific specialisations in the field. An interesting market potential is seen in the energy and environmental upgrading of buildings and in ergonomics/accessibility linked to social issues and categories like children, handicapped people, or elderly. **Quality or geographical origin labels do not rate so important as in the field of renewable energies, but also look at favourably.** Certification seems to be sometimes perceived as a selective criterion by some clients, but do not often have an impact on the final decision. However, sometimes certifications are essential to get special orders or when dealing with banks or insurance companies.

Marketing and distribution	Like in the sector "Renewable Energies" **some companies are in favour of a trans-national marketing campaign within the Alpine region (sic!),** but they cannot be 100% sure about its effectiveness. A common perception is that a marketing campaign is "integrated" by nature having it to be directed not only to customers but to suppliers and retailers etc. as well. Of course, this does not exist at present. **Enterprises tend to confuse marketing and advertising** although they are lamenting the fragmentation of the messages and strategies about the wood industry as a whole: a unifying strategic concept for everyone is badly needed.

The two tables shown above describe the situation of enterprises operating in the Alpine Space, outlining their needs and problems but also pointing out several assets, which are fundamental to the design of our marketing strategy.

2.4 Key assets and values

From an analytical point of view a serious and consistent approach clashes against some of the problems already raised in paragraph 1.4. Assuming a methodological perspective, it is possible to sort out the question through two technical shortcuts:

- **Deduction:** as in the WP5 document "Passive Housing" is largely related to "Renewable Energy", **it seems reasonable to consider this as included under the "Renewable Energy" umbrella in full,** even though there is not one chapter or paragraph explicitly dedicated to "Passive House". This testifies in part for the re-definition of the field of investigation as described in point 1.1

- **Integration:** many enterprises in Piemonte could be closely related to the "Passive House" sector, as they represent a further evolution of the concept towards the "Active" housing and obviously laying their foundation on the former: they operate in the fields of domotics, Intelligent Building and house automation. **Therefore, we can refer to Piemonte surveys – pretty comprehensive and extensive in the size of sample, analysis and methodology - as they can be extended to cover the lack of information and the scarcity of data available**. Of course, these elements are to be referred to as tools to integrate the general picture. **They have to be dealt with with care in order to balance any possible misinterpretation and over–representation of the data and their sources.**

The matching of both deduction and integration can lead us to identify the main assets per sector (and then, in a further step, to identify common assets for the whole of the Alpine Space).

The following tables summarise the main assets for each sector (see following pages):

Table 4 – "Renewable Energy" assets

Strong image towards residents and foreign public	High demand of **qualified and skilled workforce**	High demand of **partnership to carry out R & D projects**
Open to both **local and international co-operation**	**High standards of living** in the Alpine Space	Demand for **exploration of external markets**

Table 5 – "Value added chain of wood" assets

Fast and strong **growing industry**	Supply of **innovative and sustainable** building materials	High demand of **qualified and skilled workforce**
Demand of partnership to carry out **R & D projects**	**Growing specialisation** in Renewable Energy	**High standards of living** in the Alpine Space

Table 6 – "Passive House" assets

High **variety of enterprises** and specialisations	High demand of **qualified and skilled workforce**	Awareness of **R & D importance to gain competitiveness**
Open to both **local and international co-operation**	High **innovation – oriented sector**	High **quality products and services**

From the matching of the key elements of this tables and the recurrence/ overlapping of some of them, it is now possible to **define a "package" of assets which is essential to the lay the base of the overall strategy as the cornerstone on which to build it.**

This "package" provides a distinction between internal assets (summarised in the three tables above) and external assets **(assets not directly linked to the industry-specific characteristics but linked to the Alps and Alpine Space environment).**

See the following chart for an overview (see following page):

Table 7 – Internal and external assets

Internal Assets	External Assets
High variety of enterprises and specialisations	Alps and Alpine Space **strong and positive image**
Opening to both local and **international co-operation**	**Worldwide awareness** of the Alps
High **innovation – oriented** sectors	Alpine Space as host to **some of the most dynamic regional economies**
High demand of **qualified and skilled workforce**	**Strong social and cultural heritage**
High quality products and services	**High standards of living** in a beautiful environment

3. One Marketing Strategy To Ensure Effectiveness of Action

3. One Marketing Strategy To Ensure Effectiveness of Action

3.1 One main goal: promote and enable competitiveness through innovation

Chapter 2 (and primarily paragraphs 2.1 and 2.2) has put under focus the key point of all the strategy of NEnA how it should be intended: if the added value created/impersonated by enterprises is the base for growth and competitiveness, **this added value can be generated only by assuming innovation and highly innovative activities as the solely acceptable frame of operation and action.** This is to say that in today's world competitiveness cannot be achieved without committing the whole of the local system towards innovation.

Orienting a system of enterprises towards innovation requires to adopt a rigorous approach which takes into account the complex rationale of "innovation" itself by knowing and understanding (and where applicable designing – engineering and implementing) **all the single facts which have a stake in putting innovation into a real world perspective**.

In the frame of mind of the NEnA project objectives, in first place the concept of Innovation takes shape through activities oriented to create market value. This means the market value can be represented by a product as well as an intermediate component which enable a final product or service to improve its performance or – even better – to perform functions otherwise not possible or incomplete. **This is one of the key points for understanding the value and potential of "clusterising" a product or a service chain.**

The ability to reach new markets or sales channel is producing long lasting effects when achieved through actual integration of new functions and performance (know-how's, components, competencies....) in order to create a new product or service category. The focus on the simple extension of theoretical market possibilities thanks to the relation with new regions/geographical areas to which "SELL PRODUCTS, SELL PRODUCTS, SELL PRODUCTS" it is sooner or later to become a disillusion and even worse to drain resources and efforts without building a consistent and durable market presence.

When implementing marketing activities locally **the primary aim of any of the partner region/institution of NEnA should be to look for promoting integration on a technology level even if this means to forget sales needs for a while:** a strategic approach is not a tour of fairs or commercial events to attend to, but it is **the ability to join forces represented by know-how and competencies in order to create and establish new product and service categories (e.g. making passive housing become "active").**

Bearing this in mind, the development of a network of Alpine Space-wide relations focussed on cluster and specialisation means **to incorporate as leading principle that of process innovation.** This, far from being an affair internal to a single company or a group of enterprises, **process innovation is an improvement of the production flow which is primarily aimed at allowing the achievement of higher economy of scale** in terms of achieving higher quality to a lower costs **– this overcomes the simplistic vision of a plain increase of product functionalities**.

In this perspective, **competitiveness goes hand in hand with sustainability** under a broader incorporation of the variable intervening in defining **what and how is sustainable for/in a complex structure as it is a local community, as it gets along with networking and expansion of relations on an inter-regional scale** based on affinity/complement of knowledge, techniques, resources, understanding etcetera.

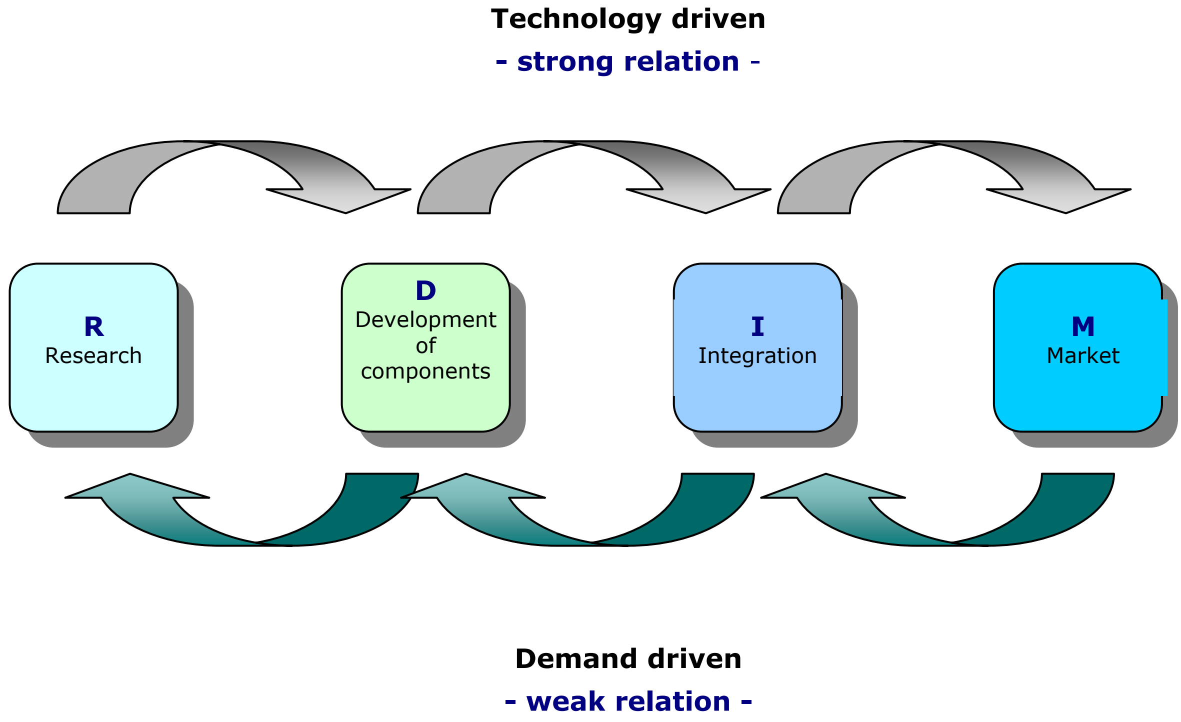
As a consequence, **the policy model** focussing on innovation as the confluence of market and technology **is enriched by adding in the game the full chain of innovation (from base research to sales of final products) so that a virtuous circle is created** by including the enterprise as well as the other actors of the local community in the process and recognising an equal and co-responsible role to each of them.

A paradigm for the economic and business activity can be reduced to four key phases (**Base research and technology development, components development, integration and prototyping and engineering, market strategies**) through which to **read the behaviour of a company and then detect the different kind of relation it has with the market as a whole.** By looking at this it is possible to define the position of the company with respect to its ability/potential for implementing competitive innovation. In fact, an enterprise can act in the market through:

- A path led by a **technology push** – the business idea starts from the initial phases of the production chain where know-how and competencies play the more relevant role and the product creates a new category
- A path led by a **demand pull –** the business idea is located in the last part of the production chain as the product is the result of the market demand and respond to already specified needs and customer habits

This finally leads to some considerations, as they can be summarised and represented by the following graph:

Table 8 - Innovation chain phases and innovation trends flows: Research-pushed / Market-pulled



Subsequent to the elements underlined above, this model then puts into focus two strategic dimensions about which key decisions are needed if the aim is that of improving the innovation potential of an industry cluster:

- **The direction of the innovation flow** – competence driven vs. market pulled

- **The degree to which one SME incorporates innovation** functions into its production process (closed process) vs. the segmentation of the innovation chain (specialisation and distribution of innovation functions between the enterprises of the cluster – distributed process)

In addition, **the potential of competitiveness through innovation is shaped by the ability to handle in an efficient way the three founding "layers" of the relation between innovation and existing know-how**. These are defined by different rates of needs and competencies and, as a consequence, they can provide a higher or lower degree of effectiveness in the market place. These are the layers:

1. **The Technology layer** – the development of a new technology is based on scientific research thus requiring the "player" (being it a company or a cluster) to be knowledgeable in the physics or logics principles which are considered somewhat applicable to the operational context

2. **The Engineering layer** – technology has not an intrinsic value: the ability to incorporate it into a product or service requires capabilities in prototyping and engineering

3. **The Architectural layer** – the ability to incorporate the differing functions defined by the market demand in a co-ordinated set of independent but integrated micro-functionalities - represented and carried out by simple and easy-to-use components - requires a know-how in product architecture; this

knowledge extends to the interfacing and inter-operability of the components

Ideally, the highly competitive company is the one able to balance the production of strong and fast innovation, based on its competencies and the pull of the market demand.

This ideal company's know-how in market and production dynamics is such that **if specific innovative solution are not ready, the company knows where and how to acquire them externally thus adopting a mixed make/buy approach anytime convenient.** Unfortunately, this **requires in most cases significant financial and economic resources** as well as important investments in research and development.

This leads the majority of the enterprises to adopt one of the following strategies:

- **Adapt to market demand** – two options are possible: attack one very well defined market niche (not necessarily highly profitable); wait for the customer demand to implement some sort of product/process innovation

- **Exploit competencies and knowledge** existing in the company in order to create new technologies to be addressed to specific markets on which to push the new solution – we can have here companies implementing research aimed at the acquisition of incremental innovations or creation of solutions from scratch

The consequences of these two strategies/approaches in terms of cluster dynamics and requirement for support and focussed policies have been put into relation with the results of the WP5 survey and additionally cross-checked with other data from regional experiences. The results have been grouped in this specific matrix (see following page):

Table 9 – Business Models and Innovation – Profiles and required Policies

RESPONSE STRATEGIES	MAIN HINDRANCES	MARKET SUSTAINABILITY LEVERS	NEEDS
MARKET ADAPTED	Weak product-orientation Isolated technologies Exclusively profit-driven No risk-taking Pretty small size Selling by word-of-mouth and personal relations	Customer-pulled product development Product and market diversification through technology Clear self-positioning against competing technologies Adoption of a sales strategy	Customer profiling and new markets identification Product portfolio developed from one technology Partnership for innovative projects (university, research centres...) Technology scouting Support to engineering Production partnerships Managerial education Support to sales

RESPONSE STRATEGIES	MAIN HINDRANCES	MARKET SUSTAINABILITY LEVERS	NEEDS
INCREMENTAL INNOVATION	Core competences only No disruptive innovation Technology short-sightedness Weak market leadership No research diversification	Innovative products and diversification Research in breakthrough innovation Pluri-market orientation	Support to identification or self-development of alternative technologies Market analysis to extend range of technology uses Managerial education

Bearing all of this in mind, it becomes apparent that a sound policy of growth and development for a cluster or companies (or, better, for growing a real "cluster") is that of **reproducing the virtuous circle of the "ideal company"** (the make/buy and balanced approach above mentioned) **through the sharing of responsibilities (and benefit) on a selected number of companies tightly interconnected and integrated.**

Therefore, it is recommended that the policies to be adopted locally by NEnA partners with regards to their clusters are those **concentrating support over companies with a potential in high degrees of specialisation (thus opting for the segmentation of the innovation chain model** – a shorter or longer chain depending from the sector and product/service characteristics).

By operating a strict selection and focussing help on the most promising SME's it is possible to expose other enterprises traditional-approach oriented to a fertilisation process stimulating those left temporarily behind to re-think their organisational and market role. Any left at the margin will in any case sooner or later be lost to more aggressive competitors from outside.

3.2 The essential steps: from concept to marketing

Developing a marketing strategy is a complex task, which requires a clear view of all the steps to follow, from theory to praxis, in order to get all things right. However, some are outstanding above the others as they incorporate the substance of the strategy itself:

Table 10 – Key steps to marketing planning

Market targeting: finding the right target groups
↓
Positioning: determining your competitive edge
↓
Tools & instruments: development of the marketing plan

As stated in a previous paragraph **profiling the right target groups** is an essential operation. It is make possible by the analysis of the local context of operation so to enable to **shape correctly the messages and the information content and avoid a waste of time, money and resources.**

The **positioning phase** naturally follows the target segmentation as the identification of the ideal position of the territorial brand (The Alpine Space) in the market of choice is an operation strictly connected to the public of reference.
Positioning lays its foundations on actual competitive advantages which means that the **territorial brand identity has to be credible and, most of all, realistic in order to be successful.**

Subsequently, this is the stage in which all the real facts influencing the territorial brand and the context in which it operates/acts are recapped and summarised. This is an analysis/synthesis work which has to be able to define issues such as:

- The current position of the territorial brand
- Where it is heading
- What are its competitive advantages
- What are the key assets of competing regions
- How to classify the region with respect to the market of competition
- What elements of cluster and business / territorial environment are critical to the region success

From these questions derives the ability to define a correct way of addressing crucial choices on which to base the building of a **strong Alpine Space image**. For instance:

- Is it realistic to compete in a global scenario as single enterprises or as a cluster (?)

- Is it advisable to focus only on a regional business dimension and not to show interest in international opportunities (?)

- Is it appropriate to invest in the Alpine Space image capitalising on its main assets most of them pretty undifferentiated from the sub-regional point of view (?)

The last step is that where the development of the marketing plan takes place through the choice and selection of the **"Tools and Instruments"** required to give life to the action. This phase represents the passage from the key–concepts of the strategy to their translation into operative language and concrete actions to be taken.

The three steps above are recursive, due to the fact that a continuous comparison between the marketing strategy and the marketing plan is crucial to evaluate the good proceeding of the actions and allow the adoption of effective counter-measure if any kind of unexpected or unwanted event occurs.

Bearing the above in mind, another important theme to be put in the spotlight is the ***Auto-generative Improvement Cycle*** of communication.

This concept deals with the dynamics established in each communication act between the sender and the receiver:

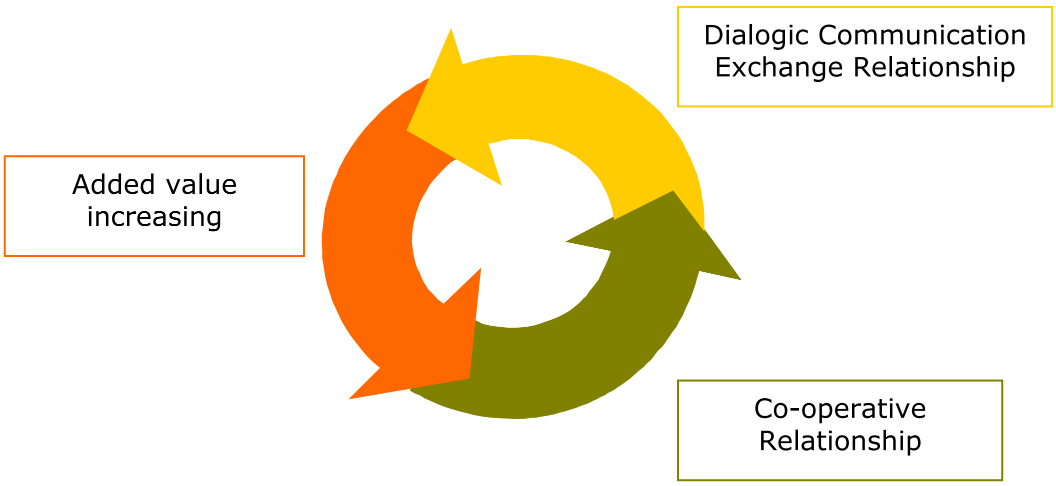
- **Sender and receiver are both active actors inside the communication process**: not only the **sender** is capable of modifying the approach and the behaviour of the receiver throughout the information provided and the distribution option chosen, **also the receiver has an influence on the sender in terms of feedbacks (emotional-informative-actuative-operational-behavioural) about the information delivered**.

- Values generated by **the relation established tend to grow together with the reiteration of communicational acts**.

Therefore, a strategic action has to be conceived in a mid – long term dimension.

This relationship between the sender and the receiver testifies for the non-existence of a passive part and an active part. It grows as an interactive and co-operative agreement based on a mutual set of advantages and benefits. The result of the communicational relationship turns into a circulation of shared, recognised and implicitly agreed-on values .

Table 11 – Auto-generative improvement cycle



3.3 Market targeting: identifying our target groups

The most crucial exercise needed when developing a marketing strategy is to **identify and define the target audience of reference. That has to respond to the basic question: who do we want to talk to?**

All of this has to be looked at under **the principle of Local/Territorial Marketing** (see Philip Kotler, *Marketing Place Europe*, amongst the other for essential references), a **discipline which is topics-specific and broader in meaning than the traditional "commercial marketing".** This focuses on economy dynamics but also takes into observation **all the actors living in the Alpine Space and the role they play in defining this regional "space" as a complex framework of interactions.**

Taking into account not only the enterprises working inside a territory, but **assuming the territory itself as a peculiar and unique complex leads this work to embrace all its features**.

The identification of the target audience and its segmentation is made possible on the base of the information collected in the analysis phase – **thus making Piemonte surveys even more critical to the work** - and through a detailed matching and interpretation work also considering all the hindrances, requirements and needs expressed by the enterprises interviewed.

Table 12 – Main target segments

Who	Why	For doing what
Institutions	As institutions act as regulators **especially on energy issues they have a big stake on the subject.** Moreover, most of the enterprises interviewed stated they would welcome an increasing involvement of institutions.	Institutional actions are demanded to **simplify the legislative framework and help the enterprises** of Alpine Space to deal with European programmes and EU funding.

Who	Why	For doing what
Residents	**Territory belongs to residents and citizens** - they are interested by policies aimed at enhancing the local identity and strength.	**Residents agreement and awareness is crucial**, especially when a territory tries to promote itself outside of its boundaries.
Local Public	A number of enterprises have an interest in establishing **local co-operation and partnership agreements.**	Developing and carrying out **joint R&D activities, extending local co-operation** in order to face the impact of global competition.
Foreign Business Communities	A number of enterprises have an interest in establishing **local co-operation and partnership agreements many of them looking for profitable investments (Foreign Direct Investments)**	**Supply of global distribution of energy – related products / solutions.** Attracting enterprises and investments in the Alpine Region.
Universities / Research Centres	Skilled and highly qualified workforce is **crucial to ensure momentum to the local development and attractiveness to foreign investors.** Relations with research centres could contribute also to carry out R&D project.	**Training and recruiting qualified workforce,** especially in "renewable energy" sector. Carrying out R&D activities.

This primary five target segments are then subdivided in sub-clusters specifying the audiences groups in further detail:

- **Institutions –** Regional Governments, Municipalities, Utilities (water, gas, energy companies), Chambers of Commerce, Professionals and Associations.

- **Residents –** Citizens, Residents Associations, Communities.

- **Local Public –** Potential dealers, retailers, suppliers, potential partners.

- **Foreign Business Communities –** Potential dealers, retailers, suppliers, potential partners.

- **Universities/Research Centres –** Local Universities, Laboratories and Research Centres, Innovation Relay Centres, Technical and Technological Institutes.

3.4 Positioning: present perception frame and target horizon

In a global marketplace of territories and regions (a "parity" one), the only real differentiating feature that a marketer can bring to the target audience is **what this audience believe about the concrete assets and liabilities that a region or territory possesses and their relationship with the perception that this same audience has of the dynamism of the specific territory.** This is fully applicable to audiences external as well as internal to the territory (e.g. visitors and citizens). Therefore, it becomes crucial the concept of "positioning" in the mind of the territorial "customers".

Positioning is something that happens in the minds of the target groups. It is **the aggregate perception the target has of a particular place or a territory in relation to its perceptions of the competitors in the same category.**

In marketing, positioning has come to mean **the process by which marketers work to create an image or identity in the minds of their target market for their products, brands, or organisations.**

Although there are different definitions of Positioning, probably the one which better synthesises the concept and its reality is:

A product's position is how potential buyers see the product, and is expressed relative to the position of competitors

The term was first published in 1969 by Al Ries and Jack Trout in the paper *Positioning is a game people play in today's me-too market place* in the publication *Industrial Marketing*.

The concept was then expanded to:

Positioning is an organised system for finding a window in the mind of the customer.

It is based on the concept that communication can only take place at the right time and under the right circumstances."

It is important to underline two aspects of positioning which account for **the flexibility of the concept and its ability to fit to different needs of the brand building process depending on the business/local environment context**:

- **Re-positioning** as involving the **change of the identity of a product (Territory/Region), relative to the identity of competing products, in the collective minds of the target market**.

- **De-positioning** as the attempt to induce a **change in the perception of the identity of competing products**, relative to the identity of ours **in the collective minds of the target market**.

In a Local/Territorial Marketing frame very often it is required to deal with **Re–positioning being De-positioning a consequent effect**. This is not a trivial matter at all, since places and regions (and also the Alpine Space, of course) fight daily with the need of building a strong image against increasingly aggressive global competitors meant here as foreign and external "Territorial Systems".

3.5 Realisation phase

The realisation phase has a considerable relevance in **translating strategic guidelines into tasks**, actions and initiatives more and more detailed and operative.

Of course, it's crucial to describe **the types of actions to be undertaken, the expected results, the targets, the actors responsible to get the project progressing**.

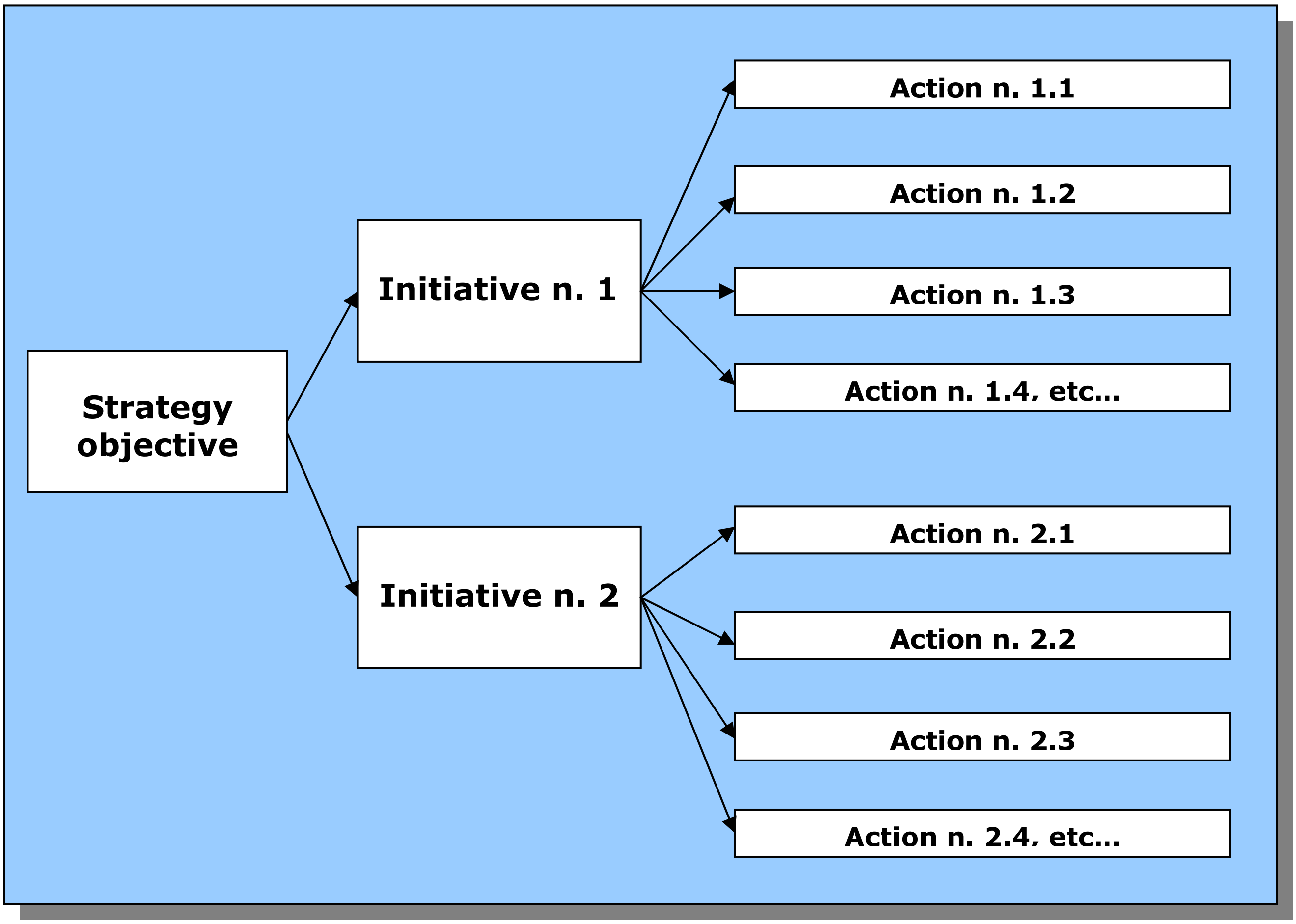
An ideal definition of the path leading from strategy to actions could be represented through what is commonly known as the "Specification tree". This is an essential exercise in order to define the interrelation between the different action to be chosen.

The aim of the "Specification tree" is to avoid to give way to actions which are not the result of a well thought process: too often even a sound strategy is converted into **sparse and sporadic actions chosen on the base of instinct or emotional preference rather than a rational approach** – it is not the leaflet or the video or the fair which makes an initiative successful **if these are not selected because their characteristics, costs, exposition to public, time of realisation, ability to address specific needs of a target segment, coherence with the content to be conveyed etcetera**, are the most appropriate to the task. It can appear as pedantic to underline it but more often than expected significant amounts of money are wasted in actions and tools completely useless.

The effect of such an amateurish approach is aggravated by the subsequent effect of disillusion caused by the poor results and the little awareness built, **this resulting in the development of a wrong belief and lack of confidence towards marketing policies**: it is for certain that part of the very cautious attitude shown by some of the companies interviewed in WP5 are the results of such disillusionment and past negative experiences.

Here follows a very simple guiding-table showing how the process can be implemented and how the "Specification tree" can be of help through close analysis and brainstorming too. (see following page):

Table 13 – Specification tree



4. From Local Initiatives To a Comprehensive Marketing Umbrella

4. From Local Initiatives To a Comprehensive Marketing Umbrella

From the innovation and high-tech point of view, **the Alpine Space can be interpreted as an area characterised by the existence of an articulated system of organisational resources of pretty dynamic entrepreneurial spirit and decidedly promising in terms of territorial and local development.**

However, the way through which most of the economic/industrial growth and development takes place needs some re-thinking and adjusting primarily in terms of business models with special regards to "mature" segments such as wood or building construction industries not to mention some ICT sectors. In fact, **these are often weakly equipped to cope with the speeding up of market and technology changes which are at the base of the difficulties these same industries experienced in the recent past and are still in place.**

Rapid technology innovation forces competition models/dynamics and market channels to change and re-adapt continuously. In this frame, **the traditional way in which companies and sectors interact between them (based on a principle of spontaneous interconnections of the local actors), is not anymore sufficient to grant results and respond to market complexity.** In addition, this change makes access to those intangible resources needed to develop processes of innovation, more and more difficult to a number of enterprises – namely Small and Medium ones.

In fact, the Alpine Space region SME's on the one hand tend to adopt very different approaches (if not strategies) and on the other, **many are barely equipped to address the new needs:**

- Some implement **innovation without a clear understanding of the market dynamics**
- Many are "**micro-enterprises**"
- Many use most of their resources to finance debt for credit (thus **limiting the availability of resources to invest in innovation**)

- Co-operation and **relations with universities and research institutes are scarce**

- **Added value per employee tend to decrease in time** more often than expected

- Most of them **operate almost exclusively in a "domestic" (local) market**

- Some are experiencing **networking/clustering around some core technologies**

- Pretty **few are used to contacts** with potential investors

Considering the competitive frame in place today, SME's in particular have to face change in a fast and effective way. **This is crucial to grant the sustainability of living in the Alpine Space** as a sound and robust system of clusters of enterprises internationally competitive and strongly linked cross-border is able to **provide the necessary economic base to intervene in social and environmental terms and to work for the positioning of this "mega-region" as a land of wealthy balance**.

Traditional industrial districts are defined as groups of companies geographically located which share resources, know-how, commercial contacts through a network of direct and personal relations. **This applies especially to those hosting "historical" industries such as, once again, wood**. As relations are such, innovation takes place in this districts pretty slow thus enabling all members to implement change at an equal level thanks to time.

On the other way around, **high-tech district or a cluster of companies** willing to compete on the base of the introduction of innovation into the system at a dynamic pace **understands that the market and technology changes are so fast that spontaneous and independent interactions or integration between companies are not adequate to ensure to enterprises the right speed of response to market evolution.**

With respect to this, these conditions require a **re-thinking of the role of the key local stakeholders which should stimulate new interactions and new ways of building them as well as filter and manage trends to the enterprises benefit.** This particularly applies to NEnA partner organisations that in their specific local role should be able to design and implement these specific policies or push towards other local subjects in their right to do so, **otherwise risking to play an ancillary role pretty much useless in terms of ability to induce substantial processes of sustainable development.**

Universities, research institutes, associations should be involved as they can play a significant role under an agreed common direction aimed at co-ordinating efforts to stimulate, for instance, the co-operation between companies and universities or supporting the research sector to focus their effort to those areas of immediate and more reliable commercial application or by helping SME's to improve their integration and networking on a cross-border and inter-regional base.

On the base of this, it is possible to define some lines of action characterised by a systemic approach to the crucial issues (finance, management, research etc...) **so to obtain efficiency and effectiveness rates superior to those which a single cluster or district can achieve if left alone to cope with a competitive frame of international standing and size**.

4.1 Tools and means to act effectively

In order to implement an effective action, these are the key actions which each NEnA partner should implement as its own when acting on a local strategy level:

1. Get to **perfectly know the industry segments dynamics** and local SME's at regional level by operating in-depth analysis and research

2. Identify and select groups of **companies particularly innovative and high-tech driven**

3. Create a **co-ordinated programme of acceleration actions** to favour districts and clusters groups of selected enterprises

4. **Extend the local network of regional stakeholders** and enhance local co-operation between institutions

5. Establish and **boost functional and scientific co-operation with local universities,** post-graduation educational bodies, top-end research and science organisations

The knowledge of the local entrepreneurial system and its real needs is key to the design and engineering of support initiatives able to ensure results beneficial to the local SME's and sustainable for them and the local socio-economic environment as well.

This means to get to a superior knowledge and understanding of the market demand either explicit as well as implicit and the ability of the territory to provide through its SME's innovative technological answers.

4.1.a Entrust a focussed-scope body

It is here suggested that the action of the local partner takes place through the form of **an organisation to be specifically founded to carry out the task of reinforcing the innovation rate in the region's SME's**.

This proposal is based on some cases of best practises and **successful models of clusters acceleration** implemented in some of the most advanced regions of Europe.
This task-specific body (a so-called "district agency") will act through:

- Design, planning and operation of **financial tools for supporting enterprises acceleration**
- Know-how and **technology transfer to enterprises**
- **Technology exchange and integration** between Alpine partner clusters/ districts
- **Monitoring of results of technical and financial actions** to selected enterprises and clusters

The **monitoring action is critical to the success of the entire project.** Besides the check of the benefits of the actions thus enabling the evaluation of the progresses of the project, **the monitoring action allows the redefinition of the map of competencies and needs of the clusters-companies-market as they will change over time as the consequence of the marketing strategy action.**

The cross-matching of the data obtained from the analysis of the evolution of the available know-how's and the response of the market in terms of the demand modulation will constitute **the base for the further enhancement and improvement of the project.**

The availability of in-progress checks and monitoring and **the circulation of the related results in the local community of stakeholders will also facilitate the birth of a circular system of relations between the institutional organisations and actors** (universities, entrepreneurial organisations, industry associations, local bodies...) **with respect to whom the "district agency" will act as a co-ordination organ.**

4.2 Marketing guidelines per sector

By definition, a guideline is any document that aims to **streamline particular processes according to a set routine.** Following a guideline is never mandatory (*"protocol"* would be a more precise term for a mandatory procedure).

Guidelines are an essential part of the **extended process of *Governance*.**

They may be issued by and used by any organisation (governmental or private) **to make the actions** of its employees or divisions **more predictable, and presumably to achieve a higher quality performance.**

Coming closer to a marketing perspective, we can look at the guidelines as a set of recommendations, available for development by all the project partners and **suitable of being personalised to fit the needs of a specific market inside the "core sectors".**

Therefore, the guidelines are built on those topics specific to each sector which are relevant to marketing purposes and then defined in their essential assets and values for the local action to get inspiration and reference from.

Once again it is fundamental to recall the importance of market analysis, focussing not only on the elements surveyed by WP5, but also promoting more specific and targeted research.

A quotation from the WP5 documents helps to understand as the first market to be analysed (Renewable Energy) responds to two sources of demand:

> *"The customers depend very much on the production of the companies. A consultant or a planner has totally different clients than a manufacturer or a supplier.*
> *Generally speaking, the sector "Renewable Energies" has a balanced quotation between **public**, **private** and **governmental** customers; (...) customers look for innovative products with good quality (...); price is relevant but (...) a prompt supply and (aftercare) is important for customers (as well)."*

4.2.a Marketing guidelines - "Renewable Energy"

- **Sustainability** – There are many kinds of energy, but only renewable energy has a stake in shaping the idea of sustainability. Stressing the concept is highly recommended in particular towards the private customers and public bodies. Renewable energy takes advantage of a very positive perception among markets and individuals, therefore it is fundamental to insist to stress this point in order to outline and strengthen enterprise positioning.

- **High Quality and Innovation** – As reported in WP5 document, customers expect innovative products with good quality. These expectations find in the renewable energy sector a natural response, due to the fact that enterprises operating in this market are all about innovation and high – quality products (they ought to be!). It has to be stressed that this usually applies to both public and private market.

- **Variety of choice** – A powerful asset is represented by the variety of energy sources that are included in the definition of renewable energy. For instance, the WP5 document identifies seven categories (hydro – power, biomass energy, solarthermic, photovoltaic, geothermic, wind power, heat pump). This element is particularly important to be taken into consideration thinking about a marketing campaign towards private customers.

- **Support** – Renewable Energy is not a field like others. In some cases especially when products and services are low-profile and mass-consumed not much effort is spent in outlining the importance of support and aftercare. The story is different in the field of energy; private customers have to deal with non-traditional types of energy and devices, therefore it's necessary that every service sold benefits from strong and reliable support system in order to make the experience of customers easy and worry–free. All of this is even more important in the case of public bodies and governmental institutions; they have to be assured that using renewable energy is not only desirable but also convenient and trustworthy.

- **Certification – "***More than 50 % of the companies are member of a label or certification. These companies declared that being a member of a label is very useful in dealing with customers and that customers do want these labels."* This is another fundamental asset in dealing with the customers in order to gain a competitive advantage: being member of a label or possessing a certification (quality, efficiency, and so on...) constitute a fil–rouge between market and enterprise. A fil–rouge based on loyalty, trust and a proved competence and reliability in the sector.

- **Location** – Most of the enterprises interviewed for WP5 research have a regional or local dimension. From a regional point of view, being known as a part of local renewable energy sector could result in a capital of trust from regional customers; **being part of a territory and being already known is a competitive advantage to be used for maintaining market shares and defending a position acquired. From an international perspective, instead, it can be stressed the image of an enterprise based locally but able (due to its skills and competences) to be a player also inside global markets.** The result of such a strategy points to strengthen the basis for the company to compete on innovation and to expand its perspectives outside regional boundaries.

4.2.b Marketing guidelines - "Wood"

- **Relationship with renewable energy –** An important part of WP5 document says: *"It is clearly visible, that the produced amount of renewable energy is increasing in the last years. Strongly correlated to this, the production and bringing of wood in the field of renewable energy is also increasing."* The link between the wood sector and renewable energy is strong as it has also been confirmed by analysis and it is advisable to invest on it for marketing purposes.

- **Relationship with eco–efficient building –** It is true that there is a relationship between wood sector and renewable energy, but it is also true that a relationship of the same kind exists with eco–efficient building. This could represent a big opportunity for enterprises to penetrate in new markets and to differentiate their offer and supply. Moreover, it is important to consider that efficient building is a field that requires a certain amount of innovation, therefore enterprises should evaluate the possibility to invest in R & D.

- **Defending a mature market –** Wood sector is a mature market, deeply rooted in the Alpine Space. On the one hand this means that it is necessary to defend it, but on the other it is also fundamental to be open to innovation and cross–sector activities. In this perspective, the hybridising process with efficient building it's useful to stimulate competitiveness on the global market. Another quotation from WP5 document explains the concept: *"A big potential is not only seen in the producing sector, but also in increments of houses, energy-saving modernisation and also in social aspects concerning children, handicapped people, or old people connected with the natural material wood."*

4.3 The Alpine Space as a common and shared vision

Even though every market is different and requires different approaches, it's absolutely necessary to connect the marketing guidelines mentioned above to an overall common and shared vision.

The reason is simple **presenting your enterprises/clusters as a part of a consistent vision multiplies the opportunities to be visible and recognised,** enhancing the value of the territory and interrelating the powerful image of Alps with that of the region/community.

At this stage, it must to be stressed and recalled again that **every sector find its place in a context of specialisation inside a common space of integration, the concepts of integration and specialisation being the core of the vision of the Alpine Space as NenA interprets it.**

What are the values that Alpine Space as a common space should possess? The Alpine Space identity core has been defined as follows:

Table 14 – The core of the brand identity

Alpine Space	
Quality of living	Dynamic economy
Cultural heritage	Strategic location
Sustainability	Innovative Environment

In order to better explain the items listed above, it would be useful to add some comments about each of them:

- **Quality of living –** It is no wonder that the Alpine Space is largely seen across Europe as one of the best places in terms of life quality. **This powerful image perceived by the audience has to be recalled and implemented in every marketing campaign**.

- **Cultural heritage –** Cultural heritage is one of the strongest asset of the Alps, as this region has been the theatre of many major historical events since the ancient times. People and countries in **the Alps have developed communities, social and cultural systems and have contributed significantly to the enrichment of the European context.**

- **Sustainability –** Regions and countries of the Alpine Space have experienced a long tradition in dealing with environmental issues before other nations in Europe. As recalled by WP5 document Austria, Switzerland and Germany have developed upfront strategies in favour of a sustainable growth, especially in the fields of building and energy production / consumption. **Sustainability represents a strong point and it should be a fundamental feature of the Alpine Space vision** (because of its importance this concept is dealt with in the Conclusion chapter of this document too)

- **Dynamic economy –** If the Alpine Space is deemed as a space of good living**, it should also be considered that the region is home to some of the most dynamic regions and cities in Europe** – its GDP accounts for a significant part of the overall's in Europe. Just to name a few: South Germany (Bayern and Muenchen), Eastern France (Lyon and the Rhone – Alps), Northern Italy (Torino and Piemonte, Milano and Lombardia). These economies are in a close relationship with the heart of the Alps.

- **Strategic location –** The Alpine Space is located right in the heart of Europe. Despite the geographical conformation, the Alpine Space is connected with the main European routes and it is easily accessible via automobile, train or airplane. Its major value is that of an ideal place where the confluence of the factors described up to now creates a unique and distinct environment for the growth of ideas, innovation and creation supported by a well-balanced and efficient quality of living.

- **Innovative environment –** A vision for the Alpine Space must stress the concept and the message of an ideal environment for the location, development and attraction of innovative enterprises, business and initiatives. Several are proving that starting with the number of highly innovative ventures in any field that are hosted in the cradle of the Alpine Space.

4.4 Alpine Space from a marketing perspective, the brand identity

As per the observations detailed in the previous chapters and paragraphs and from an even deeper marketing point of view it becomes clear that **the most correct approach to the development of local marketing and communication activities is to relate to the Alpine Space as a true brand** – even more, the Alpine Space is a brand in its full right. According to the American Marketing Association, a brand is a name, term, design, symbol, or other feature that distinguishes products and services from competitive offerings.

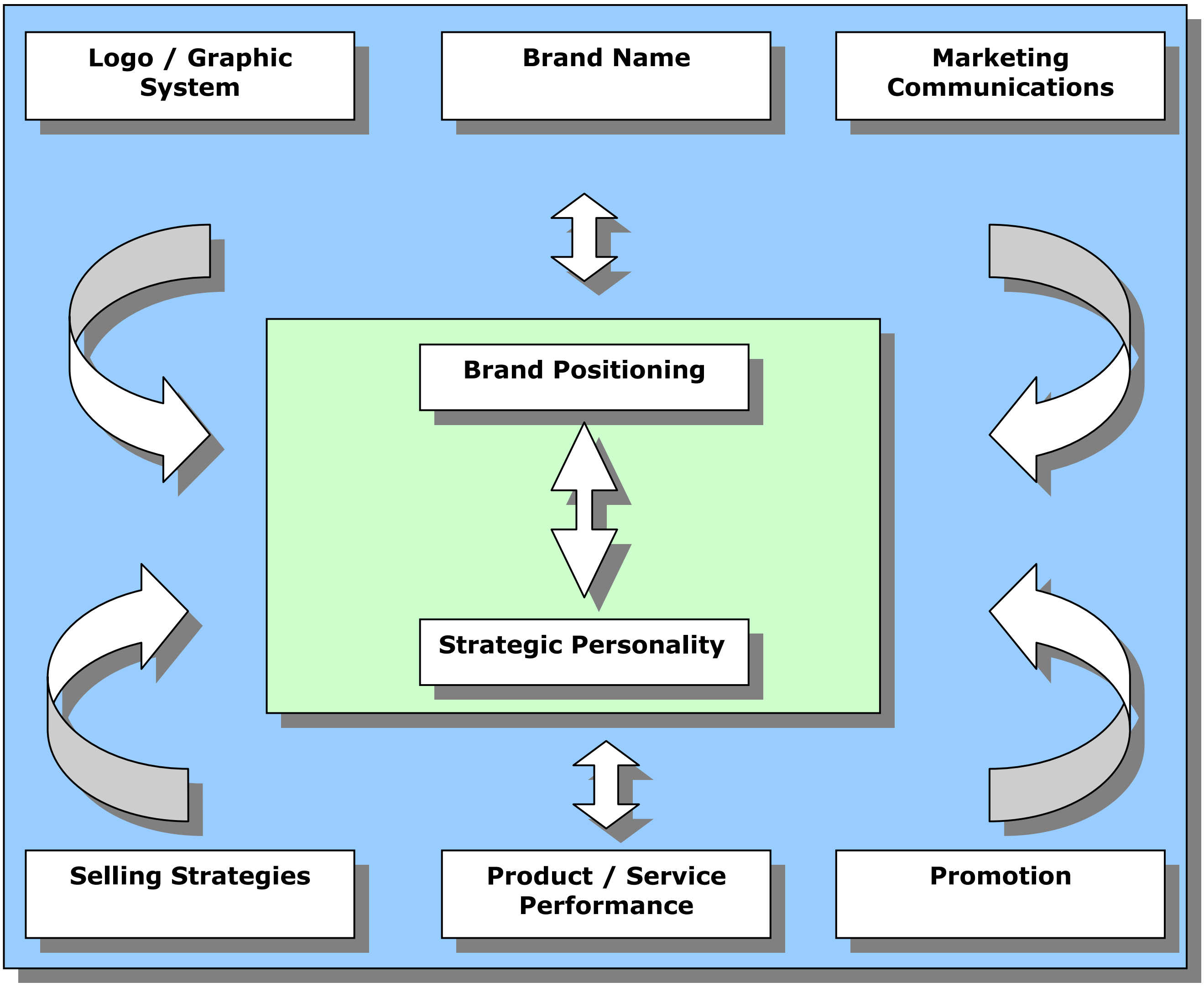
In this sense the "brand" **Alpine Space is a complex platform of meanings, not simply related with an economic purpose** (see sustainability, communities, locations, heritage etcetera). This makes crucial to see the Alpine Space through the two variables that define a brand's identity, the brand positioning and the brand strategic personality:

- **Brand positioning –** Brand positioning is to be meant as the result of the "core identity" of a brand and the way the others look at it. A brand is positioned by consumers in their own mind, based on perceptions of the brand, including how it performs compared to other brands and other purchase alternatives that compete for their affections.

- **Strategic personality –** It is the set of external qualities of each brand, its public face, which is a direct extension of its positioning. The strategic personality is the brand brought to life, its way of relating to current and future customers, providing the attractiveness and emotional linkage that cements relationships with them.

The brand positioning and the strategic personality constitutes the brand essence on which are based - and to which are related - a number of specific activities and additional elements, **such as a logo or a graphic system, a brand name, a communication campaign, a promotion, a selling strategy and (last but not least) a product / service performance**.

Table 15 – The core of brand identity



Sal Randazzo[1], a marketing researcher, points out that a brand sometimes even has a "soul", defined by Randazzo as *"its spiritual centre, the core value(s) that defines the brand and permeates all other aspects of the brand."* Closely related to the brand soul concept is the idea of a brand's "essence", meaning the central nature of what it represents to all those who come in contact with it. **The essence of a brand is the core of its identity.**

[1] Randazzo, Sal. *Mythmaking on Madison Avenue: How Advertisers Apply the Power of Myth and Symbolism to Create Leadership Brands*. Chicago, Probus, 1993.

The ability to use the Alpine Space as a brand name is crucial also considering the value of this region from the point of view of the "customer" either internal or external:

- The impact of the place of origin of a product, service, solution, proposal of whatever type varies significantly with respect to the offer itself – **associating the Alpine Space to Innovation and high-tech is not that trivial**.

- In highly industrialised areas as the Alpine Space, **citizens tend to rate their domestic products highly whereas foreign markets of less developed countries tend to rate more products from outside.**

- The reputation of a place of origin stems not only from the production characteristics **but also form history and behaviours associated to that specific area** – business and production are closely related – in perceptive terms - to the commonly understood culture of the place.

- The more favourable are the factors laying at the base of the image of a region so to make it credible and relevant to the "customer" demand, **the more these factors should be invested on in terms of marketing concepts and communication elements – make them highly visible in the communication and action.**

- Attitudes towards place of origin can change in time if this are not consistently approached

The brand essence of the Alpine Space is determined by the values summarised in table 15: these are the concepts which will have to be implemented in any communication or action taken at local level by the NEnA partners.

Some of those values are deep – rooted inside the mind of the audience, and belong to the general image of the Alpine environment; some others values are to be associated to the former ones through the marketing strategy: **the goal is to perform a better positioning of Alpine Space and to enrich the brand essence with values related to economic and social development.**

The empowerment of a brand identity is essential as this is closely related to loyalty enforcing: **every brand creates trust in the audience because it reminds them the experience with the product or service they have had[2].**

- A strong brand identity fears less low–costs or low–profile based brands inside a competitive arena. **At a minimum, a strengthened identity offers a brand more options against an hypothetic cost disadvantage**.

- **A strong brand offers a privileged position not only in relation to the external public - the "customers -, but also in relation with the internal public - the community,** being it the economic, productive, associative, social or cultural one - (which, in the end are the ones who manage the relationship with the "external" public).

- In times of recession, a well–positioned brand offers a shield against market variations. **Premium regions do experience hard times just like other regions but they survive in better shape.**

- Speaking of trust, **a brand with a reinforced identity gives its publics (internal + external) something substantial to believe in,** even in times when trust is exposed to cyclical shifts. This lays at the base of the "governance" of local processes.

[2] Here comes a very important issue: the experience must have been positive, but it can only be positive if the "product" is worth for. This brings to remind that every marketing campaign should be based on real facts: marketing is a discipline aimed to underline and emphasize the benefits of a good, but these benefits must be real and concrete, it's no telling fairytales.

- A crucial point is that a **strong territorial brand identity offers the opportunity to emerge among other regions**: just consider how important is for a territory to gain a competitive advantage against other European locations.

- Finally, the importance of a regional brand has to be looked at also from a psychological point of view: **a strong territory brings "peace of mind" to its publics and its stakeholders by ensuring a powerful capital of trust and loyalty among them**.

4.5 Some suggestions for execution

Here follow some additional hints about action execution and its relation with the territorial brand identity as per the previous chapter.

- **Evaluating the brand reality –** Implementing a brand identity strategy means to analyze the perceptions, the values, the associations that constitutes the territorial brand. This helps to understand what are the differences and similarities against other territories (either successful or not)

- **Individualising the audience –** The audience is not simply a "target" as it is composed by individuals who deserve to be understood and listened to. The process of "individualising" means to profile the individuals of the audiences and to understand what those individuals think about the "brand".

- **Prompting a power position –** A power positioning is the result of the connection established between the values possessed by the place and what the individuals think of it.

- **Humanising the identity of the territory –** As previously said, the brand identity is the union of the brand essence with the brand strategic personality. When the strategic personality and positioning have been successfully blended, the result is a brand essence which has an impact on the audience.

- **Managing identity –** A territorial brand is only as effective as the success it has in communicating its identity in the real world and in the real global marketplace of regions. In this case a "brand contact analysis" will help to deal with the real perceptions of brand.

5. Conclusions

5. CONCLUSIONS

5.1 The importance of being credible, marketing based on real facts

What marketing specialists do is not manipulating people's minds with the aim to sell goods and services which are useless, unwanted and not worthy: in a marketing environment getting more and more complex and sophisticated year after year, **marketers work is to position goods and services on the base of real facts and features**.

In the market of goods, it is always possible to modify or change the good which it's not performing properly in terms of sales or it's not matching the expectations of the customers.

On the contrary, when it comes to territorial marketing, our "product" (a land, a territory or a region) is not a common good or a commercial offer and it cannot simply be replaced, substituted, re-designed or modified at once.

Therefore, the aim of a marketing strategy for a territory is that of **designing and implementing actions "abilitating" factors of change in the perspective of building a process of self-adaptation to the global context**. This brings with it a paradox: **the needs of a territory (local system, community etcetera..) are for the present life whilst the perspective of change is inevitably extended over time.**

Thus, the exercise is to create a balance between the present needs and the equipping of the community for the challenges to come. This is why only if based on real facts a strategy for a territory, a community, a business sector located in a specific area can achieve its goals. **Real facts are the base of common perceptions and are the only means available to build credibility and trust:** once spoiled by hyperbolism or out-of-context content the image of a place cannot be repaired.

The following pages presents some final reflections and suggestions on how to deal correctly with these matters.

Monitoring Change

It has to be put very clear that implementing a marketing strategy is a long-term process. Favouring the creation of a new more competitive business environment means **to assume change as the only dictating perspective and resistance to change is the most natural reacting behaviour that any organisation, group of people o communities takes when facing it.**

Long-term means that **change cannot be limited to formal procedures but has to put roots in the community/organisation of reference. So, change is first of all a "cultural" fact**. **And building cultural change means to work on a long-term effort of consistency**. This applies also to awareness building which is at the base for the development and then definitive assumption of a new "positioning" of the Alpine Space.

In other terms, this means that for the regions involved in this project it is vital to anticipate the main trends and development which are likely to influence the position of their territories and socio-economic communities during the years to come. **In particular, internal change (that which we are striving to introduce) has to be monitored against external change (that of the surrounding context).** In this view there some external trends which is advisable to keep under observation the most:

- Rules and aims of EU funding are changing significantly: **regions will have to rely more and more on their own capabilities to generate a dynamic local climate**

- Again with reference to EU Funding, by lifting the horizon to more strategic projects of much bigger size the EU Commission makes many less resources available for small-size activities and merely functional actions – **strategic projects win against assistential/operational approaches. This means that different and more innovative approaches will have to be implemented at local level.** The "last mile" of local development will definitively become responsibility and charge of the local community.

- Especially when referring to innovation and technology developments on a global scale (competition from emerging economies) will more and more affect the ability of the Alpine Space to remain competitive**: the awareness of the impact of globalisation on its future is still too little appreciated at local level**

- The perception of environmental issues is becoming more and more global**. These issues will play more and more a role in building (but also destroying) territorial reputation and competitive advantage.** As the Alpine Space possesses an ideal position with regards to this and more competition is expected in the time to come, **it is advisable for the regional players to spend any effort to keep this advantage at the top**. In marketing terms any position lost will never be re-conquered.

Sustainability, the unifying concept for the Alpine Space

In conclusion to our document it seems convenient to remind briefly what has been said in the previous chapters about the importance of finding a unique unifying concept for the Alpine Space.

Even though the assets of Alpine Space regions are many, so as the points of strength, the message sent to the audience must be simple and clear and **it should be shaped around the pivot–concept of sustainability**.

Sustainability is a strong concept that better than others synthesises the core essence of the Alpine Space and it also constitute a base for the partners on which to build their own local "version" of sustainability and what is their way to it (and on which assets they rely).

In Alpine Space terms, "Sustainability" means:

- Development tuned with quality of life;
- Innovation and research as a different entrepreneurial way to wealth;
- Pointing at business models (industries organisation) putting human being at their centre;
- Innovation and research in fields related to impacts optimisation and "saving" practises;
- Creating conditions for a balanced growth (not anymore that of unlimited exploitation);
- Aiming at products and results of processes which allow improvement of life;

- To concentrate on European Commission policies for the next programming period (2007-2013).

All these elements contribute to define a single word which Alpine Space can be represented by:

Alpine Space – ness

This word stands for "the essence of Alpine Space" and must be the first thing that comes in the audience's mind when referring to the Alps.

NEnA and the Lisbon Strategy

In the end, a last issue seems to be important to consider: the coherence between the NEnA project and the Lisbon Strategy (or Lisbon Agenda).
Just as a reminder, the Lisbon Strategy also known as the Lisbon Agenda or Lisbon Process, is an action and development plan for the European Union that was set out by the European Council in Lisbon on March 2000.

The European Commission in February **2005 refocused the Lisbon Agenda on actions that promote growth and jobs in a manner that is fully consistent with the objective of sustainable development**. The Commission stated that "making growth and jobs the immediate target goes hand in hand with promoting social or environmental objectives."[3]

In its resolution on the mid-term review of the Lisbon strategy in March 2005**, the European Parliament expressed its belief that "sustainable growth and employment are Europe's most pressing goals and underpin social and environmental progress" and "that well-designed social and environmental policies are key elements in strengthening Europe's economic performance".**[4]

The Lisbon Strategy is based on three main factors of evolution and change in the frame of an higher competitive asset of the Community:

- **Innovation as the motor for economic change**
- **The "learning and knowledge economy"**
- **Social and environmental renewal**

The marketing strategy presented in this documents fully complies with the features of the Lisbon Agenda and expressly recommends to connect the

[3] http://eur-lex.europa.eu/LexUriServ/site/en/com/2005/com2005_0024en01.pdf
[4] http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P6-TA-2005-0069+0+DOC+PDF+V0//EN

positioning of the Alpine Space with the concept of innovation, economic development and sustainability.

It is then up to the regions, public and private bodies, institutions and local authorities to get the most out of the marketing suggestions presented in this document, **in order to activate processes of sustainable improvement of the development in their territories and in perspective of growing integration throughout the Alpine Space.**

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