THE BRANDING SUCCESS OF PRIVATE LABEL IN THE FOOD RETAIL MARKET: AN INTERPRETATIVE MODEL

Supervisor: Prof.ssa Paola Bertola

Thesis by:

Mirta Antonini. 835751

Academic Year 2017/2018
## INDEX

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index</td>
<td></td>
</tr>
<tr>
<td>Acknowledgment</td>
<td>4</td>
</tr>
<tr>
<td><strong>Chapter 1: ASSESSING THE LANDSCAPE: GENEAL OVERVIEW OF THE BRANDING AND THE FOOD RETAIL INDUSTRY</strong></td>
<td>5</td>
</tr>
<tr>
<td>1.1 Definition of Brand</td>
<td>5</td>
</tr>
<tr>
<td>1.2 The importance of branding for companies and the impact on strategy</td>
<td>11</td>
</tr>
<tr>
<td>1.3 Product Brand and Service Brand</td>
<td>20</td>
</tr>
<tr>
<td>1.4 Featured of the food retail market and its evolution</td>
<td>21</td>
</tr>
<tr>
<td>1.5 The food retail consumer and the importance of the brand</td>
<td>28</td>
</tr>
</tbody>
</table>

Introduction .................................................................................................................. 33
  2.1 The evolution of Branding in the last 15 years...................................................... 35
  2.2 The development of Private Label.......................................................................... 39
  2.3 The Private Label consumer .................................................................................. 43
  2.4 The manufacturer of Private Label ........................................................................ 46
  2.5 The new Branding Business Strategies .................................................................. 47
  2.6 Toward an Editorial Brand Approach ..................................................................... 54

Chapter 3: THE SUCCESS OF THE PRIVATE LABELS AND CASE STUDIES

  3.1 The history of Eataly and its strengths ................................................................. 57
  3.2 Eataly marketing Strategy in Brief........................................................................ 61
  3.3 Direct control of the production chain and geographical and temporal proximity ... 67
  3.4 The originality of Eataly ....................................................................................... 69
  3.5 Alce Nero case study ............................................................................................. 76
  3.6 “Il Viaggiatore Goloso” becoming a brand............................................................ 80
  3.7 Eataly strategic partnership .................................................................................... 83
  3.8 Eataly today ........................................................................................................... 90
  3.9 Future Projects for Eataly ...................................................................................... 94
  3.10 Conclusions ......................................................................................................... 97

Chapter 4: AN INTERPRETATIVE MODEL, ITS APPLICATION FOR THE CASE STUDIED

........................................................................................................................................ 100
ACKNOWLEDGMENT

I would like as first thank you the Professor Bertola, for her guidance. She allowed me to present this work today being supportive and human – especially in these last months.

I am very grateful to the people who supported me to reach this big objective within the course of the years.

I would like to deeply thank my family, that enable me to attend this academic journey at Politecnico di Milano and that have always supported me during these years of studies and these months of hard work for this thesis.
I would like to dedicate this achievement and the others that will come, to my mum, Beatrice, inexhaustible source of energy and motivation, to my dad, Giacomo, point of reference for internal balance and wisdom, and to my brothers, Damiano and Uberto, pillars for my life and men of great intelligence and heart.

In particular, I would like to dedicate these pages to Sal, my lighthouse and partner, without whom at my side anything would not have been possible.
To Francesca, Aliai and Valentina, Friends and sisters, constantly by my side from more than twenty years.
To Federica, Alessandra A. and Chiara, inspiring Women and added value to my life.
To Alessandra B., source of goodness and kindness.
To “L’isola che non c’è”, that helps me always to find myself.
To Anto and Alan, my guardian angels.

Finally, to Sarona & Le Pannocchione, Matteo, Giammarco and Salvo, Anteo, Francesco and Marco P., Diletta and Matteo, Rohan, and all the others, mates and friends, that helped me to see the lights in the shadows, with which I spent the most amazing experiences during these years and continue to believe in me.
Chapter 1
ASSESSING THE LANDSCAPE:
GENEAL OVERVIEW OF
THE BRANDING AND
THE FOOD RETAIL INDUSTRY

The aim of this first chapter is to introduce the branding in the food retail market. Starting with some of the several definition given to the brand, this chapter offers an overall overview of its evolution in terms of meanings and roles and, moreover, presents some of these interesting points of view.
The second paragraph in fact goes in detail on how the brand impacts on companies’ strategy and why it is so relevant and important for them. In this paragraph the reader can find sifts concerns the brand equity, brand positioning and brand architecture. Moreover, other sections briefly present the brands as competitive advantage and show why the brand culture is so powerful nowadays.

The introductory overview of the brand continue in the third paragraph, in which product and service brand are defined. The chapter continues facing the food retail market, its evolution and how the brand is changing is meaning inside this dynamic sector.

1.1 Definition of brand

Starting with the definition of brand given by Kotler, who define the brand as:

"Name, term, sign, symbol or design, or a combination of these to identify the goods or services (product brand) of a company or the company itself (corporate brand) and differentiate them from the competition."

Nowadays the brand has acquired a multidimensional meaning that takes into consideration not only the aspects relative to the product or service itself, but also includes enterprise’s aspects. The overall concept is embodied in the so called Brand Identity.

A company or its product can be perceived as unique and so can be distinguished from competitors if first of all it is well define and it is unique in customer’s mind. This occurs when companies are able to transmit their value thought the brand equity, leveraging on communication and stimulating customer’s attention and memory.

Brand is an essential tool to research communicative goals relative both to the product brand, concerning the product or service itself, and to the corporate identity, enterprise point of view.

For achieving these goal it is necessary implement a well predefined strategy, planning step by step with the aim of creating an unique and recognizable brand.

Going back to the recent past, we can understand how much there was a growing interest around the concept of brand seeing in how many way it was defined.

In 1960, the American Marketing Association (AMA) defined brand as:

1 https://www.webhouseit.com/il-potere-del-brand-e-il-suo-significato/
“a name, a word, a sign, a symbol, a drawing or a combination thereof that identifies a product or service from a vendor and that differentiates it from that of competitor”. 

This definition can be considered quite actual due its focus on the distinctive functions of brand.

The brand can be summarized as a "Distinctive mark of the products or the services of the company" (arts. 2569-2574 C.C., R.D. 929/42). These two concepts, brand and logo, seem almost perfectly overlap.

The crucial definition of the AMA has endorsed also by Kotler and Aaker:

“the brand is a name or a distinctive symbol (for example a logo, a brand, a package) design that is used to identify the goods or services of one seller or group of sellers and to differentiate them from those of other competitors”

Other researchers have given the brand definitions less precise and richer, for De Chernatony and McDonald’s it is:

“a product, service, person or place, increased to such an extent that the buyer or user perceives unique and relevant elements of added value that meet their needs and that this value is sustainable in relation to competitors”.

Although particularly articulated, this definition does reveal new points of reflection, in addition to the identification character of the brand, since it is emphasized how this is addressed to specific individuals.

The elements that distinguish the brand are affected by the ways in which it is perceived the same: by the recipients of the message as well as by their issuing.

The brand logic, being key to the management of external communications, has become a central element for the company’s internal governance, therefore, an integral part of the various levels.

There is more and more departs from the brand vision as simple hallmark of the product labeling.

---

3 AAKER, D.A. (2002), Brand Equity. La gestione del valore della marca, Franco Angeli, Milano, p.26
The advertiser Walter Landor defines the brand as:

“a promise: identification and authentication product or service,
announces a satisfaction and commitment to quality”.

The brand is a true guarantee that offers to consumers the branded products.
The Colin Bates, branding consultant, defines the brand not totally bound by the product labeling, as "a collection of perceptions in the mind of the consumer."
Bates strongly emphasizes the inviolability of the brand character, putting aside the essence of the brand that characterize the focus and concentrating on its recipient.

Even Kapferer, branding European researcher, not only considers the "brand as a trademark", but also he states that:

"it is the essence of the product, its meaning and its direction,
it defines its identity in time and space."

The brand is defined as the conceptual place where concentrates the past and future evolution inherent to the offer, to the company’s identity and to the consumer experience.
Zara, however, describes the brand as:

“a summary of resources with generative potential, capable of increasing the trust and knowledge that underpin the brand itself through the creation of value.
With specific reference to relations with consumers, this capacity is derived from the aggregation, around specific identifying marks, of a defined set of values and cognitive associations, expectations and perceptions, to which segments of demand triggered by the attribute value-utility that exceeds the technical and functional performance of the product identified by the brand itself and therefore results in a residual value for the enterprise."

This definition highlights the essential concept of brand value and shows how it is determined both by company and consumer.

Over the years there have been many brand definitions, each of which has emphasized its different facets.
None of the definitions given in the literature, however, can be defined as complete and exhaustive.

---

6 KAPFERER J. N. (1997), Strategic brand management, Kogan Page, Londra.
Perhaps this difficulty of formalizing the brand is the cause of the success of a definition, the outdated one of the American Marketing Association, that without presuming to capture the full complexity of the brand, regular describes the physical manifestation. In line with this definition, it is first useful "to locate brands" to understand its operation. The premise from which we must start is that the brand was born in the mind of the consumer. Based on this belief, and ‘possible to identify the brands in different categories’.

- Consumer products. This category includes products in the strict sense, in this context, the brand has an important significance.
  It is necessary just to think of the concept of brand product:

  “what distinguishes a branded product from non-branded products (unbranded) and gives it value is the overall perception developed by consumers about its characteristics, the name that identifies it and its significance, as well as company associated with that brand”.

- Business to business products.
  Within the industrial goods, the use of the brand is expanding rapidly and it is being recognized the important role in transactions between companies and between companies and consumers.
  This is a prevalent use of the corporate brand, which aims to bring out the b2b enterprise from the complex of all the competitors, making it an interlocutor and a reliable business partner.

- Services.
  These one represent one of the areas where the brand has had in recent times the maximum rate of growing use.
  The immateriality of the offer and the variability of the subjects involved in it, which were perhaps once a brake, are now finding their own brand in a unique "opportunity to synthesis": the case of Vodafone, for instance, identifies and makes recognizable characteristics of a whole range of services (plans, promotions) together with the parties that in various ways contribute to its delivery (website, committed ...).
  The use of the brand is also common way to identify individual special services (Vodafone Live). It should be highlighted that, beyond the last decade, this category is growing for many years with the presence in several market of strong and well-known brand (remember American Express, British Airways).

\footnote{ACHENBAUM A. A. (1993), “The Mismanagement of Brand equity”, paper presentato all’ARF Fifth Annual Advertising and Promotion Workshop, 1 febbraio}
• Retailers and distributors.
Also in the distribution channel the presence of the brand is growing. Think of the commercial brands (private labels), that more and more distributors take (in Italy, for example, Pam and Esselunga) or the evolution of the same signs, increasingly positioned and equipped with its own image.

• Products and services online.
The role of the brand in this field is essential, constituting a reference and a common interface for subjects that are often geographically dispersed.
Google and E-Bay are both examples of pure online players companies and their brand quickly became synonymous of reliability and credibility;

• Individuals and organizations.
Also natural persons may be the brand. Just think of celebrities, politicians or other public figures involved in obtaining some consensus try to create an image reliably and in a few eye-catching way.

• Sports and entertainment.
Sports clubs give licensed its brand and try to make it prestigious, even with social and extracurricular activities beyond sports in general; sequel to the hit movies do on 'leverage appeal' the previous ones, whose names are affirmed as real brands (Matrix, Star Wars ...) and as such are valued by production houses.

• Geographical Locations.
In the collective imagination, some art cities are actually city brand, perceived in a precise and defined way in our minds; local governments can leverage their prestige aware using its name or even the logo.
An example is the appeal of Made in Italy all over the world.

• Ideas and causes.
In the humanitarian field and non-profits are often created real brand: Emergency or bodies such as Amnesty International have been able to benefit from each other, as well as the fight against AIDS has long been a symbol in red bow.

This discussion helps us to understand how the use of the brand has penetrated the markets, becoming part of the lives of individuals as well as consumers.
1.2 The importance of branding for companies and the impact on strategy

Branding is both the set of feelings and brand image activities raises customers’ eyes\(^\text{10}\).

Every consumer’s choice is dictated primarily by sensations received the views of the product, therefore, it is essential for a company make it immediately attractive and competitive thanks to a correct study of its brand image. Everyday actions are subconsciously influenced by branding and in particular, the purchase of certain products or services it is driven by his image.

Companies are aware of what this means for a massive and effective marketing campaign aimed to want to win over potential consumers. A consumer that is loyal and constantly stimulated, should feel satisfied after giving confidence to purchase a product, be it a good food, a safe and efficient car, a very good value for money for a restaurant, a pizza, a consultancy computer and so on.

The Brand Image is everything good there is in the name. A satisfied consumer hardly invests his money in something that does not know, so it is helpful that the company gives a vision of themselves perfect and effective, ready to solve problems that might arise with the customer. The modern era is made up of sensations, for many small things, but which are closely linked to stimuli.

This is why the brand image has become so important in sales. Decision-making power is given by psychological factors, ranging positively stimulated with targeted information techniques.

Another factor related to the brand image, it is the brand reputation and, in this context, the advent of the internet with its blog-portals-socials-forum, it has altered the way we communicate and share opinions.

Before continuing the flow of this paragraph, it is necessary to understand what there is behind one the aspects of the brand: the brand culture.

We always read that branding is a potent tool to establish competitive advantage. The brand culture concept can help to see why. Brand cultures are “sticky.” Once they have accepted them as conventional wisdom, people are usually reluctant to abandon the convention of the

\(^{10}\) http://www.ladict.com/articoli/brand-image/
brand culture, also if they have product experiences or encounter brand stories that profoundly contradict convention. People are usually happy to maintain the taken-for-granted understandings of the brand. In addition to the stickiness of the taken-for-granted, there are others two reason of its durability.

The first one is the cognitive misers. Nowadays, we are overlapped with information, far more than we can reasonably digest. This variety brings our mind into a process for simplify the world. That is why the brand culture is strong. Psychological researches have recognized that one for us one brand “works”, we are not interested in seeking out new information that would contradict this assumption. The heuristic provided by the brand works well, so we go on using it.

In terms of sociological stand point, brand cultures are shared by many people and expressed in a variety of contexts (talks, product experiences, advertisements,...). Brand cultures are maintained as the brand’s stories, images, and associations pulse through these networks. Hence, it is quite difficult for an individual to opt out of the conventional wisdom of a brand culture and assign the brand alternative meanings. Due to this networks effect, brand meaning maintain tenacious hold until a critical mass of customers and influencers joint together to transform conventions.

Making a step ahead, another type of brand but very linked with the one just described is the brand reputation, very important as well. It is necessary in fact that companies raise the level of their knowledge on the issue of concerning the brand reputation and it is equally necessary that those who performs as marketing consultant for the firm’s brand identity, always have a clear picture of what is said of the service or product.

Modern companies in order to reach an actual increase in their revenues, not only have to work on their brand but also nowadays they have to take into account the digital market. This new frontier of business offers the possibility of communicating the brand around the world and it would be a shame and a waste do not take advantage of this important communication tool.

In fact, companies must learn to communicate with their image also on-line, through targeted advertising campaigns and to take into strong consideration the new social technologies (social networks, blogs, forums, virtual communities, etc.). We have to notice that managing the brand at 360° it is important for both B2B companies and B2C ones.
Use a brand does not mean for companies to induce customers to irrational buying decisions. On the contrary, it is an effective and compelling way to communicate benefits and values that a product or service can offer.

Apply one of the brand strategies means to take something very common and improve it in order to increase and empower the value and the meaning of it. The established brands are used as benchmarks to guide the tide of information, as well as to guarantee to the numerous or to the potential buyers more benefits and advantages.

A brand is more than just a product, a name, a place, a symbol, a slogan, an advertisement, a theme song or a spokesperson or testimonial; these are just the brand material components, not the real brand itself.

The brand is divided into different aspects. A brand is a promise from the company, it is the ability of give a set of perceptions about a product, a service or the company itself. A brand is winning if it occupies a very specific place in the minds of customers, compared to experiences, associations of ideas and future expectations. It is mix of attributes, benefits, opinions and values that distinguish and simplify the decision-making process.

The brand's strategy should always start from the top of the company. Before continuing the argumentation, it is useful summarize the main steps for designing brand strategy which is key part of the overall marketing strategy.

1. Identify goals that branding can address

2. Mapping the existing brand culture

3. Analyzing competition and environment to identify brand opportunities
   a) Competitive benchmarking
   b) Environmental shifts

4. Design the strategy.

Building, defend, support and protect valuable brands is everyone's responsibility and involve not only the front-office parts of a firm, but also the management and every inner function of the organization\textsuperscript{11}.

Brands are bearers of an income in the long run: indeed, companies with a strong brand can reap benefits particularly relevant and accountable. A solid brand and the implicit promise of

quality can provide the company the power to impose on customers a superior product price and investors a higher price to the share issues. The brand can boost revenues and mitigate the impact of the cyclical downturn.

For instance, in the B2B market, companies can take advantages of their strong brand as a real guarantee, made concrete as more effective information, risk reduction and value addition / advantage of image\textsuperscript{12}.

According to the model of Customer-Based Brand Equity, the value of the brand is built by acting on the levers of the brand awareness, increasing the ability of the brand to be recognized and called to mind, and on the one of the brand image, creating strong associations, positive, unique.

Before introducing the brand building process, it is necessary present briefly what is the brand equity.

The brand equity is the set of assets and liabilities associated with a specific brand, such as the positive image of Coca-Cola in terms of a recreational beverage, or its negative image in terms of health and the consumption of sugar. Strategies would need to capitalize and leverage on the positive aspects of the brand and minimize liabilities.

This is possible through some strategies among which the one of association and differentiation. This strategy suggest to associate the brand with other ones that are successful or by differentiating it sufficiently to attract new customers. The differentiation strategy allows companies to position their products in a crowded market place.

One of the other interesting strategy is the one of the brand protection. It seems to be obvious but much time and effort should be dedicated to protecting the brand with copyright and trend marks. Google has alone 293 trademarks under its corporate umbrella. Here under are shown the word’s most powerful brand just for having an overall idea of how its is considered and accounted the brand nowadays\textsuperscript{13}.

\textsuperscript{12} Kotler P., Pfoertsch W., La gestione del brand nel B2B., Edizione italiana a cura di Walter Giorgio Scoot., 2008
\textsuperscript{13} Brand and Branding, T. Sammut-Bonicci, University of Malta, January 2015
The starting point of the brand building process is the definition of what the brand itself must represent and how it is positioned with respect to the competition. Positioning, in fact, defined by Kotler as:

"The act of defining the offer and the company's image, so that it occupies a precise position and recognized value in the target customer's mind."

The aim is to position the brand in the desired location in the minds of consumers, creating departing cognitive structures on which subsequent marketing strategies will leverage. A clear positioning is provided thanks to the precise identification of four entities, briefly described:

1. **Target:**
   It is essential to identify all actual and potential buyers who have interest, income and access to the product. This presupposes market segmentation, i.e., the identification of the more homogeneous groups of consumers with regard to its objectives. For a correct segmentation, it is essential to choose the best variables, classified into descriptive (pertaining to people) or behavioural (attitudes toward the brand or product). The second ones, the behavioural ones, are usually more effective because they have direct strategic implications: for example, you can infer the attributes of a certain product or brand on the basis of the benefits sought. After the

---

segmentation, the company will have to choose how many and which segments to serve. This will represent the target market.

2. **Main competitors:**
   The choice of the target market can not be seen as separated from the identification of competitors, both actual and potential, with which the company will have to compete. The presence and nature of these subjects will be studied with an accurate competitive analysis, from which the company may deduct the possibilities and areas in which to act profitably.

3. **Common elements with competitors brand:**
   These are the aspects shared with competitors, which will form the basis of the non-unique associations to the brand in consumers’ minds. The role of the point-of-parity (POP) is very important, so it can be a precondition for the success of a brand. In fact, the POP can serve to “fight back” competitors in the areas where these have advantages. Moreover, these common elements can constitute sometimes, in the case of POP related to the category, a necessary condition of legitimacy to become part of a competitive environment.

5. **Differences due to the competitive advantage of the brand:**
   In order to be successful brand, it is essential that some of his associations, as well as strong and positive, are unique. These, indeed, are usually the raison d’être of the brand.
   A company can differentiate itself in many ways, based on their attributes or benefits associated with the brand. The important thing is that its point-of-difference (POD) unequivocally demonstrate the brand’s superiority in their respective areas.

   All the positioning have to be synthesized to form the set of core values of the brand. The values can be seen as the traits that will also reassert itself in any brand extensions, such as placing constant references to the consumer, who will have on them invest in its relationship with the brand.
   Often, a brand mantra is a useful tool for these values to become the guidelines of all the branding company and business partners, and ensure consistency in all the choices and the actions.
   The positioning process will therefore ensure in advance that the brand is perceived clearly in consumers’ minds establishing associations want to lead and in the heart of the enterprise, with the full knowledge of the promise put in place by the brand.

   In the past, the most widely used brand strategy, had those of the brand Portfolio, which represents the set of brands managed by the company. This strategy relates to the composition of the brand mix, the interrelationships among them, the roles that each brand should play and the product categories on which it will be applied.
The strategic objectives pursued by this strategy are aimed at improving market coverage and resource allocation among the different brands, avoiding overlapping. For many years it has been overestimated the role of the extension of the brand portfolio strategies, in fact, companies today tend to focus investments on fewer brands to streamline the marketing resources, eliminating those branches of the brand portfolio hierarchy that overlap each other and/or exploit the company's resources without making significant returns on investment.

For this purpose we are now increasing the analysis of the brand architecture, which reorganizes and streamlines the brand system, determining the number, roles and mutual relations based on specific competitive needs of medium and long-term viability.

The drafting of an effective brand architecture gives several benefits, first of all in an economic perspective. This because it makes more efficient marketing resources, which are concentrated on selected brand, eliminates harmful or unnecessary internal overlays and indicates the potential synergies between the brand portfolio.

In addition, it provides also strategic advantages, as it optimizes the garrison of the total territory of the brand or group of brands, creating new resources to the strategic brands. This rationalization of the company's brand ranges helps to identify the brand stretching opportunities, form a possible derivation of new brands, sub-brands or endorsed brand, to an existing brand and the launch of new brands. Moreover, it makes clear the company's position and its offer.

The first step for designing the brand architecture is to identify the corporate brand positioning that defines a set of values associated with the brand in a credible way, distinctive and sustainable over time.

These values must be disclosed in the company's reference in a consistent manner at all times, starting from the meanings transmitted by the same attributes of the product to the elements of the brand identity and the institutional communication and marketing.

Within the portfolio, brands can possess partially different values between them, but all should be consistent with the company's positioning. The overall system of the individual brands must reproduces the corporate equity through a sum of different aspects, absolutely congruent, in specific placements, and of the fundamental values shared by all brands.

Different brands may have different types of relationships with the corporate brand, depending on the history of the company and individual brands, as well as the current dynamics and future of the markets. In literature are present numerous adaptations and

http://www.mymarketing.net/public/mymarketing/allegati_archivio/969_1_200506011230.pdf
variants and four main models of brand architecture can be identified. As the reader can find shown below, they are presented in order of increasing degree of differentiation and independence of the individual brands from the corporate brand.

1. The unitary brand model.

In this model, the company, either by choice or by organizational needs, comes up with the same brand name and therefore with the same set of values in all markets in which it operates, even when they belong in very diverse sectors. This type of strategy is possible in the presence of a high reputation and credibility of the main brands and a strong coherence of its values with all business activities and to all target groups. This strategy has the advantage of favoring the marketing policies supported by the agricultural diversification process, as the reputation of the corporate brand considerably limits the launch costs of new products. The main drawback lies in the limitation of the possibilities of differentiation and the risk of trivialization of the distinctive character of the brand: the over-extension of the corporate brand concept can in fact result in the weakening of those distinctive characteristics that consistency and credibility it had allowed the statement.

They adopted this strategy companies like IBM, General Electric, Shell, Virgin, Sony, Nike, Kodak, Star, Clinique. These companies, as it is possible to notice, clearly respect the features can allow this specific model.

2. The sub-brand model

The concept of this model is to associate to an existing brand or corporate level family, called master brand, a brand new lower level in the hierarchy, which identifies a specific product or product version developed ad hoc. The sub-brand creates a significantly different brand from the master brand, adding new tangible or intangible elements to the brand of origin, which, however, must have among its potential values that the sub-explicit brand. The sub-branding strategy has two major advantages: it draws on associations and consolidated attitudes, creating a strong link with the enterprise or the master brand and at the same time ensures a sufficient degree of freedom to create a distinctive positioning of the product. Therefore it is particularly suitable in the presence of a significant differentiation within the offer for content, for target-group, by distribution channel, etc.. and a high consistency of the company's proposal in relation to the type of goods and markets. They are cases of application of sub-branding strategy of the brand architecture of Nivea and Nestlé; in particular, Nestlé to strengthen the bond of sub-brands with the master brand has created some brands as a combination of a part of the corporate name with the product name (Nestea, Nescafe, etc.).

http://www.mymarketing.net/public/mymarketing/allegati_archivio/969_1_200506011230.pdf
3. The endorsed brand model.

This third model provides for the presence of independent brands, supported by a master brand who plays a less direct role than it holds in the case of the sub-brand strategy. Indeed, its contribution is important to the brand's support, especially being launched, but the reassurance function appears much milder. Although there are cases where the link to the endorsed brands with the master brand is quite strong (as, for example, to Nutella Ferrero), usually the master brand plays a secondary role: for example, as part of the portfolio Henkel-division detergents Henkel brand is present in packaging and other forms of communication of specific brands, but each brand (Persil, Pril, Perlana, etc.) enjoys strong and independent image from Henkel. The endorsed brand strategy has the advantage of being functional for the re-purchase of new brands. Moreover, this strategy allows a discretionary use of the corporate brand in relation to the profile and the strategic role of each individual market. As a cons, this strategy requires careful supervision of individual brands and more investments to support each brand.

4. The invisible corporate model

This model foresee a set of brands, each of which is closely related to one product and communicates a specific promise. Typical examples of this model can be found in the European market with reference to household detergents, mineral waters and products for oral hygiene. In Italy in the home care sector, we can find an example of this strategy: P&G, with brands such as Ariel, Dash, Ace, Mr. Clean, Viakal, Swiffer, etc.; Lever Faberge, with brands such as Quick, Coccolino, Biopresto, Lysoform, Cif and Vim; Reckitt Benckiser, with brands such as Ava, Lip Woolite, Napisan, Calfort, Sun, Finish, Glassex, etc.

The main advantages of this strategy include the ability to dominate market niches with a positioning based on specific functional benefits and to avoid the association to a brand that may convey values not compatible with the product in question.

In addition to that, with this strategy a company is able to highlight the existence of differential advantages of new products and to avoid or minimize channel conflict. Moreover, this strategy can be usefully used when the market is at the stage of maturity and the company, in order to increase its coverage, intends to target the same segment of consumers with different brands. This in order to satisfy the research of consumer varieties or when the entry into a new category of products is through acquisitions of brands or merger between companies.
1.3 Product brand and service brand

Today the brand or trade mark has, even more, a multidimensional sense considering not only the distinctive aspects but also the history, the experience gained by consumers and/or employees to the brand, the level of notoriety, the expectations of potential customers and/or employees.

As it is introduced in the previous paragraph, the brand is an essential tool to achieve communication objectives that the company wants to achieve both at the product level and at the service level.

Such communication objectives to be achieved require programmed action namely branding asset with which to promote the strengthening of the mark and its value: to reach a position on the reference market as a brand “unique” and easily recognizable and distinguishable compared to the competition (brand positioning).

The reasons why customers to attribute a certain value to a brand are as follows:

1. Reduce the risks;
2. Increase the expectation of quality;
3. Associate prestige and emotional needs.

The brand meaning, as we have seen so far, is complex and above all there are different notions. There are different examples of policies "branded":

1. Corporate Brand: such as Armani or Heineken are business names at the same time are the brands by virtue of the meaning that they collect perception in consumer;

2. Corporate Parent Brand: the corporate brand is associated with the names of individual products; Toyota Corolla, Sony PlayStation;

3. Distinct Product Brand: for example, Pringles chips are not advertised as Procter & Gamble; in this case we speak of strategy "house of brands";

4. Co-Brand: for example, Ferrari and Poltrona Frau, two Italian brands that carry out actions of co-branding in the fashion industry;

5. Ingredient Brand: we speak about this kind of brand when the company enters the name of an ingredient of the product within the product name.

All these different ways of doing branding offer different strategies for the marketing manager.
Among the available tools that a marketing manager can use to implement successful policies for the development of a brand, today becomes fundamental the use of social networks. These are powerful and communication tools created just to share with as many people, experiences, information exchange, discussions on specific topics or simply make new friends and expand their networks.

It is good to specify that the branding strategy can be used both at the product level, as we have just explained, we are at the service level. In fact, the branding strategy can also be used with the aim of helping companies to form an image of the service in consumers’ minds and to clarify the nature of the value proposition.

Today more and more it is also talk of service branding. In fact even the service companies can differentiate their products in a manner similar to the various "models" offered by manufacturing producers. The fast-food restaurants, for example, are described as one of the most manufacturing activities, since they generate a combined physical production to value-added services. In each store displaying a menu with their products, which of course are highly tangible. The burger fans know easily distinguish between Whopper and Whopper at Burger King and cheese between a Whopper and a Big Mac. The service is the rapid delivery of the product just prepared, the possibility (in some cases) to order and pick up a meal just cooked in a drive-in without having to get off the car, inside the restaurant on the availability of self-service machines for soft drinks, condiments, napkins and the chance to sit at a table to consume the ordination.¹⁹

Even providers of more intangible products services offer a product menus that represent a set of elements carefully designed and pre-defined, built around the core product, and can add some additional value-added services that give more to the branding power.

### 1.4 Featured of the food retail market and its evolution

In recent years the food, its themes and its characters, has increasingly permeated every aspect of the daily lives of consumers until arriving in contexts far removed from those related to food.

---

Today, in fact, the food is at the centre of our conversations up for all of us both offline and online. In addition, people are increasingly adopting new habits and consumption behaviours\(^{20}\).

The global financial crisis that began in 2007 has had a profound effect not only on the macro-economic environment, but also on the spending habits and people's consumption. One of the most obvious effects of the climate of insecurity and uncertainty about the future generated by the crisis is the steady decline in the index of consumer confidence, especially in the most advanced countries.

The interesting thing is that in "uncertainty" phases like these, where the socio-economic situations of higher level needs are frustrated, consumers tend to try to maximize the satisfaction of the lower order needs, just as the food. An attitude described by Alderfer psychologist who was confirmed by a 2010 entitled "Food Nielsen research, the social networks of the ages" which stressed the “When money is tight, food matter most.”.

So on one hand we are witnessing a regression to the basic needs, on the other they are reinterpreted as higher needs, acquiring new dimensions, values and meanings. This explains the ascent of a functional food value - tied precisely to its size of basic need - across all of the pyramid plans to become, as it is today, a need doubly linked to the need to belong to a community, expression of itself and self-realization.

The food becomes a mode of narrative and the construction of one’s personality. Explodes in a complexity articulated such as to allow to position between and with the other, as well as detected by Squared through the semiotic square of "foodies".

Brands and companies in the food world - from production to distribution - are now beginning to notice the change in center of gravity in consumer behavior. Lines are created for new products, new distribution formats, new modes of communication to take advantage of the market’s inertia that is all to their advantage.

The way forward is integration and hybridization of values and offer: followers of the food world.

By publishing this is a path already taken for some time, with mixed results. Just think of the glut on the shelves of securities linked to the world of cooking, from recipes to suit all tastes to the rock star biographies of gastronomes and chefs. But this liaison has come to also change the supply and retail formats. Just think at the same Mondadori Superstore that greeted us, where the top floor not only offers a full selection of themed publications but houses a kitchen for events and cooking classes.

Even the world of sports has come close to that of the food, integrating it within the concept of healthy living.

The world of food is not just changing, but has also developed a magnetic force capable of guiding other sectors. Figure out which way it will evolve becomes an agenda item not only of food companies.

Today, the food stole the scepter of power to fashion by becoming the creator of new imagination, wishes and needs for consumers.

Retail, starting in the ’50s, became rapidly, moving from traditional shops to supermarkets and the first shopping centers; with the ’60s, those of the economic boom, television advertising and a greater propensity to spend, even for genres not necessities, they have fueled the retail and laid the groundwork for mass distribution - without eliminating smaller stores scattered throughout the territory, both in urban areas than in small towns.

From the food industry to step 80-90 was marked by fast food, both as a retail format that has emerged globally, both from the production point of view with the creation of large international groups of fast moving.

In the mid-90s, the advent of the Internet has begun to affect this sector, with the appearance of the first sites dedicated to the comparison of prices and of what will become the best example of e-commerce on a large scale: Amazon.

The two thousand year to date are those of "branded food”. With this term we use to refer as food industries brands and distribution become as a fashion brand. It is enriched with meaning, values, stories. The chefs are the new designers with an identity so strong that the large consumer brands try to bind to them. Think of examples like the collaboration with Carlo Cracco with San Carlo and we can see the same mechanisms on the other side, for example, with Alexander Wang for H&M. At the bottom in both cases we can find the communication that the product subjected to the reworking of the prestigious brand.

After 2000, mobile devices, social media and increasing pervasiveness of the Web, accompanied by a steady growth of its users, have led the evolution of retail.

At this point, therefore, it is legitimate to try to wonder what might happen in the near future, identifying the main trends in the retail sector\textsuperscript{21}.

In order to develop a coherent image and full of the situation, we will build it with the data made available recently by Nielsen, one of the leading companies specializing in market research. We begin with a global overview where, however, we Italians can fully recognize, as

\textsuperscript{21} \url{http://www.pmi-semplice.it/blog/le-7-principali-tendenze-del-retail-nel-2016/}
the lifestyles of industrialized countries tend to resemble each other more and more. Nielsen, in particular, highlighted the views of consumers, including desires and criticisms; here they are:

- Almost half of the sample analysed (46%) say that spending on foodstuffs intended for the daily consumption is a tedious task, which we try to spend as little time as possible because it is not considered particularly rewarding. The lowest level of satisfaction detected seems to be due to the lack of understanding on the part of sellers, the needs of consumers in terms of variety of product selection and personalization;

- The value matters more than price. In fact, the respondents put in first place the quality of the products (57%), then the convenience in reaching the point of sale (56%) and then the actual availability of consumer goods (54%) as elements capable of constraining their choices than pure economic advantage;

- Companies and distributors are overly tied to the promotion mechanism, to break this bond, must better identify what categories of products the price is more or less critical, since people - particularly in Europe - are becoming increasingly aware in how they spend their money;

- Healthy and wellness are a priority for all: about two-thirds (exactly 67%) of those who participated in the survey, said they look for products that contain safe and natural ingredients;

- Consumers demand mainly speed and convenience (not a bargain price, but the best balance between value and cost). Furthermore the availability of good-quality prepared foods may influence the choice of the point of sale, as well as the presence or absence of additional services in the premises or nearby. We refer in particular to banking services (42%), fast food (40%), pre-cooked food (40%) and pharmacies (39%), although the list, in fact, is longer - the Italians, for example, also they mentioned postal services (29%) and gasoline stations (25%);

- Assortment and availability are decisive factors in the choice of shops, bearing in mind, however, that today the emphasis is shifting more towards the needs of consumers and their ability to influence the bidding system.

Turning now to Italy, where 46% globally declares bored, Italians, like to make the most of the average expenditure - since about 60% of respondents said that goes willingly to the supermarket (compared to 42% of the French or the 44% of the British).
The Italian also in choosing the store, give preference above all convenience (which closely evaluate), the quality, availability of promotions and the ability to be able to do all their shopping in one commercial space.

Here, then, the same words of Giovanni Fantasia, CEO of Nielsen Italy:

"Consumer requires, in the time of purchase, the opportunity to make a valuable experience, the shopping experience that allows the identification in the brands' factors that distinguish it from other."

The main retail trends for the future are:

**Wearable Technologies:**

Fashion and functionality are combining in ever more novel ways, fueling consumer desire for smart objects as special wireless headphones for listening to music or phone, smart watch, fitness tools, devices for monitoring physiological parameters, or clothes designed and made to measure thanks to special technology that can detect body measurements and transform them into instructions for special automated production tools. Above all, the new wearable technologies promise to change the buying habits of people: according to a study by eMarketer, in fact, 8 out of 10 consumers are interested in precisely these special devices to enhance their shopping experience.

The implications are that the managers of the stores will need to align business areas according to the new technological requirements, in order to make them suitable to the type of experience that consumers expect - especially in terms of payment methods, customization and marketing in real time.

**New opportunities for promotion during the year on top to regular holidays**

People love special promotions that are usually proposed at the major holidays of the year; the question is why only limited to the holidays covered by the calendar? To boost sales and gain new customers, some retail chains are starting to devise special initiatives that follow the typical promotional mode the holidays, getting very positive feedback. For example, the Alibaba Group, a company of Chinese e-commerce, has been able to make sales of 14.3 billion dollars in a single day, dedicated to "single", reiterating the theme of Valentine's Day.
The consequence of this is that large retail chains have the prestige necessary and have a level of loyalty from its customers, such as to create their "holidays tailor made" with great success. Take into account the opportunities that best match with the brand and be prepared to respond to the competition on the same grounds, the more effective and competitive as possible.

**Virtual reality experience of purchase**

Virtual reality is an advanced simulation environment, made possible by a computer and by special instruments that interface motor organs and sense (mainly the view) of those who experience it, so it is possible to interact with it. The most innovative retailers are already beginning to use virtual reality to allow their customers to make personalized shopping experiences of "immersive" type directly from home: the visit of the store to the ability to "prove" clothing or fashion accessories. This technology can also be used by mobile users, given the high resolution screens of the latest smartphone and the powerful computing capabilities of their microprocessors, which thanks to special displays, playing three-dimensional images.

Virtual reality can improve the shopping experience by providing customers a totally new and highly interactive environment, where they can make direct contact with what they want to buy, to see it, "manipulate" and try it - even if the object does not exist in reality because it still has to be physically realized. Obviously all this, in addition to greater consumer involvement, can encourage sales with a view to multi-channel push.

**The Internet of Things**

Normal practice is one that provides for the collection of data on consumers in-store, which can create a mismatch between online and offline. However, the rapid expansion of the Internet of Things (IoT) is changing this aspect of the retail world scenario.

Today the trend is to place in stores a growing number of micro-smart devices and low-cost sensors, also be inserted into the most common objects (hence the term "things") - bearing in mind that even wearable technologies fall, generally in this category. The first main advantage is to collect more easily information on behaviors, tastes and preferences of customers, methods for choosing and buying, level of involvement and market trends. This technology can also be used to create new products or services and allow both greater revenues that savings through increased productivity.
By tracking the movements of customers in stores and by identifying areas where they hold more are obtained useful information that must be immediately put to use in sales, perhaps in real time.

**Alternative payment methods (even with mobile devices)**

In 2015, payments made through mobile devices in the retail environment were only 1.6% of total receipts, however this percentage is expected to triple over the course of 2016 and, as more and more consumers will adopt this convenient form of payment, its impact on trade will be significant. Many factors are driving this trend: several smartphone app and offer specific functionality for this purpose, such as the ability to read biometric data or to connect with other devices via NFC (Near Field Communication). Even several wearable devices (including smart watch) support NFC. For their part, more and more retailers go to POS (Point of Sale) equipped with this technology and both the commercial chains that the banks themselves are launching proprietary app dedicated specifically to new payment methods.

Those involved in retail sale must closely monitor the news and the continuous changes that technology brings, updating of-sale terminals and electronic trading platforms to make them compatible with the new payment method.

**The "buy" button available on social networks**

This aspect really influences the retailers. Social media in fact are more and more discovering their new commercial vocation. After helping the marketer through alongside various "like" and "share", user profiling and targeted advertising to pay, these "social portals", are entering within their pages the button "buy". After a departure not stable, the growing use of mobile devices has given impetus to this trend. This is due to the fact that a smartphone it can be difficult to navigate between different apps, so the ability to make purchases directly from one app (that of social media) is preferable to the possibility of being redirected to another site or to another application, which teases both consumers and businesses.

**Customization**

The days of "one size fits just fine for all", with regard to the customer experience, are definitely over. Consumers today desire a personalized approach and offers tailored to their

---

23 PMI semplice, the most relevant trends in the retail markets (2016)
specific needs. As we mentioned at the beginning of the article talking about the variety of personalization, up to 77% of consumers tends to further boosting customer loyalty to stores that take into account the differences between the various clients and consequently behave.

Thanks to the availability of information and special analysis tools, now you can manage a high level of personalization in marketing communication and presentation of products capable of meeting the needs of individuals. To this end, major retailers are using Beacon (special tools able to reach mobile devices like smartphones and tablets to do marketing "proximity") is to collect data in order to propose relevant offers while people are in the store. There are also defined applications "recommendation engine", able to suggest certain products according to the habits and interests of individual consumers.

1.5 The food retail consumer and the importance of the brand

It is essential to trace the profile of the consumer of the food retail sector. The analysis of the behavior of the buyer is always more complex to delineate, the brand is adapting to the needs expressed and unexpressed of consumers, thus adapting to the identity of the single one.

There are many variables that affect the consumer of the food retail purchase.

While the involvement towards product refers to value and role that the mental positioning of a product can take for the consumer, the brand relevant implication, however, refer to the commitment in the selection process and evaluation of the various alternatives.

Involvement can also be linked to the experience of eating and buying and will tend to increase in proportion to the commitment of the consumer in the activity of shopping\(^{24}\).

The psychological balance is a constant research for the consumer who does not enter into a sales point only to buy, but also research places important to him to be comfortable with himself. From this point of view everything looks natural, because currently consumers seek brands that benefit the ports.

The brand loyalty comes from the study of environmental psychology, which primarily focuses its attention towards the evaluation of the quality, when you generate this level of attachment

\(^{24}\) Cf. S. Castaldo, Retailing e innovazione, Milano, Egea, 2001
and the individual is fully aware of the harmony and complacency that the brand can originate.\textsuperscript{25}

The first experience with a brand is never forgotten, because this level can create positive and negative values in attachment construction, thus forming a lasting impression that will influence subsequent behavior, thus shaping the construction of the relationship with the place. The positive experiences of the first contact settle in the mind of the consumer who will forever remember smell, availability, reception, availability and quality of service provided by the staff and the allocation of equipment in the store.

The consumer preferences are formed during the formation of attitudes, or the emotional aspect of the buying process where you determine its intentions. But not always the attitude and the final behavior coincide, as, other factors can influence the final choice: the attitudes of others, factors unforeseen, unplanned expenses, special situations. Among the latter it is to report the non-availability of the goods in the store, or buying a different product; the behavior will therefore be substantially influenced by the importance of the product in question for the individual and of course the availability of the latter in point of sale.

In the process of choosing, the consumer sees the product-service as a "basket of attributes" functional and symbolic able to satisfy it, thereby exceeding the purely physical aspects. then know the criteria used by the consumer is vital for businesses. For the individual, in fact, not all the attributes have the same importance, but are divided into four types.

The attribute can be known and associated with a particular category; that is linked to the expected performance, determining, in according to which the consumer perceives the difference between brands and salient, ie valid for choosing between alternatives. At the stage of choice there are also high attributes affecting regardless of product category, undoubtedly among these is the price, which is an essential attribute in that it expresses both the economic sacrifice, and the perceived quality of the product itself.

Next to the price sits the brand, which is an important factor, since it helps to reduce the perceived risk when buying. These variables can be alternated depending on the type of consumer taken into consideration, so it is guessed as will become significant to identify what are the different behaviors in relation to the phase of choice.

In this regard, some authors, following an investigation in the food industry, have identified different types of consumers considering some dimensions that characterize the moment of choice and product-brand evaluation in the store. The dimensions analyzed primarily relate to certain aspects, assessing whether consumers compare the unit price and the list price of the

\textsuperscript{25}Cf. ZAGHI, Atmosfera e visual merchandising: ambienti, relazioni ed esperienze. Il punto vendita come luogo e strumento di comunicazione.
various products in various formats, whether they are more or less interested in using coupons and special offers, if they visit the stores in weekly or daily shopping, and if you rely on their purchases of advice received from relatives and friends, or even by information found in magazines or via advertising. On the basis of information collected Vianelli identifies three types of segments.\textsuperscript{26}

These include consumers “committed” who spend a lot of time researching and comparing different products and brands; consumers "selective", which can be further divided into consumers who use information acquired predominantly within the point of sale, on which may have a significant effect on the physical and social characteristics of the atmosphere of the same, and those which, instead, is mainly rely on other types of information, such as the advice of relatives or proposals media. The last segment identified by Vianelli is the least engaged in choice behavior, called the "disinterested".

Regardless of the different types of consumers mentioned above, the purchasing process is classically represented by a sequential succession of the various stages that the consumer runs from the moment identifies a particular state of need, until the purchase and use of the final choice.

This process is not entirely binding, as it may be interrupted for various reasons or reversed at some stage. In case of high complexity, the process sees the presence of all the stages relating to the involvement, from a medium to an high consumer’s involvement. In the case of limited complexity, the process is modified, finding information and evaluating alternatives are virtually nil. The need is a shortage of content, not generic but specific to a product or a brand, so the same sequence is the space in the time of purchase and post purchase evaluation.

An alternative scheme is that proposed by the experiential perspective, according to which individuals buy and consume many types of products because they generate feelings, emotions and stimulating images. This is crucial, because in the first place allows us to understand the influence of the atmosphere of the store on purchasing behaviour, and secondly it heralds three types of behaviour that can not be explained solely based on the model d’purchasing decision.

The first one is the search of the variety, whose behaviour is defined as the purchase in succession a large number of brands of the same product category without that dissatisfaction is the cause of such behaviour. The choices irregularities can be caused by various factors: the need to deal with different needs (every need can match a different brand), by the change of decision parameters (change in income or just to taste) or personal (conformity to group norms).

The second behaviour is the impulse purchase, which consists of a purchase does not programmed, carried out instead after the perception of a sudden stimulus that does not take account of the convenience and utility. Third and last, compulsive buying, defined as a response to an uncontrollable desire to shop. Particularly true for women of young age, which, though initially bought for the pleasure that is derived from a new acquisition, after reporting a state of increasing tension, and the desire to go shopping, to get what they want, it becomes just a irresistible impulse\textsuperscript{27}.

To create a brand identity project in Food Marketing, the literature suggests to start analyzing the know-how. To create a strong brand identity must start from a clear strategy that defines well as product development. Analyzing then, the industry benchmark and learn about the food marketing levers.

First, therefore, you need to brand building, that is to build the brand through:

1. Briefing to understand values and mission, the positioning with respect to competitors;

2. Development of naming: a copy-writing job, aimed at creating the brand name (easy to pronounce and memorize, consistent with the company’s mission) and the associated claim;

3. Development of design (logo, colors): the logo, above all, must be able to identify the brand on the market, build relationships of trust with the customer.

Once built the brand, a company will need to strengthen its identity through personalities, relationships, reputation. In the literature are called “the 3 golden rules” for success in the food market.\textsuperscript{28}

1. Build a network:
A company will need to have so many followers, form a community around your brand. The first step, to be successful, it will not sell, but build strong relationships;

2. Be social:
Communication passes through social media and even more through the images. Especially in the food marketing it is important to be present on social photography (instagram, pinterest) as well as facebook. This visual communication will help you to interact with your community, increasing the engagement of the fans;

3. Develop content:

\textsuperscript{27} Cf. D. DALLI, S. ROMANI, 2003, Il comportamento del consumatore. Acquisti e consumi in una prospettiva di marketing, Franco Angeli, Milano, pp.35

\textsuperscript{28} http://www.umanastudio.com/food-marketing-brand-identity/
This point refers to about content marketing, the importance of having a blog or online editorial content. In this manner, with seo technique oriented, it facilitates the indexing of your website and the ability to reach potential new customers.

It is essential to adopt visual marketing strategies in food, the picture is more efficient than text. Today, for example, science tells us that 90% of the information that is captured by our brain are visual type. And yet, people remember 20% of what they read, and as much as 80% of what they see. This happens because the images convey an emotionally content, spontaneous and immediate. In conclusion, we can say that: a perfect combination of image, color and text, allows you to "seduce" the potential client with a desirable product, and consequently increase the profit.
Chapter 2
THE EVOLUTION OF THE BRAND IN THE FOOD INDUSTRY IN THE LAST 15 YEARS AND THE DEVELOPMENT OF PRIVATE LABELS BRANDING AND FOOD RETAIL
Introduction

In recent years have seen a real evolution of how to do branding.

From operational marketing, pure based on market logic, numbers and statistics, more and more towards a true narrative marketing, focused on enhancing and exalting the intangible and relational component of the brand itself.29

Starting from the second half of the 90’s, brand-name research has begun to become more common and in literature there are provided clearer definition of this strategic lever. Some studies consider co-branding only the support of two brands in creating or modifying the product; others, however, believe that a generic marketing context is sufficient; they believe that co-branding is the practice of double-labeling a product, while Grossman welcoming a broader definition, states that brand collaboration can cover all marketing leverages: promotion, price distribution, product, advertising. Even Rao and Rueckert talking about "brand alliance", they feel that we can talk about co-branding when brands are presented together with the consumer. McCarthy and Norris define the concepts of co-branding, composite branding and branding ingredients.

For Cooke and Ryan co-branding is a form of alliance that involves linking or integrating symbolic or functional attributes of two or more brands to offer the consumer a new perceived product as the best. This distinction is also welcomed by other Authors such as Busacca and Bertoli and Cegarra and Michel.

Within an increasingly competitive context, private labels are a useful way to differentiate outlets giving consumers the advantage of being able to have a larger assortment and cheaper prices than the industrial brand. The trend in fact is not in favor of the replacement of the private label products with those of industrial brands but to ensure a wider and more complete choice. By doing the trade brands they have the opportunity to loyalty the customer.

The definition of private labels allows to delineate the framework within which the subject is discussed, namely, sales, products, brands, where, in fact, there are applied private label policy.

The first examples of private labels date back to some pioneering initiatives of the 1920s. These experiences were realized in the United States, where a process of modernizing commercial and industrial markets

In this scenario, the study of consumer buying behavior has identified two research topics, the first attempt to understand and identify the profile of private label buyers, the second attempt

29 Aaker, D.A., Brand Equity. La gestione del valore della marca, Franco Angeli, Milano, 2002
to identify the factors that push the consumer to choose Private label products rather than industrial brands.

From the end of the sixties, we began to understand what the private label consumer characteristics were and we immediately saw that there was an inverse correspondence between the availability of income and the purchase of branded products. It seemed in fact that the consumer with low income finds in the private label a possible remedy to the need to save. Subsequently, with the ever-increasing trend in product quality, the type of demand for the brand has also changed, identifying the consumer no longer in low-income households, but in families with more than one component and advanced middle age.

It is also important to focus on the increasingly massive presence on the market of branded products, prompting distributors to find a way to seize the opportunities offered by this established reality.

In fact, there are around 1500 companies, among which 90% small, engaged as suppliers of goods for the brand. These producers, defined as co-packers, are selected by distributors based on some elements that indicate the manufacturer’s ability to meet the quality requirements required by the distributor. In this way, vertical relations are created, with precise characteristics, between distributor and producer.

The first feature is that distributors do not only purchase the products they want to propose but make them produce, creating a third party supply relationship, in which the company plays a role as a subcontractor of the brand name.

The second feature lies in the supplier selection process, which presupposes careful scrutiny of certain conditions, such as strict compliance with hygienic standards in establishments, organizational setup of the production process and respect for specific ethical and social conditions, conditions to protect the brand positioning. From here emerges how the process of selecting suppliers is particularly important for the success of distributive branding policies.

Intelligence Marketing, Thinking Leadership, Public Content, and Telepromotions, all of these classic marketing formats, have been developed to achieve business goals: sales, conversions, and brand engagement. More and more often in the implementation of branding strategies is adopted an essentially editorial approach. In fact, content marketing aims at involving existing and potential consumers through pleasant or informative content that the user wants to use or consume for the sake of doing so, rather than through direct sales or intrusive and intrusive promotional messages. Obviously, this does not mean that it has ceased to be a business activity, but only that consumers have changed. Indeed, the way in which marketing has to change is that this is increasingly the case with publishing brand advertising
approaches. In addition to this trend, one must consider another: the brands of food and distribution

The food preposition is becoming more and more similar to the fashion one, as described in this chapter. It is enriched with meaning, values, stories. The chefs are the new stylists, with such a strong identity that consumer brands are trying to tie to them.

Over time, it is increasingly confirmed that innovation will continue to play a key role in the brand's growth strategy, from the point of view of both producers and distributors, that have to be able to plan pricing and promotional policies effective. They will have to continue to adapt their strategies and offers to the rapidly evolving consumer needs.

### 2.1 The evolution of branding in the last 15 years

Initially, branding was used solely through an approach focusing on rather standard and rational strategic analysis. In particular, following this approach: defining the value proposition, then identifying the brand concept and then achieving a clear strategic positioning to be communicated to customers through a unique proposal of truly distinctive value and a brand concept that best describes corporate values for Tackle the market with the right tools. Once the right strategy is defined, it goes to the study of how to communicate with the target of interest\(^{30}\).

Over the years, this rather simplistic approach has been thoroughly explored.

First of all, the usefulness of distinguishing the constituent components of the brand and its functions has been understood\(^{31}\), in particular:

- component and identification function;
- component and evaluation function;
- component and trustee function.

The identifying component consists of brand recognition marks (for example, name, symbols, colors, jingle, slogan, logo), or all the elements that allow the brand's distinctive identification by consumer and its differentiation with competitors.

---


The evaluation component is the set of denotative values (linked to the technical-functional benefits) and connotative (directly related to the psycho-social benefits) that the consumer attributes to the brand. It is, therefore, the set of meanings that, if properly perceived by consumers, are firmly associated with the brand.

The evaluation function refers to the role played by the meanings associated with the brand (evaluation component), enabling not only the mere identification of the product, but also a better understanding of the differences between the supply alternatives and more efficient evaluation during the process of purchase and consumption.

The trustee component consists of organizational structures and processes that allow the company or organization to generate satisfaction and confidence in those who experience the purchase or consumption of products bearing a particular brand. It is a meta-meaning, dynamic experience-learning, which ends up intensifying and deepening the evaluation component, thanks to the perceived cumulative reliability perception over time.

The trustee function refers to the role played by the brand attribute (trust component) meta-meaning, not so much the "merit" of the benefits associated with the brand, the reliability principle and hence the high probability, to the limit of certainty, That the relationship between valence and brand repeats over time and in all the manifestations of the same brand (for example, in new business).

The identifying component includes brand identity and brand awareness.

Brand Identity refers to brand recognition elements (name, symbols, logo, slogans, jingles, etc.) that facilitate the consumer in identifying a bid alternative. Brand identity also refers to all of the entrepreneurial values that characterize a brand since its birth and which determines its future evolution: these values, in fact, constitute the criterion that guides all brand management choices.

There are many models of brand identity analysis. Among the best known, there is the one proposed by Aaker and Joachimsthaler, which describe the brand identity through three concentric circles: the inner circle represents the brand essence, the most important value associated with the brand. The intermediate circle is the core identity, which represents a shorter set of values; The outer circle constitutes the extended identity, that is, all the values the brand intends to convey.

According to Aaker, Brand awareness can be represented along a continuum characterized by three main levels (pyramid of awareness): starting from the base where the brand is not known (unaware brand), the weakest level of Brand awareness is brand recognition: in this case, the brand is recognized among a set of brands of a particular product category; At the

second level (brand recall), the brand is recalled spontaneously in mind in a certain product category; at the top of the mind, the brand is the first to be recalled spontaneously in mind within a certain product category. As far as the brand value for the consumer is concerned, he has three types of utility:

- Informality:
  Identifying and evaluating components and functions allow the consumer to easily differentiate alternatives on the market and evaluate them more efficiently, maximizing the result / effort ratio (efficiency value).

- Communication skills:
  The component and the evaluation function also allow the consumer to express certain values consistent with the functional and symbolic meanings attributed to the brand (effectiveness value);

- Relational Relationships:
  The component and the trust function enable the consumer to "save" cognitive energies during the information gathering and processing process and assure him of the complete purchase choice.

With the passing of time, more and more the brand image is split into two dimensions:  

- brand associations;
- brand trust (or reliability).

Brand Associations are the component of the brand image and are defined by a set of features, which can be summarized as follows:

- Degree of abstraction
  Mental associations between attributes, benefits and values are characterized by an increasing level of abstraction: it starts with the tangible attributes and the technical-functional benefits offered by the product, and then passes to the intangible attributes and the symbolic benefits and emotional, to the values that are closely linked to the individual and to his existence;

- The sign
  Such associations can be positive, ie favorable to the enterprise, or negative, that is unfavorable to the enterprise;

- Intensity
  Cognitive associations can be linked to the brand with greater or lesser strength (the connections to the core of the brand may be strong or weak);

---

Uniqueness

Associations can be more or less distinctive with respect to competition.

From the features just highlighted, it is evident that the image of a brand is positive when the associations it conjures up are favorable, strong, and unique. Moreover, the greater their degree of abstraction, the less chance of imitation by competitors, at least in the short run.

In the literature of marketing, several theoretical constructs have been developed and subsequently refined around the concept of brand value. The brand is increasingly regarded as a true condensed value, meaning and perception, in fact, it is a mistake to identify the brand simply with the brand or with the product.

The brand is a self-contained subject that tells its story and proposes to the consumer the best way to perceive the value system and belonging that connotate it.

The brand represents a real strategic narrative that aims to produce real-world effects and achieve turnover-related goals. Stories that present the brand universe as unique and unparalleled, consistently and non-contradictory, paying attention to the dynamics of communication and engagement of the users of the different media available in offline, online or digital world.

Nike literally does not mean power, nor Barilla means home, as White Mill is not synonymous with family. Still, all of these people feel these images in mind.

This is the fruit of storytelling, this is the unfolding of narrative logic, borrowed from the oratory manuals and the best fairy tales.

Through storytelling it is possible to build an uplifting history of the brand.

Frequently you start from what experts call heritage marketing, and hence the past history of the company and the brand. Much more often, especially when there is no ten-year history of the company, narratives start from the connotative elements of the brand itself:

- What does and what does the company / brand do?
- As it takes care of, in what ways
- What is the production method
- What are the company / brand values?
- As it is positioned in the market and in relation to the competitors
- Are relevant curiosities or anecdotes that summarize or incarnate the above values
Once these key elements are identified, the brand will be developed, which will be built in a true story. The history of the brand is constantly updated and monitored; it is often integrated with insights and declarations on the various means of communication so that it is complete.

Sometimes, brand history must be developed as small episodes of a single television series because serial content is built specifically on narrative structures that stimulate curiosity and loyalty the audience. Think of the Wind case with Panariello or Fastweb with George Clooney: minispots telling a "betting" story.

An exceptional case of current storytelling is surely represented by the communication of the Pandora brand. A jewelry brand that tells its story consistently on online and offline media, and at the same time makes people’s stories an integral part of its product narration. Every new pendant on the market re-portrays the story of an event that can be relevant to the consumer: an important birthday, first love, a trip to Paris, etc. In this way it realizes a participatory and bidirectional storytelling mode.

The Pandora case highlights the last important aspect of storytelling: as it seems that the narration of the brand is a monologue, in fact, based on the medium chosen for communication, one can often come to tell a story written "in more hands". When we take part in an online contest or send photos and videos about the brand’s social, when we comment on a brand’s blog article or even when we catapult into Pandora stores to buy the new limited edition collection, we take part in brand history. We become authors of the same narrative, because we do ours, the values or narratives of the brand and "write" part of that same story.

This is the power of storytelling: personification of users and emotional engagement, just as when children were watching Disney’s fables.

2.2 The development of private labels

Private labels are a useful way to differentiate outlets to give consumers the advantage of having a larger assortment and cheaper prices than the industrial brand. In fact the trend is not to replace private label products with those of the branded ones, but to ensure a wider and more complete choice. By doing the trade brands they have the opportunity to loyalty the customer.

35 http://www.emmemedia.com/whiteboard/7401/storytelling--c-era-una-volta-il-brand.htm
The definition of private labels allows you to delineate the framework within which the subject is discussed, namely, sales, products, brands, where, in fact, the private label policy applies.

The first examples of private labels date back to some pioneering initiatives of the 1920s. These experiences were realized in the United States, where a process of modernizing commercial and industrial markets was initiated. In particular, in the American market there were, in certain respects, a reversal of economic development cycles, with an earlier industrialization than that of production. Firms such as A&P, Kroger and Safeway, embedded in a context in which industrial companies were still small and had limited territorial presence, found their success in the proposal of a sales philosophy based on large volumes and modest margins. Some official market statistics of the time show that in 1930, at the height of its expansion, A&P could rely on a network of 15,700 direct sales outlets, as well as Kroger managing 5,165 outlets and Safeway 2,675.

The realization of this business method was possible thanks to the complete vertical integration of the supply chain, from production to marketing at the point of sale. There were numerous reasons behind these choices, first of all, their own production allowed them to reduce inventory levels by ensuring that economies of scale were profitable, the benefits of which were transferred to selling prices.

Another important element was the fact that the direct control of the production phase allowed to maintain high quality standards and, finally, self-production was a tool for diversifying supply and customer loyalty.

The choice of vertical integration was almost compulsory because industrial brands did not intend to support the development of trade brands by preferring to focus on their brands.

The self-produced private label model, however, went into crisis not only because of the difficulty of maintaining vertical integration but also following the progressive establishment of the industrial brand before and of the modern distribution to free service, with the emergence of distributive reality.

Once the private brand concept is defined it is important to classify different types of brand.

1. Exclusive Industrial Brands:

It is a category that includes all industrial brand products that, following a supply contract, are offered exclusively to a single distributor. The manufacturer remains the trademark while

---

the product is realized by taking into account and according to the market needs reported by the distributor. With exclusive brands, producers provide distributors with some of the benefits of brand policy without having to take on the burden of designing and controlling the goods they offer, inevitable costs if the distributor owns the brand. Precisely because of this, in many cases the distributor who adopts the exclusive brand is a medium-sized enterprise, and therefore can not bear the burdens that may associate the image of the chain with the proposed product. This form of marketing is usually a strategy of the same producers who specialize in third party producers.

2. Generics Brands:

They are products that meet the need to offer an alternative to customers who are particularly sensitive to price leverage, especially following the development of discount formulas. Typically, the generic brand offers the first prices in the area of basic products, often food, with high sales volumes that the distributor sells with a fancy brand. These are often low-price articles of inferior quality compared to products of the same category offered on a shelf, characterized by a simple packaging, at a generally reduced price of 30-40% compared to the leading brands and with a profitability for the distributor significantly higher to that of all other product categories. The distributor uses them to increase the assortment and customer service, the least attentive to quality but more price-sensitive, providing the customer with a convenience image of their own.

3. “Fantasy” brands that do not identify the distributor:

With this terminology, they are identified trademarks of the distributor but do not allow a clear association with it and the product appears to the consumer as any other industrial product. All this allows the distributor to develop the advantages that arise from the possession of the trademark and the freedom to use it irrespective of the relationship with the supplier. In this way the produces with the same brand can be made by different manufacturers, the distributor can exercise a very strong contractual leverage in supplier comparisons that can be changed if it is cheaper than others. On the other hand, although the non-association between the distributor and the brand does not imply a direct assumption of the brand’s responsibility towards the consumer, the distributor is nevertheless obliged to invest resources and means in the management of structures that control the entire production process. In conclusion, it can be stated that “fantasy” brands are used by those companies that want to create a diversification of the offer, but that not yet having a consolidated brand do not feel ready to enter into the market products that can be clearly identified with the sign.
4. Flag products:

There are products used by the distributor who intends to use a more flexible and articulated product policy than the one based on generics. Flag products have superior quality than generics. Their brand is directly associated with the distributor, whose goal is to supply the consumer with the concept that these products are of high quality, at a good price and guaranteed by the distributor. The first company to launch these products was Carrefour, which in 1976 introduced the "produits libres", ie free from the brand, or more precisely from industrial advertising, but not the commercial one, which in contrast was very strong. They stand out for a common packaging, a very large advertising budget, dedicated communal areas, all with the aim of making the product highly visible to consumers. Flag products therefore represent a way to initiate a commercial policy that directly identifies the product with the sign.

5. Retailers’ Brand:

In this class they belong the products that are marketed under the same name as the commercial enterprise and manufactured by the industry on the basis of precise quality standards dictated by the distributor. They are usually made of medium-high quality, with a packaging similar to that of industrial brand products but usually at a price lower than about 10%. The trademark is the main objective of a commercial brand policy, in fact the link between brand and sign is strong and the identification of each other is complete. The distributor therefore intends to take full responsibility for the consumer on the quality of the product bearing its name, obliging itself to propose products that are particularly useful for countering the known and proven industrial brands and not compromising the image of the label. The use of the trademark represents the point of arrival in the distributor's policy as the competition between different brands is not based solely on the price and on the sales services but also goes on products. Such a policy, if it generates high volumes of sales, becomes a tool to infuse the consumer not only loyalty to the store but also loyalty to the brand of the store, creating direct competition and a constant confrontation between distributor and industry in meeting the Consumer needs, resulting in a product innovation activity, to the benefit of the ultimate consumer.

It is possible to find a further private label classification for price lines:

- First Prices:

The products with the lowest price in the category, with prices lower than 50% compared to the leading brand, sometimes with a fancy name that does not recall in the logo or colors that of the label. For example, Eco+ (brought in dowry to Conad by French partner Leclerc),

---

Esselunga Fidel, 1 of Carrefour, Clever of Standa, products with the image of Coop’s "Euro nel salvadanaio".

- Premium:

Products with a higher price than the leader brand (even 30% more) that are characterized by high quality. In Italy they are often on a range of typical Italian products such as Conad Flavors and Surroundings, Carrefour's Terre d'Italia, Unes's Golfer's Travel, "Fior Fiore" from Coop.

- Retailer Brand:

That are products with the trademark of the brand with an average price of less than 25% compared to the leading brand. In the Organized Distribution (DO) in Italy companies, which have different insignia locally, have under their umbrella brands such as Consilia for the Sun group, Selex for the Selex group, Primia for the Agora group

- Other brands:

Private brands that do not fall into the background and are dedicated to organic products, fair and solid, for children. Some examples may be Auchan's Rik & Rok, Esselunga's Naturama, Fairglob and Lidl, Coop Crescendo.

### 2.3 The Private Label Consumer

In studying consumer buying behavior, two research topics were categorized, the first attempt to understand and identify the profile of private label buyers, the second attempt to identify the factors that drive the consumer to choose private label products instead of an industrial brand.

From the end of the 1960s, one began to understand what the private label consumer characteristics were, and it was immediately apparent that there was an inverse correspondence between the availability of income and the purchase of branded products. In fact it seemed that the consumer with low income finds in the private label a possible remedy to the need to save. Subsequently, with the ever-increasing trend in product quality, the type of demand for the brand has also changed, identifying the consumer no longer in low-income households, but in families with more than one component and an advanced-middle age.
However, it should be considered that the private label type consumer profile is very complex to be defined as demographic partner variables do not seem sufficient to define effective segmentation of customers, and the many private label types can satisfy consumers with similar characteristics in certain cases and consumers with completely different features in others. Despite the apparent difficulty, the Italian market has also sought to map a socio-demographic profile of the consumer as it defines that the purchase of branded products increases when consumers:

- Owner of an education qualification
- Higher income and consequently consume more commercially-branded products
- Northern Italy
- Increase the number of household members

Considering that an increase in trade-mark purchases may result in an increase in total purchases. A specific consumer buying survey attempted to calculate the relative impact of the value of purchases of trade marks in relation to the total amount used for family household spending, trying to compare results with the number of family members, with the age of the consumer and with the job of the householder.

The results determine how the level of private label purchases increases on the one hand with increasing income availability, while the share of purchases increases with the decrease in income.

It is less and less effective to determine a private label consumer profile as the characteristics that the consumer seeks are the quality associated with savings, so almost all consumers, regardless of income, age, or number of household members tend to want a good value for money.

The 64% of Italians believe they are a good alternative to branded products. Within the Italian supermarkets is now a head-to-head among the big brands and the so-called private labels. In fact, 47% of Italians believe that some of them are superior to the most famous brands and 64% declare private brands to be a good alternative to traditional brands, and more than 42% of Italians are willing to pay more for a private quality brand.

Packaging judgment has also improved considerably so that only 25% of consumers think it is inadequate, while 50% think it has reached the packaging standards of major brands and the 56% of the Italian population considers private brands that are similar to branded products.

---

41 http://www.marketknowledge.it/news/articolo/articolo_pi_marca_brand_primoprezzo_consumatori_alternativa_prezzo_i_gdo_NL17
In summary, the consumer is concerned with the quality of the product, rather than with the famous brand.

Some of the data emerge from Nielsen’s Private Label and Premiumization Trends conducted by Nielsen on a sample of 30,000 individuals in 60 countries, including Italy, between 17 February and 7 March 2014.

“Private brands have become an integral part of Italian shopping. This is not due solely to a saving orientation - said Giovanni Fantasia, CEO of Nielsen Italia, commenting on the survey data. The Italian consumer even in private labels research the quality. In this sense, we can not read this phenomenon as a threat to traditional brands, but as an extension of supply in the large organized distribution. This results in an increase in sales at the point of sale and a customer’s solicitude for purchasing, even though it is going through the crisis period. In the prospect, the difference between the distributor and the brand of the industry will be shrinking, and this will have the effect of making the broader consumer market even more competitive and attractive. In summary, the spread of private labels is to be considered as a point of no return to Italy and alignment of Italy with other European countries.”

From the point of view of sales, Nielsen data shows that private brands account for 18% of the wide-business business, a growth in sales due to the increased quality offered.

For 60% of Italians has improved, so if 66% buy them primarily to save, 67% believe that the value for money of these products is great.

In Italy, only 36% of respondents consider private label products to those with a reduced budget, in line with the opinion of countries such as Germany (39%) and Great Britain (37%), where distributor brands Achieved even more important market shares than Italy.

There is, on the other hand, the opinion of consumers in the eastern countries, such as Bulgaria and Romania, for example, where PLs are still regarded as products targeted at those in the economic constraints of 60% of consumers.

Best quality also means to be able to make the consumer loyal: 41% of respondents in Italy declare that they are loyal to the branded product and to the same extent (40%) claim to be faithful to the private brand.

---

42 http://www.marketknowledge.it/news/articolo/articolo_pl_marca_brand_primoprezzo_consumatori_alternativa_prezzi_gdo_NL17
This is also due to the initiatives undertaken by distributors that have created quality differentials and therefore private pricing (premium, core and first price) and assortment (base, green, local produce, etc.). Premium lines represent 18% of total private brand revenue, compared to 44% of “first price” products.

The 70% of Italians think it is important, for the same quality, to get the product at the best price. For this reason, 22% of private label sales are made up of promotional products, compared to 29% of total consumer goods.

Merchandise categories that see the largest consumer investment in distributor brands are those of fresh and frozen (26% of the category’s turnover) and home care (22%). Foods are packaged (16%) and, at a distance, personal care products (11%) and beverages (9%).

A further motivation behind customer orientation towards private brands is the consolidated trust relationship with the GDO labels: the 55% of the sample stated that they buy private labels only in favorite supermarkets, and 61% want to see all the product packs the brand name of the chain.

Research also focuses on the trend of private label development. According to this research, the 51% of Italians argue that they would buy more private label products if more varieties were available. In Eastern Europe, rather than in Portugal and Greece, this demand is more apparent, with rates above 60%, in the face of the economic difficulties that have invested in these realities.

Distributor response should be improved by increasing the assortment and visibility of private brands. In fact, the 61% of the national champion has expressed the wish for these to be displayed on the shelves alongside the manufacturers’ brands so as to facilitate a comparison of the offer.

### 2.4 The manufacturer of Private Label

The increasingly massive presence on the market of branded products has prompted distributors to find a way to seize the opportunities that this reality has gained.

In fact, there are about 1500 companies, of which 90% are small, engaged as suppliers of merchandise for the brand. These producers, defined as co-packers, are selected by distributors based on some elements that indicate the manufacturer’s ability to meet the
quality requirements required by the distributor. In this way, vertical relationships are created, with precise characteristics, between distributor and producer.\(^{43}\)

The first feature is that distributors do not only buy the products they want to propose but make them produce, but it creates a third party supply relationship, in which the company plays a role as subcontractor of the business name.\(^{44}\)

The second feature lies in the supplier selection process, which presupposes careful scrutiny of certain conditions such as strict compliance with hygienic standards in establishments, organizational setup of the production process and respect for precise ethical and social canons, conditions to protect the positioning the sign. From here emerges how the process of selecting suppliers is particularly important for the success of distributive branding policies.

The third feature is the duration of the relationship with co-packers, which tends to be higher than the whole year, with the goal of reaching "permanent" supply agreements, meeting the need to ensure continuity and stability in positioning of the trade mark. On the other hand, a turn-over of suppliers may allow for better purchasing conditions but may compromise the relationship of trust that should have been established with the previous supplier.\(^{45}\)

The fourth feature is, finally, the reduced conflicts of the vertical relationship that is based on partnership assumptions as the rivalry in price and in sales is very low.\(^{46}\)

The production of the trade mark of one or more distributors involves for co-packer suppliers the renunciation of the brand identity followed by the abandonment of marketing investments that normally characterize the sales policies of the industry. The direction of marketing brand moves completely from the sign that claims full decision-making autonomy, which means that the distributor assumes the role of leader with respect, to whom the supplier adopts a collaborative approach, although this collaboration appears to be almost obliged.


\(^{44}\) NETTI E. (2011), "Private label, affare da 7 miliardi, sono 1.500 le pmi che realizzano beni venduti con i brand della distribuzione organizzata". Il sole 24 ore, Gennajo p. 15.


2.5 The new branding business strategies

The stable growth of the agreements, the increasing competitiveness and the growing complexity of consumer buying behavior, has led the most creative companies to look for new areas in which to develop profitable partnerships.

For example, the excessive costs associated with market research have prompted many companies to commission common surveys to meet the cognitive needs of the partners involved. But what has characterized the last few years has been the consumer's attention to brands, and the role that the consumer has taken in the current context. For the consumer, relying on a well-known brand reduces the risks associated with the buying phase.

Companies, seizing the strategic value of this resource, have also tried to manage it in the context of co-marketing. Starting from the second half of the 1990's, brand-name research has begun to become more frequent, and in literature there is a need to provide a clearer definition of this strategic lever. Some studies consider co-branding as merely supporting two brands in creating or modifying the product. Other studies, however, believe that a generic marketing context is sufficient; they believe that co-branding is the practice of double-labeling a product, while Grossman welcomes a broader definition, saying that brand collaboration can cover all marketing awards: promotion, price distribution, product, advertising.

Even Rao and Rueckert talking about "brand alliance", they feel that we can talk about co-branding when brands are presented together with the consumer. McCarthy and Norris define the concepts of cobranding, composite branding and branding ingredients.

For Cooke and Ryan co-branding is a form of alliance that involves linking or integrating symbolic or functional attributes of two or more brands to offer the consumer a new perceived product as the best. This distinction is also accepted among other Authors, such as Busacca and Bertoli and Cegarra and Michel.

From the analysis of literature, therefore, there are some elements of differentiation between the proposed definitions. Chocchinato has proposed a significant summary scheme of

---

co-branding definitions. According to this classification, a first distinction in the definition of co-branding concerns the notoriety of the brands involved. It seems important to emphasize that, in order to be able to talk about co-branding, the brands involved must be known to the consumer. If one of the brands is not recognizable, it does not represent any added value for the consumer. Different is if a new brand is created by the company itself. In this case, the literature defines the sub-branding or endorsement strategy.

The brand awareness is therefore a key element of the strategy, but only Keller has made this point clear, stating that one of the main reasons why co-branding is used is to provide a secondary source of information.

Creating value for the customer is only emphasized by Cooke and Ryan, often because they are considered implicit. In addition, some authors consider co-branding as activities carried out between different brands, while Aaker points out that this could be inter-company agreements in multibrand companies.

Some Authors have spoken of co-branding focusing only on the leveraged product, while others have highlighted the possibility of using this strategy in various areas. A similar phenomenon may have been configured by some Authors as co-branding and others as a different type of marketing alliance.

Co-branded credit cards, for example, are defined by Busacca and Bertoli as a cooperative communication form and co-branding phenomena by other Authors.\(^\text{52}\)

The temporary duration of the agreement is also defined by Cegarra and Micheluna as a necessary but insufficient condition for defining co-branding. In fact, excessive durability would cause the consumer to confuse the image of the brands.\(^\text{53}\)

It is considered useful to use the wider concept of the phenomenon being studied, as the ultimate goal is to analyze the effects on the brand image of the brand involved, whatever the context of collaboration and whatever the activities are.

Collaboration based solely on cooperative communication is nevertheless able to influence consumer perceptions both on the co-branded brand and on the brands involved. In light of these considerations, we can welcome this as a useful definition for our goals, one that considers co-branding:

"An alliance between two or more brand names that are presented at the same time to the consumer, resulting in a new offer or offer perceived as different from the consumer, thanks to the support and the presence of a second brand.\(^\text{54}\)"


Literature has witnessed a proliferation of co-branding definitions, which has also generated numerous classifications of the phenomenon.

The first classification distinguishes co-branding strategies in:

- **Exclusive**, within which the brands involved can not enter into alliances with other brands belonging to the same category or similar categories. In this case, co-branding denotes a superior quality or unique placement offering; In this case, the objective is to offer a product that is significantly superior to the existing ones. For this reason, the brand is clearly visible close to the host brand, even without participating in the product designation. The exclusive nature of the agreement allows each of the brands to benefit from the transfer of positive value from one to the other;

- **Non-exclusive**, in which the brand is generally affiliated with many products in the category. For example, the case of the Lycra brand. In this case, the agreement generates modest benefits for the host brand, because the one invited may also be affixed to other products in the same category, so it often ends up being considered by consumers as one of the characteristics common to all products of that category.

Numerous Authors refer to a second type of classification, depending on the type of attributes / benefits generated, that is:

- **Functional**, which provides the indication of the product of two or more brands. In this case, the host company of the host brand agrees with a partner so as to include on the product offered a brand outside the category in which that product is inserted in order to induce, in the perceptive system of consumers, the transfer of positive valences of the secondary brand image on the product. The alliance is perceived by the customer by virtue of the collaboration on tangible elements;

- **Symbolic**, which is to associate the brand of the producer with a second brand characterized by symbolic attributes of the psycho-social or additional experiential. This is a variant frequently used in the automotive industry where it generally allows for a short time to target that potential customer segment that has a particular consonance with the brand being invited. Often, this is about restyling existing products in the automotive industry or packing operations. Obviously, as anticipated, this type of classification suits only the co-branding definitions related to the product. Cegarra and Michel, have proposed a scheme that crosses the classifications so far proposed in order to identify the objectives of the strategy adopted.

---


The newly proposed classification focuses on achievable goals by adopting a co-branding strategy. Another type of classification, on the other hand, focuses on the distinction of the various types, assuming as a parameter the intensity of the alliance, by pre-empting, as mentioned in the previous paragraph, which is adopted as the most generalist co-branding definition, in which the variables in play ranging from communication to product to distribution. Accordingly, it is possible to distinguish:

- Communication enhanced by the presence of the 2nd brand
- Joint promotion
- Joint Advertising
- Sponsorship
- Bundling
- Ingredient branding
- Development of brand new products
- Developing a completely new product for the market.

Based on this classification, co-branding can be distinguished in two macro areas, product based co-branding, and communication based co-branding. As the variables involved in the alliance become tangible, we approach the first typology. Obviously, the existence of product based co-branding, also presupposes communication based co-branding, since the strength of the alliance is precisely to make it visible to the consumer. Concerning communication-level co-branding, Busacca and Bertoli, although accepting the concept of restrictive co-branding, calling it "co-denomination", made a strong contribution to the theme, distinguishing two strategic variables:

- Joint advertising, which occurs when two or more brands are deliberately paired at the advertising level in view of obtaining synergies." This is the case, for example, of the advertising collaboration between Uliveto and Rocchetta. It should be noted, that in this case, there is also considerable savings in advertising costs for individual brands.
- Joint promotion, which, on the other hand, relies on alliances that occur when two or more brand names collaborate on a promotional level to generate additional sales.

---

through the combination of the recall capacity of both. The collaboration between Mc Donald and Disney is emblematic. For each new cartoon, Mc Donald often produces ad hoc menus for children. This allows Disney to sponsor the film, and to McDonald’s to revive its offer. The presence of multiple brands at the same time can also occur in the case of sponsorship, which in literature is mostly considered as an economic-financial relationship. Cornwell and Maignan define sponsorship as an exchange between a sponsor and a sponsee in which the latter gets a payment in exchange for the right granted to the sponsor of associate its name and its marketing activity with the sponsored activity. However, through this tool it is possible to build a co-branding identity in all respects, as emerged from the collaboration between Adidas and the All Blacks rugby team.

As for product-based co-branding, a first configuration is identified by Jobber, which speaks of co-branding ingredients, referring to those co-branded products, in which the second brand is a component of the product offered by the leading brand. Obviously, the brand will have to be well-defined in terms of reputation and quality so that it can bring added value to the offer. Blackett and Boad, distinguish three types of branding ingredients:

- Supplier ingredient brand, where collaboration provides the agreement with a high quality technology partner usually placed at a higher level of the chain;
- Manufacturer to supplier ingredient brand, where partners are at different stages in the chain, in similar but not competing categories of merchandise. This is the case, for example, of panettone Bauli with Limoncello.
- Proprietary ingredient brand, where companies buy technology to import it into their products, although in line with Chechnyin, it is believed that it should be more coherently covered in the sub-branding or endorsement category as there is no connection with external entities provided with their own market.

This type of alliance contrasts with parallel co-branding, which includes three different sub-categories: product bundling, new product development for the brand and new product development for the market.

The bundling product consists in obtaining two or more essential goods or services from a single bid. Usually, the customer purchasing the main bid, has the opportunity to access advantageous offers for other services of partner companies. This strategy usually provides many benefits, including money saving.

For example, using a BancoPosta account allows subscribers to enjoy lower prices for specific partner business offers. Along with saving money, bundling of products also offers other benefits to the customer. Rather than having to deal with multiple vendors to gain access to more products, the customer has one central supplier for all his needs.

This is the concept of one-stop shopping: the customer spends less time to keep up with payments to different vendors, and has a central pipeline when there is a need for customer support or if there is a demand on one of the services. This is the case for example co-branded credit cards.

The development of brand new products is the most classic case of co-branding, where there is a major brand extending its product line through changes to existing branded products. Rarely is the latest case, the new product for the market, as this strategy often requires considerable know-how, knowledge and know-how, whose sharing would be too risky for the companies involved.

In conclusion, by adopting an extensive concept of co-branding, it is possible to identify the different strategic typologies, to which we find, on the one hand, simple communication-level cooperation, on the other hand, the extreme collaboration for the introduction of a new product.

It is logical that each of the types of co-branding analyzed responds to a clear strategic goal that companies want to achieve. In particular, through co-branding, you can relaunch a new product, give it a new image, create differentiation with respect to competition, give the brand a younger image, offer a product for a specific target, enter specific reference categories, provide added value in some of the warded categories, strengthen some brand associations, and increase brand awareness.

In the literature, the issue of brand extension was addressed through co-branding, assessing the benefits and disadvantages of adopting this strategy with respect to the development of a new brand. Bertoli and Busacca, point out that if the homogeneity existing between the business in which the host is currently competing and the one where the new product under the brand share agreement is introduced is high, co-branding is a fact In a line extension. In the opposite case, you configure a category extension.

Other studies have highlighted the possibility of using co-branding to enter more easily in new countries where the brand is less known. In this paper, we will focus particularly on the implications that a co-branding strategy can bring to the co-branded product. As we will see in
the subsequent chapters, the effect on the consumer might be negative if the host or the partner brand is transferred to the host\textsuperscript{63}.

### 2.6 Towards an editorial brand approach

Intelligence Marketing, Thinking Leadership, Public Content, Telepromotions. All of these classic marketing formats have been developed to achieve business goals: sales, conversions, and brand engagement. At present, more and more often in implementing branding strategies, it adopts an essentially editorial approach. In fact, content marketing aims at involving existing and potential consumers through pleasant or informative content that the user wants to use or consume for the sake of doing so, rather than through direct sales or intrusive and intrusive promotional messages. Obviously, this does not mean that it has ceased to be a business activity, but only that consumers have changed and so the way in which marketing has to change is that this is increasingly the case for editorial brand advertising approaches.

In the online world, where potential buyers spend a lot of time, the way they interact with brands is different. Even in the most e-commerce dimension that exists, you can start the path with a question or request for information. The company that has made an effort to anticipate the application, and has generously offered its knowledge to try to answer you, will most likely be found in the search results and entice the customer to make a purchase\textsuperscript{64}.

Another decisive factor for internet users is the opinion of other users. As social networks show millions of times a day, it is much more likely to follow this to like friends and relatives rather than respond to a traditional and intrusive campaign. Therefore, brands must create content that is worth sharing for their merits. Inevitably, those content tend to lose their effectiveness when they are over-branded.

Through an editorial approach, redefining relationships with customers by offering them services, educating them, and entertaining them with content that must move away from the brand or product's protagonism to get closer to the customer.

Content that is overly focused on the product or brand does not circulate optimally on the Internet, while those that stand out for entertainment, storytelling, or educational end are shared and circulated.


\textsuperscript{64} Boscaro A., Porta R., Effetto digitale, le nuove professioni gli strumenti e il personal branding., Franco Angeli 2015.
So, companies need to go from intrusive marketing to authorized marketing. Brands have become the new publishers and publishers, besides being searchable and shareable, they must deserve the attention of the consumer for its intrinsic value\(^6^5\).

The statistics that show the marketing advantages of marketing with an editorial approach and the commercial application of this approach are easily accessible:

- the average cost to generate a commercial opportunity through inbound marketing is about half the average cost of outbound marketing;
- one third of consumers claim that information from content marketing helps them make more informed purchasing decisions; over half said they were more inclined to buy a product from a company offering content marketing (Custom Content Council);
- B2B businesses who post articles on their blog 1-2 times a month generate 70% more potential customers than those who do not use a blog at all, while companies that go from 3-5 to 6-8 posts to Months almost double the number of potential customers;
- 78% of CMOs believe that personalized content is the future of marketing

Marketing strategies based on visual content, such as videos, images and infographics, also play an important role in this area. The use of video as a content marketing tool has increased from 52% to 70% in recent years.

Articles that contain relevant images attract 94% of total visits over average over non-images. Both tweets and Facebook postings containing images produce significantly higher user involvement rates than those without images.

Among B2C companies, the most well known example is probably Red Bull.

Red Bull itself is an enormous content marketing industry with an archive of over 5,000 videos, 50,000 images and a long series of sports event sponsorships, with no energy drink in sight. What sells is a lifestyle, a story that can be summed up in one word: "adrenaline". During the preparations for Felix Baumgartner’s jump from the space boundary, the brand produced 15 videos a day before and during the jump, collecting over 360 million hits on YouTube.

Red Bull has budget and production resources that many niche publishers can not afford.

Yet, the good content marketing is that every brand can adapt its approach to its needs and resources. Even niche companies can take maximum advantage of this.

\(^6^5\) Godin S., Permission marketing., Alchera Words., 2010
Today, marketing experts are struggling to find the skills and resources needed to plan, create, and support all the content they have to produce. This is particularly true of the B2B sector, where products and services are often complex, time to market can take years and content often have to be subjected to a tough process of approval by the stakeholders. The big challenge the B2B industry faces is to produce attractive content.

The important thing is not focusing on creating single commerce content, but developing a content marketing strategy that integrates editorial activity into the company.

It is important to develop ad hoc content, in fact, too-remodeled and shared ones can easily lead to spam, the commercial consumer nightmare. Therefore, it is essential to concentrate on quality rather than quantity. Try to produce little content but good ideas with interesting ideas to be recycled on multiple channels that can give rise to a series rather than a single episode and / or that can trigger the response of many users by fueling ideas for new content.

Content editorial content to be effective must have some features:

- **Searchable**: search engines reward websites that provide regularly updated content and high editorial quality;
- **Conditional**: In addition to receiving other users’ approval, sharing on social networks improves content search results;
- **Useful**: It is good to present yourself as an authoritative brand that puts its experience at the service of others by anticipating users’ questions and offering them new information. But first you need to know what information the users need;
- **Specialists**: content must come from the niche of knowledge, the meeting point between the field of specialization and the needs and interests of users;
- **Sustainable**: A publishing process is required that allows you to share ideas, fill an editorial timetable, and create relevant and effective content on a sustainable basis.

These features lead to the use of an "advanced" editorial approach that uses expert pens to communicate brand products and values indirectly. By doing so, the consumer is treated in all respects as a reader, and the reader will be more inclined to become a consumer. 

---

66 [https://www.wired.it/internet/web/2015/07/03/brand-editori/](https://www.wired.it/internet/web/2015/07/03/brand-editori/)
3.1 The story of Eataly and its strengths

The name of Eataly comes from the merging of two words: EAT and ITALY. The chain of shops created by Oscar Farinetti was inaugurated in 2007 in Turin. Few know that Eataly encapsulates the mission to propose and sell:

“il mangiare italiano, quel modo tipicamente nostrano di stare a tavola”\(^{67}\)

Celestino Ciocca

---

\(^{67}\) Trd: “The Italian way of eating, the peculiar Italian way to leave the food”.
The business consultant Ciocca worked for some major international companies before joining and contributing with his know-how in the field of Total Brand Experience to bring to success some of the most famous Italian Food & Wine brands from Antinori to Illy.68

It was in 2000 that the famous Eataly came to mind. Not for a client, in that case, but for his project: ambitious and perhaps visionary, but somebody needed to make it a reality. A few years later, in 2004, Ciocca agrees to give the concession to the brand to the entrepreneur Farinetti, and initially Ciocca contributed to building the strategy of the company. The business model had led Eataly to become the symbol of Italian food all over the world, mixing food and business in an unique way. In short, a brand of great success, whose merit goes first of all to the great entrepreneur talents of Farinetti but far too far from what initially Ciocca had in mind.

The content of the Eataly project was influenced by a mix of Oscar Farinetti’s intuitions and Slow Food’s philosophy. Instead, the format of the retail outlets, the container of that idea and the innovative business model, dates back to the number of Farinetti travels in major European and world capital markets.

Among which, there have been many trips to Farinetti in Istanbul, capital of Turkey. The Istanbul bazaar was probably the place that more than any other inspired Farinetti in building its new stores. It was a place where you could experience a myriad of sensations, where every human sense is driven by something, images, scents, noises, tastes, and tactile experiences whose mix could give you unforgettable experiences. And that was what he wanted to do in his point of sale: not just a supermarket, but a friendly and welcoming place to read a newspaper, where to have a coffee, eat a bite before or after work, and where to go feel the perfumes of the food, touch them with hand and enjoy them.

Many others were the Farinetti trips aimed at forming the format and layout of the Eataly outlets. From 2003 to 2005 he visited many other markets, shopping malls and restaurants that contributed to the formation of what Eataly would be like: the Tokyo Fish Market, Kadewe in Berlin, the Auchan of Eurodisney, the Iper of Milan, Saluhall Stockholm, Harrods in London, Grand Epicerie de Paris, Carrefour, Coop and IperCoop, mountain inns, Michelin Guide restaurants, the organic market of Alba and many other small temples in the great gastronomy.

68 http://www.agrodolce.it/2016/04/04/eataly-nascita-di-un-marchio/
From each of these places he took something, some feature or factor that already existed in the way of commerce, but had never been combined and proposed as the only solution. And here is the originality of the Eataly format.

Farinetti sums up ten points in his business idea:

1. Create a large, open and informal place close to the city;
2. Only sell high quality food and beverages;
3. Expose them in large quantities and describe them accurately, in a comprehensible but original way;
4. Offer them both for sale and catering, in an integrated manner;
5. Create, by integrating them into commercial offerings, strong but easy-to-read educational areas whose aim is to bring people closer to quality foods;
6. Propose sustainable sales and restaurants, by reducing chain and marginal costs, counterbalanced by heavy volumes;
7. Use the democratic rules of the large distribution (spaces, only barrier of payment, cheap prices), but integrating them with the high specialization, with prepared staff, high quality, great internal production and perception of authority;
8. Put together a very strong team of people who are prepared, smiling, willing and willing to handle the challenge;
9. Convince the more small and medium-sized producers to become virtuous producers through a strong rise in quality demand that guarantees the market;
10. Offer the city public service activities.

But the cornerstones needed for the success of the project were also others. What was very important was the series of acquisitions made by Farinetti. The first acquisition was the Lurisia Mineral Water with a 50% share. Over the years, he has put in place a series of strategies for the acquisition of a number of small, key food producing companies, which would ensure a certain volume of supply and more control over the production chain. He left with the acquisition of a water and gassy producer, until he got to the distillates with the participation in the Montanaro distillery.

Of crucial importance was also the engagement of a number of professionals who would become its category managers who would be in charge of the entire management cycle of their category: supplier relations, establishing purchasing strategies, spaces to be devoted to each product and every producer and price definition. Farinetti needed subjects who had experience in those certain categories, who were capable, enthusiastic, enterprising and able to fly like "kites". Meanwhile, the location of the first sales outlet was discovered, the old

---

Carpano factory abandoned for long and in bad conditions. Farinetti will detect it and give it life again, inaugurating its first sales outlet on January 27, 2007, one thousand meters dedicated to "high-quality sustainable foods".\textsuperscript{70}

The success of Eataly products is due to two fundamental elements, first of all, the economic situation in the country and the constant pursuit of consumer convenience. In all categories in Italy, the trading phenomenon continues, which, as it is easy to guess, favors the trade brands. Second, the profound job developed with the inclusion of premium lines that have proved to be fundamental to the success of the Private Label at a general level.

\section*{3.2 Eataly Marketing Strategies in brief}

The communication made by Eataly is very different from the conventional one used by large modern distribution. Also, this differentiation element is very important in building the identity of Eataly and of the image projected on consumers and for them. With its own way of communicating, the company tries to talk to the consumer, informing it and trying to stop it from thinking more seriously about the foods it buys.

Eataly’s intention is to convince the general public that it would be better to spend less on discretionary goods, such as shoes clothes and anything else, but spend the right to buy quality foods. Because foods are the only good we introduce within our body. The consumer is seen as an interlocutor with whom to establish a mutual trust relationship.

At the base of Eataly’s communication, we find two particular theories developed by Farinetti: the theory of "coccodè" (theory from which the book published by him in 2008) and that of "apparent contradictions".

The first, rather than a theory, is a way of associating the company with a hen who makes the so-called in Italian “coccodè” when it does the egg. This theory is inspired by the customs of the ancient Langhe peasants who complained of turkeys that did not make any sound were laying the egg, as opposed to the hens who warned the farmer of his presence. The connection with the company is that, as the hen recalls his farmer with the “coccodè” sound, the company must do the same with the consumers. That is, the company should inform and draw the attention of potential customers on their offer\textsuperscript{71}.

\textsuperscript{70} Sartorio A., Il mercante di utopie. La storia di Oscar Farinetti, l’inventore di Eataly, Sperling & Krupfer, 2008.

\textsuperscript{71} Venturini T., in collaborazione il Centro Studi di Slow Food e la Fondazione Cassa di Risparmio di Cuneo, "Il nostro pane quotidiano. La logica della grande distribuzione e le ragioni della produzione tradizionale nella Provincia di Cuneo: il caso Eataly", 2007.
The second theory is based on the fact that the success of a project depends on the ability of a company to convey into its actions and communications a series of elements usually considered to be in conflict with each other. A successful business, in this case Eataly, must be at the same time:

- authoritative (in order to carry out his didactic function towards consumers) and informal (addressing his audience in an accessible and direct way);

- proud (to be credible in offering the customer of Italian food and wine excellence and to be able to ask for a premium price) and ironic (in order to widen the basin of its consumers, reaching with its communication both gourmet passionate and those who buy quality foods for a status symbol symbol);

- honest (in order to play the role of mediation between small traditional productions and mass consumption) and wise (in order to find those mechanisms that allow optimal management and integration of two very different worlds such as small traditional productions and large distribution).

Eataly’s marketing and communication strategies are very different from those adopted by the GDO. Large distribution focuses on the sale of large quantities of goods, directing marketing efforts to generating consumer purchases of impetus.

Instead, Eataly’s intention is to bring customers to a reasoned purchase. Teaching also plays a key role in this, allowing consumers to know the products thoroughly, reflect on them, and make a more conscious purchase. Eataly’s privileged tool for its communication is newspaper advertisements (local newspapers, national newspapers and specialized press) referring to consumers interested in the information and taking advantage of the ability to change advertisements whenever a new newspaper release is available.

These advertisements are characterized by the fact that they do not focus on photographs or slogans, but give centrality to the text. They have a very basic graphic, the texts are black or brown on a white background, the images are simple and a great visibility is attributed to the title that aims to attract the reader’s attention by pushing it to read the rest of the text.

The copy-write style used by Eataly emerges one of the elements of the "theory of apparent contrasts" elaborated by Farinetti. In fact, they are characterized by irony and authority, using an ironic style that counteracts much didactic content.
Through Eataly communication it expresses the will to communicate with consumers, describing the products sold and listing the services offered. Indeed, in contrast to the communications used by the traditional GDO, in Eataly's communications almost no product prices are found so as to give importance to other factors such as quality.

A key element behind Eataly's internal communication is the billboard that has several functions: information, promotional and didactic. These signs are concerned with giving information about Eataly's philosophy and its values has lie behind it, about the products, their producers and the processes of production from which they come from. It is a very original and articulated form of communication that aims to increase consumer awareness in shopping, causing it to pass from impulsive purchasing modalities to more rational purchases.

Another important element to consider is that Eataly, unlike large traditional distribution, does not usually use promotional sales. One of the major strategic moves implemented by GDO, is the system of special offers applied continuously, changing products every two weeks with special discounts. In this way, and sometimes offering subcontracted products, chains seek to generate a large customer flow that, attracted by such promotions within the retail outlet, will then purchase other non-discounted products that will to compensate for the lack of profit due to undercover promotions. Eataly's refusal for short-term pricing policies is aimed at guiding consumers to focus on the importance of food quality rather than on prices.

Another communication tool used by Eataly is the network. The official website is very articulated and subdivided into numerous sections that aim to present the company, its philosophy and its products.

Opening the homepage you can see the various sections:

- Online shopping:
  Through this section you can access a drop down menu from which you can select the desired product category and buy online;

- Events:
  By accessing this category you can view all the events that are organized on the basis of the sales point where they are organized;

---

- Eataly world:
  From here you can access different sections like the Eataly shopping list in the world; the section "who we are" describing the philosophy of the company; partnerships and the teaching section in which all Eataly didactic initiatives are described.

- Magazines:
  A section in which Eataly's various editorial initiatives are located; food travel suggestions (“eat-inerari”), a section where you can buy numerous smartboxes, covers with different themes, including guided tours and tastings organized in various locations and manufacturing companies;

- “Vino libero”:
  Section with which Eataly promotes the free wine project, accurately describing the values on which it is based and providing a list of the producers that are part of it.

In addition to the official website, Eataly is also active on the Facebook social network, where consumers can find the official Eataly page and the various pages of the various stores, where various initiatives and events are promoted by the company.

One of the cross-cutting elements shared by the customers of the retail outlets is a growing degree of infidelity. The recurring use of promotional actions that must be repeated year to year in order to avoid losing revenue has created an attitude of consumer misgivings on pricing policies in a High Low context. Eataly has decided to strategically target the private brand by abandoning the promotion policy. The combination of quality choice, no pricing and convenience, no waste has changed the sales trend and the level of customer loyalty. Eataly strives to contain the level of its prices. Just as the generalist tries to get the best possible quality without exceeding a certain price level, so Eataly, once set a quality threshold below which he will not go down, strives to reduce as much as possible its prices. The fact that the price variable plays a crucial role is evident from the slogan chosen to launch the Eataly project:

"High-food at sustainable prices".

Note the choice of the adjective: Eataly's prices are not 'low' (as opposed to all other chains of the generalist GDO), but 'sustainable' ie compatible with the budget of a middle-aged family.
Price containment is achieved at Eataly through the implementation of four complementary and partially overlapping strategies:

1. Diversification of prices.
2. Negotiating with producers.
3. Direct control of production flyers.

The first strategy for diversifying prices is the most common and is widely used by other GDO chains. When assessing the level of prices of a supermarket, consumers refer not only to the average prices of the products displayed, but also (and above all) to the price of the cheapest products. In the jargon of the large distribution these products are called ‘first prices’ or ‘owl products’ and play a crucial role in completing the offer of any supermarket. Always marketing super and hypermarkets revolve around the promise of lower prices than those of traditional retail outlets. In the name of price declines, GDO has convinced modern consumers to accept more and more uncomfortable locations and quality of service more and more approximate.

In recent years, first-rate strategy has played a crucial role in defending traditional supermarket discounts. By not lowering all their prices to the level of discounts, supermarkets have been forced to introduce low-priced product lines. These lines are often sold with almost non-existent and sometimes even under-priced margins.

The role of owl products is not to generate profits directly but to attract consumers to the point of sale by encouraging them to buy even more expensive products. Eataly extensively uses the pricing strategy. For almost all merchandise categories, the Eataly supermarket grid is built to start with a relatively low entry price then extend upwards.

To stay competitive with the rest of the GDO, the Eataly project needs at least its top prices to remain within the normal supermarket price range. For each type of product on the shelves of Eataly there is therefore a very wide range of prices, which begins at a price comparable to that of the best product available in the classic GDO and then goes up very high in the case of particularly rare or prestigious products.

This price range allows Eataly to have an attraction on such a large audience. On the one hand, being able to climb very high in the range of every product category, Eataly seeks to present itself as the point of reference for Italian enogastronomic excellence. On the other hand, even

---

73 Villone M., Eataly. Eataly editore 2010
offering products with relatively affordable prices, Eataly does not refrain from subtracting some of their consumers to the other supermarkets (the most attentive and most willing to pay for it).

From the point of view of the image, this is a very strong position, which attracts consumers by promising the best of the best of Italian production, but then leaves open the possibility of purchases accessible also to consumers with limited purchasing power.

The second strategy, negotiating with producers, is the most classic of GDO's current price containment strategies. Ever since its inception, modern distribution has set itself the goal of reaching such a size as to have a strong position in trading with manufacturers. In many ways, the advent of the GDO can be interpreted as an attempt by the distribution sector to safeguard its contractual power in the face of the emergence of large modern industrial manufactures. Power ratios appear to be inverted today, with a large distribution that has now reached economically unreliable levels even by the larger industrial groups.

Large modern distribution has largely exploited its strong position in trading with its suppliers. While it is true that the advent of the GDO has led to a significant slowdown in the infringement in the countries where it spread, this effect is mainly due to the fact that large distribution to offer more attractive prices to its customers has in fact imposed on producers a reduction (or at least a maintenance) of their selling prices. If this GDO pressure on the producers has benefited consumer purchasing power, the downside of the coin is that this pressure triggered a 'downtrend' in the prices paid to producers.74

The downturn in prices to the producer has gradually pushed out of the market all those companies that could not (or wanted to) cut their costs by lowering the quality of productions or achieving economies of scale. Such an effect has had the practice of 'special offers'. In contracts with suppliers, it has become common practice to foresee that once or twice a year the manufacturer consigns important batches of goods at a lower price. In return, the distributor undertakes to attribute a particularly attractive position and price to such goods. The "special offers" mechanism is beneficial both for supermarkets (which attract consumers with lower market prices), both for large industrial producers (which release unsold stocks and also have a promotional effect). Such a mechanism is, however, devastating for small and medium-sized enterprises that must periodically address a demand they are not used to and at a disadvantageous price. In the case of the Eataly project, rapport with producers was set

---

74 Fava A., La fabbrica del retail., Franco Angeli 2015
up according to a completely different philosopher: Eataly deliberately chose not to rely on the strength of its size in dealing with its suppliers. Although the producer / distributor power relations are even more imbalanced than in the rest of the large distribution (since craftsmen or small-industry producers are confronted with a mass distributor), Eataly can in no case afford to rely on its own Dominant position.

This is an economical calculation even before an ideal choice: if Eataly behaved like other distributors, it would end up being alienated by most of its producers and would find themselves offering the same products as the rest of the GDO. This does not mean, of course, that Eataly does not use its contractual force to hold the prices paid to producers. In contrast, over the years, it has been confirmed the importance of trying to contain as much as possible the increases required by producers.

However, the categories have also confirmed the attention not to put their producers under pressure they could not endure.

In the case of Eataly, however, the trading strategy with producers, while remaining crucial for many respects, is relatively secondary in the effort to contain consumer prices. Although important, the two strategies described (price differentiation and trade negotiation with producers) are definitely less crucial for the Eataly project than the other two: direct control of production fleets and geographical and temporal proximity. In the economy of the Eataly project, both of these strategies perform functions far beyond the mere containment of prices. Both are to be considered as distinct elements of the Eataly project.

### 3.3 Direct control of the production chain and geographical and temporal proximity

Eataly is not just a distribution company. Prior to opening its sales outlet, Eataly has been concerned about ensuring that one or more companies are involved in each of the key product sectors (water, meat, pasta, wine, salami, pastry, etc.). Certainly, Eataly is not the first GDO chain to have assumed an important position in the field of agro-food production. The combination of distribution companies and manufacturing companies is at least as old as the large organized distribution. In addition, in recent years, the importance of this communion has been boosted by the advent of so-called trade brands. With the trade mark term it usually refers to product lines identified by the brand of the distribution chain and not from the manufacturer's brand. The goal of these lines is to offer an alternative to the most well-known and expensive industrial brands.
The fact that these products are identified by the distributor's mark does not necessarily mean that they are produced by companies directly controlled by the distributor. In most cases, these are goods produced by industrial producers that establish complex business relationships with the chains of distribution. Sometimes, a distributor distributes the full production of a supplier to its own name. Sometimes, a group of smaller suppliers are associated with the impetus of the distributor company that brings together and branded all their products in the same way.

Other times, a large industrial producer produces similar products for different distribution chains that brand them with different brands. Sometimes, an industrial manufacturer marries a part of its production with its name and a part with the name of a distribution chain. By marking a product with its own name (or with the name of a line present only in its shelves), a supermarket chain assumes responsibility for its selection not necessarily of its production. In any case, trade brands allow distributors to exercise more direct control over production by achieving a threefold goal.

First, oppose the negotiating power of trade marks, preventing them from acquiring monopoly on a certain type of product. Secondly, profit from the fiduciary and credibility inherent in distributing signs. Third, allow the distributor to extend its range of prices down.

It is interesting to note that Eataly's participation in companies such as Pastaficio di Gragnano, Brandini and many others has in no case resulted in a change of brand. To date there is no product that is marketed under the Eataly brand. In most cases, the reason for this choice is simple: brands such as Lurisia, Serafini & Vidotto, Alfetra have a story and a prestige that Eataly could not afford to lose. In addition, the choice of using a separate trademark even for productions born with Eataly (such as La Granda or Ancient Ardenga) allows such productions to develop an alternative market.

Each company has maintained its brand and nowhere is it written that they are Eataly companies. In fact, the choice not to take commercial brands is perfectly consistent with the floss and the image of the Eataly project. If consumers agree to pay far higher prices for Eataly products, it is because these products are presented as the best of the Italian food and wine tradition. If they were presented as the productions of a large chain of GDO (though original and innovative) their charm would be significantly lesser.

---

75 Danford N., I love Eataly. Il cibo italiano narrato e cucinato., Rizzoli 2014
That is why, for example, the company founded by Eataly chose the name Antica Ardenga, although it is a newly established company. By acquiring key manufacturers in the key merchandise sectors, Eataly ensures control of key entry prices to remain competitive with other GDO chains. By retaining the brands of producers, Eataly is presented as a simple intermediary between modern consumers and traditional producers, hiding the importance of self-productions.

Eataly is a 'productive' company at least as far as it is a 'commercial' business. From a corporate perspective this duplicity is managed through the separation between Eataly s.r.l. and Eataly Distribuzione s.r.l.

The first is the company that controls or participates in the various production companies connected to the Eataly Group. The second is the company that manages the distribution chain stores. It is a sign that the parent company is Eataly s.r.l. And not Eataly Distribution. Though it is an almost invisible element for consumers and often ignored by commentators, commitment to production is a key element in Eataly’s mechanism.

We have seen how commitment to production is the strategy that more than anything allows Eataly to maintain first competitive prices compared to the rest of the GDO. We have also seen how this strategy is relatively hidden from consumers who are not necessarily aware of what products are attributable to the Eataly group. 76

From the point of view of the image and communication is another strategy that is put to the fore: that of the preference accorded by Eataly to local and season products.

In Eataly’s statement, the idea of eating seasonal foods and locally produced foods allows them to eat better and at the same time to spend less back in an obsessive manner. Entering Eataly Turin almost meets a large wheel that presents for each of the twelve months of the year the fruits and vegetables of season. Behind the wheel, well-sighted on a large white wall, are currently exposed the products of the season. Above the wall stands the word "Let’s be smart: seasonal foods are better and cost less”.

The same message is also found in many Eataly advertisements and is very often associated with the valorisation of the products of the territory.

The idea that these messages convey is that spatial and temporal proximity allows consumers not only to eat better and healthier, but also to spend less. This is a convincing but substantial idea. The story of the great modern distribution teaches that it is exactly the opposite. For

---

76 Ciocca C., Eataly I like, but I prefer eatalians. Lips, Defects, Samples and Wizards of Italian Food., Lupetti., 2015
many types of product, storage and transportation costs have a marginal impact on the wholesale distribution costs. It is certainly the case for canned products, but it is also true for many fresh products despite the additional costs of maintaining the cold or cool chain. This explains why the grid of the large classical distribution is made up only in small part by local or seasonal products.

From a strictly economic point of view, for the contemporary GDO, geographical and temporal distances do not represent decisive variables. To minimize purchase prices and then resale, the GDO should buy where and when the goods cost less, without worrying about spatial or temporal distance. If Eataly has chosen the resort strategy and seasonality, then it is not to lower the prices it offers to its customers. Instead, locality and seasonality imply a cost that is reflected in consumer prices, and yet, Eataly chose to remain firmly anchored to these values for a very important reason.

The choice of location and seasonality represents a very strong message on the image plane. Unlike the organoleptic quality (which is a different value to be evaluated for an unknowable consumer), these are immediately understandable values. The discontinuity signal compared to the rest of the large distribution is very net and easy to perceive. Locations and seasons are important criteria for good, clean and fair values, and more generally than the values of safety and environmental ecology.

### 3.4 The originality of Eataly.

To describe the philosopher of his company, Oscar Farinetti, Eataly's inventor, draws a square divided into four dials. Each of the dials represents a style of consumption deflated by a combination of quantity (large / small) and quality (high / low).

The modern GDO positioning in this scheme is very clear: Supermarkets turn (and help create) a consumer interested in consuming (so many different products) and willing to settle for a relatively low quality. Eataly intends to position itself in the opposite square of the one deficient by limited quantities and high quality\(^77\).

\(^{77}\) Santoro B., Italian Factor., Egea., 2014
Contrary to what is often said, the originality of Eataly’s positioning does not lie in choosing to concentrate on high-quality products. In this choice, the Eataly project is in good company: many other large distribution companies (both food and non-food) have chosen to develop in the same direction. This is the case with some prestigious department stores: many of the department stores that have made the history of the large European and American distribution have chosen to put their reputation on the market in the high market segment of the consumer market. Companies such as Galeries Lafayette, Le Printemps, Le Bon Marché, Samaritaine (Paris), Kaufhaus des Westens - KaDeWe (Berlin), Harrods, Harvey Nichols (London), Saks 5th Avenue, Bloomingdale’s, Macy’s (New York) Their offering exclusively to luxury products.

Although all of these department stores mainly non-food goods (mainly clothing, cosmetics, jewelry, interior decoration and toys), many have dedicated important areas to the marketing of food and beverages (especially Lafayette, Bon Marché, KaDeWe and Harrods).

The food departments of these department stores are organized as GDO’s supermarkets, but limit their grids to products of excellence.

Eataly naturally encapsulates these examples (Oscar Farinetti does not hesitate to observe and carefully study the formula of these department stores before starting the Eataly project) and nevertheless renews the model by introducing some innovative elements.
First of all, Eataly’s offer is limited to food products. This is an important difference because, in the case of the above mentioned examples, it is evident that the food department is particularly concerned with completing the commercial offer. Although not negligible, the turnover guaranteed by these departments should be considered as part of a larger business venture that has its strength in the non-food sector.

Eataly’s grid, however, is strictly limited to food products or products closely linked to the world of food.

Eataly's first originality with respect to the major international department stores, but also with the common supermarkets, is to offer a very deep grid on food categories, but very limited to other categories. Aside from kitchen and tableware and gourmet publications, Eataly does not offer any non-food products, even the most commonly displayed categories in traditional supermarkets (home and cleaning products, common cosmetics, small stationery ...).

The choice to confine itself to food products only meets two needs: on the one hand, the need to focus consumer attention on the excellence of food supply, on the other hand, the need to differentiate in the panorama of the large Italian distribution. For a nascent yet relatively small company like Eataly it is important to find a complementary placement rather than entering into direct competition with the giants of the GDO:

"We are complementary more than opposed to the rest of the big distribution, for the simple reason that we do not have the same range extension. We lack, for example, house cleaning products. That is why it is crucial for us to have a traditional supermarket in front of our Turin outlet. So our customers can park in one parking lot and buy food from us, and the other supermarket is the things that serve the home. The supermarket's turnover here faced has increased by 10% since we are 78."'

Although original, the choice to focus on the excellence of gastronomy is not enough to undermine Eataly's uniqueness.

Far from being the only company positioned in the segment of excellent food and wine, Eataly shares this position with many other commercial companies. In addition to the department stores, the quality food market is well attended by a host of shops, wine shops, specialized stores of various sizes and sizes. Some of these business initiatives have the size and variety of an average supermarket and represent the closest competitors of Eataly. Returning to the square drawn by Oscar Farinetti, the choice of positioning in the high quality sector is not

78/\url{www.academia.edu/13067491/Our_Daily_Bread-Eataly_and_the_Reinvention_of_Supermarket}
enough to deflect the specificity of the Eataly project. This choice surely removes Eataly from the mainstream of the great modern distribution, but it is not enough to distinguish it from the department stores or from the excellent gastronomy shops. Much more original in the Eataly mechanism is the decision to move towards reduced consumption. In an unprecedented momentum in modern distribution, Eataly advises its audience to reduce its consumption levels.

Compared with the forms of distribution that preceded it, the modern GDO defines itself for its ingenious efforts to increase the volume of sales and purchases, to expand the range of goods and services offered, to engage an increasing number of producers and consumers. In the notion of large organized distribution, the ‘organized’ adjective is important (because it draws attention to the crucial role of logistics) but the very crucial term is ‘great’.

Modern distribution always has great numbers. The advice to consume less than Eataly addresses to its consumers is therefore particularly surprising to the point of asking whether the Eataly project is really part of the modern GDO movement. Answering this question requires introducing another invisible element in the Farinetti square, but crucial to Eataly’s identity and business model: the price.

It is not fair to say that modern distribution is oriented in the direction of increasing quantities and decreasing quality.

The GDO obviously does not explicitly aim to lower the quality of the products it sells. On the contrary, there is no supermarket chain that does not affirm in every programmatical document the commitment to maintain high quality. This commitment is not without sacrifice: all distributive companies strive to offer their customers the highest possible quality. However, this effort must be read alongside the more pressing effort to keep consumer prices low and, if possible, lower them. This is the first and most important commitment of the GDO, in the context of which all the other ambitions of modern supermarkets should be read.

For the modern distribution chains, engaging in quality always means to commit to offering the highest possible quality at a low price. It is incorrect and ingenious to claim (as do retailers of large distribution) that supermarkets do not care at all about the quality of their products. They are genuinely interested, but this interest is subject to the attention to price containment, which remains the primary concern.

The grid of any modern business venture is deflated, seeking to maximize quality, given the price level that a GDO chain intends to maintain. The crucial question that needs to be considered in the evaluation of a distribution company is therefore: how and at what level are its prices set? This question makes it possible to distinguish between two types of distribution.

---

companies. On the one hand, the generalist general distribution, which aims to sell the largest quantity of goods possible to as many people as possible. On the other hand, the large specialized distribution, which aims to sell the largest quantity of goods possible to a large but limited number of people.

For the first type of business, keeping prices below a certain threshold is the necessary condition to guarantee anyone (or nearly) the ability to buy large quantities of goods. This threshold inevitably ends up in order to bring a roof to the marketable quality level for the generalist general distribution.

The specialized distribution, choosing to turn to a more voluminous (and hence narrower) clientele, can afford instead of having higher prices and hence higher quality. Both the department stores and the excellent gastronomy shops belong to this second type of distribution company. They both turn to a group of wealthy people. The difference between each other is merely the size of their reference clientele.

The prestigious department stores they enjoy and the fact that they are placed in large international capitals can rely on a numerically wide clientele (comparable to that of a medium hypermarket), while all other top product distributors must to be content with a much narrower audience. This is, of course, a tremendous simplification.

Differentiation in the market of modern distribution is much more complex and the positioning strategies are much more subtle. To highlight the originality of Eataly, however, it is important to point out that all other companies in the distribution sector, those who address a niche client as much as generalists, share the same obsession with the quantity.

Whether it's rich or poor, the consumer of GDO is pushing to maintain its high level of consumption, the only difference is who can afford it to consume high quality products, while others will have to settle for a poorer quality. What differentiates Eataly from any other distribution chain is the bet that it is possible to maintain a high level of quality and price without having to turn to a niche audience. Everyone, or almost, can consume high quality products if they accept to reduce their consumption. On this point Eataly's communication is very explicit:

The bet of Eataly is interesting from an ideal point of view, but even more economically interesting.

From a strictly economic point of view, mass distribution and excellence is not impossible. Such a distribution, however, implying high prices is based on the ability to convince a large number of consumers to consume less but better. That is why, in Eataly's announcement, the invitation to consume better is often linked to the invitation to consume less. This is an exquisite accounting requirement, because Eataly's products and prices are competitive outside the niche of wealthy consumers or food enthusiasts, consumers should be willing to spend in a supermarket where their power is d’Purchasing is, at least partially, limited. The invitation to consume is therefore consistent with Eataly’s marketing strategy at least as consistent with its values.

In Oscar Farinetti’s thinking, it’s not just eating food that needs to be reduced. According to the creator of Eataly, they are above all the other types of consumption that should be limited to allow food to be allocated a larger share of the family budget:

We can summarize what is said in a diagram of Oscar Farinetti's goals and vision:

<table>
<thead>
<tr>
<th>Goods</th>
<th>Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>As much as possible</td>
<td>As much as possible</td>
</tr>
<tr>
<td>At limited quantity</td>
<td>EATALY</td>
</tr>
</tbody>
</table>

---

The scheme highlights the absolutely original position of the Eataly project and how it can’t be assimilated to the generalist distribution (for its choice to maintain a high level of quality and price) or to the large specialized distribution (for the choice of turn to a mass audience and not a niche). In this positioning and the invitation to consume less lies the originality of the Eataly project and the characteristic that distinguishes it from other large distribution companies.

3.5 Alce Nero case study.

From the seventies the Green Revolution has become more and more felt, creating the conditions for a profound change in the agri-food landscape. The deep oil crisis and food-related scandals have fundamentally altered the patterns of consumption, leading to the emergence of environmental and biological movements around the world.\(^\text{82}\).

Such movements contrast biological production with the aim of minimizing negative impacts on the environment, society and quality of food.

This is a real revolution that aims to give strength to the battle that has the biological production of organic food in a clean environment. This is a transversal way through which improve the quality of life on earth.

In the tiring path towards organic production, "craftsmanship" is preferred to an industrial model that takes away the sense and the identity. This is a path of generosity and active participation that creates the preconditions for creating a culture aimed at change.\(^\text{83}\).

In this scenario characterized by a mixed revolution to agro-food changes, it was born in 1978 Alce Nero, a company of organic farmers whose mission is to produce good food in the respect of the environment.\(^\text{84}\).

Alce Nero sees the food as a relationship and the company is born precisely from this: the meeting between Conapi and the Consorzio Nazionale Apicoltori and the Cooperazione Alce Nero, in fact, is precisely from that relationship that is the meeting between two lands rich in Italian flavors: Emilia Romagna and Marche.

\(^\text{82}\) Girolomoni G., Terre, Monti e Colline, Il Caso di Alcenero, Jaka Book, 1993
\(^\text{83}\) Cavazzoni L., I semi di mille rivoluzioni, Alce Nero: storia di ulivi, uomini e api, Gruppo Editori Mauri Spagnol, 2014
\(^\text{84}\) http://www.alcenero.com/chi-siamo/la-storia/
Today the biologist is at a stage of major changes, the challenge that Alce Nero has set is to optimize the production chain and the transformation of organic products.\textsuperscript{85} The company fights to free the lands from poisons, preserving biodiversity by taking environmental responsibility into account.

The success of Alce Nero, reached in Italy before and worldwide then, is enclosed in the cure through which you choose the fields and the people and it cares of the project from the ground to the transformation, to the ingredients all, to reach an authentic biologic.

Alce Nero always invests in the innovation of products in which there are absolutely no additives.

The company operates over 6,000 hectares converted to organic in Italy. It collects over 1,000 Italian farmers and beekeepers, reunited in 12 major members who will soon become 16. Additionally, the 14,000 small Latino American farmers, along with the local transformers who are the interpreters of raw materials, along with cookers, storytellers and operators.

The story of Alce Nero, known as an agricultural and social initiative, began in the early 1970s as the aforementioned, but the real and the prosperous company was born at the end of 1999. In that year the Alce Nero brand billed 3 million euros 2015 has caught 50 million as a brand, the 60 million as a company.

Over the years, Alce Nero’s offerings have enriched new commodities and new products, involving many producers and farmers, both brand awareness and appreciation have grown a lot over the years. The company grew faster than double the market.

The company mission is focused on the commitment of the valorising, the quality, the identity and the typology of productions in an innovative, dynamic and efficient way.

The company’s work is aimed at developing a sustainable and responsible economy that promotes a new way of feeding and living.

The raw materials used are free from chemical residues and obtained biologically and transformed with protective technologies of organoleptic and nutritional integrity.

Alce Nero offers almost three hundred organic products: pasta, rice, pastry and tomato pulp, vegetables, legumes and soup, rolls and fruit juices, compositions and honey, still vegetable drinks and a baby line completely devoted to early childhood.

\textsuperscript{85}Girolomi G., Alce Nero Grida l’agricoltura biologica, una sfida culturale, Jaka Book, 2002
Despite the crisis in the Italian GDO Alce Nero continues to collect success, the secret of this growth is simply a very high quality biological product, made with the smallest possible number of ingredients, where possible of Italian origin, communicated and explained in a transparent way (even through packs with a "narrative label") and finally packed with the least possible material.\(^{86}\)

One of the reasons why the company was born through the grouping of existing companies was to have more efficiency and commercial, logistics and productive strength.

Alce Nero Spa finds raw materials in different areas, according to the geographical characteristics of the territories to which farmers and beekeepers belong. This ensures a natural product - because raw materials are not grown in industrial greenhouses or are treated with chemical fertilizers that allow it to be produced even in areas where it would naturally be unlikely to grow - and healthy, suitable for any kind of consumers.

Over the last decade Alce Nero Spa has demonstrated a consistent development:

"The growth of Black Alce is for us a confirmation: organic is the tomorrow's agriculture. The abandonment of pesticides that exterminate bees, herbicides that dry the soil and petrochemicals that reinforce agricultural and pollutant products is the only possible choice. The biological is perspective, identity and healthiness, new crafts that passionate. It is restoring a relationship between those who produce and who uses, between countryside and city, between environmental respect and healthy food. The biological is knowledge and participation. It’s exchange. This is why it grows and is destined to send in the niche unknown food, which has no name or origin, which does not build trust and well-being.\(^{87}\)."

*Lucio Cavazzoni, president of Alce Nero.*

Alce Nero is having good results also in the baby food industry, products intended for early childhood, which have reached 1 million euros in turnover.\(^{88}\)

---

\(^{86}\) [http://www.cuoaspace.it/2015/07/food-come-crescere-del-42.html](http://www.cuoaspace.it/2015/07/food-come-crescere-del-42.html)

\(^{87}\) [http://distribuzionemoderna.info/finanza/alce-nero-crese-da-nove anni](http://distribuzionemoderna.info/finanza/alce-nero-crese-da-nove anni)

The Alce Nero group, and in particular its President Cavazzoni, is pleased to have surpassed the 7,000 hectares cultivated in Italy, of which only one in Romagna is tomatoes. The goal for the future is to surpass 10,000 hectares of total organic products over the next few years.

The well-known brand of organic products that reached 500% growth over the past fifteen years, is the protagonist of an integrated communication plan, developed in partnership with Linkage Adv, which uses all traditional and digital channels: from television commercials to print campaigns to major newspapers, periodicals, specialized magazines and web portals.

The campaign also includes participation in special events such as RCS Group’s Art Food, Food Experience and Product Placement Operations at the Cook & Books Academy, the Mondadori Cooking School, and the major food and wine TV programs such as: La prova del Cuoco on Rai Uno channel; Fuori di Gusto on La7 and Sua eccellenza Italia on the Gambero Rosso, where the producers, partners of Alce Nero and Mielizia will also be protagonists.

Alce Nero grows as a brand of organic at international level. This was confirmed by Biofach 2013. He pointed out the initiatives launched by Alce Nero, the marketing manager Nicoletta Maffini.

"In 2012 - reminded Maffini of GreenPlanet - we started a multimedia communication path with the aim of enhancing brand awareness of Alce Nero, expanding the target of our users, thus working on the historical and consolidated target of high consumers of organic, both on a new target identifiable in foodies, those who appreciate good food, and all those who like to take care of themselves from eating. Alcenero has also been successful in partnership with Eataly:
The goal of the campaign is to increase brand awareness and translate connoisseurs into trialist (increase brand awareness among consumers).

Eataly has always chosen to share their own issues with consumers through strong theatricalization of the stores and to tell about "True Food Colors" has made use of the collaboration of the historic farm of farmers, beekeepers and organic transformers. Proxima, a communication agency of Modena specializing in the retail outlets, already partner of Alce Nero, has been able to translate the content shared by the two brands into images and concrete solutions.

Milan and Turin will receive airborne structures in rainbow-shaped panels depicting raw materials grouped by color and beneficial properties. Rome has hosted a similar ground floor solution of smaller dimensions and with a dual analogue interaction that will involve customers and will invite them to experience the fruits of nature closely with a direct and personal involvement.

http://distribuzionemoderna.info/pubblicita/alce-nero-torna-protagonista-di-un-piano-di-comunicazione-integrato
In all retail outlets panels and prints will deepen the concept, they will tell all the good of the various foods and the reasons for the various clusters.

Alcenero has given away, in addition to an editorial partnership with LifeGate, the themes anticipated by the exhibition, with the launch of the new Alce Nero magazine: "Balance on the move" and disseminated on the LifeGate portal and on social channels - a network that has a community of more than five million people in continuous growth - with articles of in-depth scientific research, with the collaboration of experts such as Attilio Speciani and Stefania Piloni. The experts of the collaboration are entrusted the task of illustrating the different nuances of the concept of dynamic relationship between all the components of food, its impact on the environment and consequently on daily life, confirming the need to rethink it in its complexity.

The editorial partnership responds to an ever-growing need for audiences to seek proper and authoritative information on sustainability. It is confirmed by the data highlighted by the 2nd National LifeGate Lifelong Observatory promoted by LifeGate after Expo Milano. The "enthusiasts" and "interested" in the themes of sustainability, rose 62% compared to the 43% observed in the first edition. In particular, the EXPO effect on food is not ignored, reflected in the preference given today by 47% of Italians who tend to favor organic and certified organic products, as reflected in a remarkable market success of bio products.

3.6 “Il Viaggiatore Goloso” becoming a brand.

Private Brand to Everyone: this the case of the project of Unes Supermercati, with the inauguration in Milan both of the first selling point “Il Viaggiatore Goloso” and the second temporary store. A double hit on the wave of sales and enjoyment gained at the end of 2015, with the provisional shop debut test, always in the Lombardy capital.

The first shop Il Viaggiatore Goloso opened on November 23rd in viale Belisario, a prestigious locations in an historically high-income district, and further upgrading with the urban development of the CityLife project and the Three Towers skyscrapers, signed by the three archistars Arata Isozaki, Daniel Libeskind and Zaha Hadid.

One of the strengths of the new store is the organic bakery, which is aimed at increasing the daily and new customers thanks to a wood-burning furnace. This furnace can bake left-handed doughs for at least two days prepared with wholly selected grains and organic and

---

91 trad. “Equilibrio in movimento” - www.lifegate.it/alcenero
92 /www.lenews.info/2016/04/alce-nero-annuncia-lavvio-unimportante-partnership-editoriale-lifegate/
leavened with only natural yeast. In the gastronomy, there is plenty of space not only for typical Italian gastronomic specialties, but also for international ones, including Jamón Iberico cut to the kennel and the White Caviar Pacific Royal.

Extrophilia also in butchery: you go from the Angus bred in Italy, to the marinated meat Wagyu (Japanese breed of beef), from the rest rested for at least two months to the chicken of Bresse. Vegetables and fruits are also proposed, washed, cut, shredded, centrifuged and squeezed. In replacement of the fishmonger (the store is medium in size), Sushi and Sashimi are prepared locally by a Japanese specialist who takes care of the preparations offered by the Viaggiatore Goloso in the slightest detail.

Next to a cellar-winery, with a premium selection of fine vines, the layout includes a Tasting Area, featuring weekly tasting and testing of selected products among the assortment’s excellence.

In addition to the entire range of the Viaggiatore Goloso, the fresh department stores and the food grocery, the assortment is complemented by products dedicated to the care of the home and the person.

Il Viaggiatore Goloso, the brand of Unes and U2 Supermarket, designed to offer even the most discerning palates of meticulously selected products, opens in Milan, in "Piazza Portello" is a place of food tasted and sold, beauty, technology, passion, reassuring customers, protecting the planet, accessible to everyone.

Among the strengths of the new store we include:

- The biological bakery: it is the flagship of the new store. A woody oven, able to bake in the most natural way possible, bakes pastes left to rest for at least two days prepared with whole grain and organic grains and yeasts with only natural yeast.

- The gastronomy: careful selection of products allows you to explore the gastronomic richness typical of our territory as well as the best international traditions including Jamon Iberico cut to the Knife and Caviar Pacific Royal of Storione Bianco.

- The butcher shop: to gratify the most demanding palates. For this reason, the numerous types of meat proposed range from the Angus in Italy, to the precious Wagyu marzipan meat, from the rest of the rest for at least two months to the chicken of Bresse.

- The selection of fruits and vegetables: in order to ensure genuineness and freshness, fruits and vegetables are offered, in addition to traditional criteria, also washed, cut, shredded, centrifuged and squeezed.

- Sushi and Sashimi, prepared locally by a great Japanese master who takes care of the preparations made by the Golose Traveler in the smallest detail.

- The Cellar: a rich offer of fine grapes, allows you to combine the right wine with every delicacy.

- Tasting Area: a space where weekly tastings of selected products are selected among the excellence in the assortment.

Eataly sponsors the brands of the local producers that he selected, including the Viaggiatore Goloso.

The strategic role of the private labels for the sign comes to fruition in the results achieved: the Viaggiatore Goloso in 2011 achieved sales worth 34.9 million (+ 26.4%, VS 2014) with an incidence of the private label Unes on total volume Sale 2015 equal to 38.5% of which 6.4% of the Viaggiatore Goloso.\(^\text{94}\)

In a homogeneous context in which some countries are recovering from the economic downturn while others are still in serious difficulties, Private Label plays a central role in large distribution, in light of the fact that customers’ purchasing power tends to remain weak.

The Private Label, with its different placements (pricing, brand name and premium), offers savings to all customers and is now assured that it guarantees the same quality and value as the industrial brands.

It is no coincidence that many shoppers turn more frequently to the more expensive segments of the Private Label, especially the premium.

In Europe, the Private Label has a value of 36.7% and 47.1% if we consider unit sales.

In Italy Considering the Hyper and Super channels, the trade mark rose 0.8% in value-added and now accounts for 18.4% of sales; the share in units grew by 0.5% to 22.4

Il Viaggiatore Goloso offers the Top of the Range with over 300 products with a sophisticated and genuine taste, this line aims to satisfy even the most demanding palates, reaching a much higher qualitative placement than the market leader.

Il Viaggiatore Goloso line is open to the biological world. In fact, BIO’s "Golfer's Traveling" was born that with its current 50 products it wants to meet that target of consumers conscious of their diet and the well-being of the environment. Particular care for the environment was the reason for the development of the "ecoU!" Line, with over 50 products.

\(^\text{94}\) http://www.altaviawatch.com/tag/temporary-store/
Through this line, customer buying has been facilitated by streamlining the positioning of shelf products. In fact, branded products are not placed at eye height so they are immediately visible to the consumer but are placed next to the leading product reference. Additionally, presenting a branded product next to the PL and a PL in a non-promotional environment allows consumers to engage in intentional repurchase mechanisms based on conscious comparison.

Extending the Il Viaggiatore Goloso line to the Biological World, the offer has also opened to the world of organic products has risen a lot and has allowed to continue the traditional taste research that characterizes the products of this line. We are proceeding to restyling all the products in the line to give more value to the image of the same.

On the front of communication strategies, we want to tell how these products are born and how they are selected, in particular, we want to highlight the work of Italian companies strongly rooted in the territory. It has been decided to carry out product placement activities to showcase products on TV and during various events throughout Italy.

3.7 Eataly strategic partnership.

Eataly, in addition to adopting an innovative business model, is a very dynamic company. This can be seen from the many open sales outlets in both domestic and foreign markets, as well as the numerous partnerships and collaborations that they undertake with many companies belonging to the most diverse sectors.

The collaboration between Vodafone and Eataly net has led to the emergence of SmartPoster, an innovative solution that allows consumers to spend their money quickly and easily. Through this technology, designed by the two companies, and a Smartphone, now owned by more than 50% of the population, of which 25% used it at least once for online shopping, the customer could choose the products to buy from a "Smart poster" with Near Field Communication (NFC) technology and QR Code.

The SmartPoster is nothing but a latest generation flyer, an "intelligent" flyer. This is an interactive billboard, featuring a series of articles featuring a specific NFC tag and QR Code. What they want to offer the two companies through their partnerships and this innovative project is the ability to make a "Smart", avoiding any long files in the crates. It is as if every customer has a personal pos.
The operation of the Smartposter is very intuitive, in fact, in order to select the desired product it will suffice or to frame it with its own Smartphone which, through the application, will recognize it in three different modes: camera recognition, NFC technology, or by scanning the QR Code. Scanning will allow the consumer to view a product description (nutritional values, traceability and price) and provides the ability to place the product in the virtual cart. Once you have filled your virtual cart, you will need to confirm the order and proceed with credit card payments and the products will be delivered to the indicated address.

A further result of the partnership between Eataly and Vodafone is the development of a single data network. Through Multi Protocol Label Switching (MPLS) access, Vodafone has connected every Eataly headquarters with a reliable, high-speed network allowing the various locations to stay connected and exchange data, as if all employees worked at the same store, reducing time of communication. Thanks to this “Smart Working” solution, management, store managers, and managers can track their business trends in real time (such as sales and sales data of various retail outlets), swap in real time and total security information, reducing the communication time by closing distances.

Another partnership of Eataly has made in 2011: this time with Ntv. Such collaboration will change the way of catering on trains. The deal has brought Eataly's high-quality food on board Ntv high-speed trains, but without the help of restaurant coaches. In fact, meals will be served to the passengers directly in their seats, avoiding being distanced from their luggage.

Thanks to this partnership, a project was born: an ad hoc service for Italo, which is Europe's most modern train. Italo's modernity and technological innovation merge with the tradition and excellence of Italian cuisine proposed by Eataly. Thanks to this collaboration, Italo's customers will be able to choose from a top quality meal menu selected by Eataly following the clean and fair voucher philosophy.

Meals are prepared on the floor by the chef Eataly and served in recyclable jars suitable for eco-sustainable disposal, which are contained within the practical "Italobox" package. In 2012, the feedback was very positive, counting an average of 2000-2500 meals sold monthly.

Another collaboration, always set up in 2012, and again aimed at providing meals on public transport, is the one with the former Italian flagship company Alitalia.

---

Alitalia, through its partnership with Eataly, offers Eataly's on-board intercontinental flights from Rome to New York, which has selected for the company and its passengers the best gastronomic excellence in the Italian regions.

In view of EXPO, Eataly, in early 2015, signs the first deal with a hotel chain. The choice fell on Starhotels, the Italian group led by Elisabetta Fabri. The chain, Italian excellence in hospitality, was founded in 1980 in Florence and operates 24 hotels, of which 20 are located in 12 Italian cities, two in London, one in Paris and one in New York.

The partnership in question aims to provide customers with the best of Italian food and wine hospitality, sending guests the "secret of living and eating Italian." The motto behind the Starhotels philosophy is "Italy in the heart" and Elisabetta Fabri says that collaboration with Eataly enriches the Starhotels offer as catering is a key element of hospitality and Italianity.

The first hotel offering this combination of gastronomic excellence and excellence in hospitality will be the Rosa Grand Collection Hotel in Milan, a stone's throw from the Duomo. A choice that aims at welcoming all visitors who went to Milan for EXPO 2015. Subsequently, the agreement signed by Eataly and Starhotels was extended to all hotels in the group, within one year at all Italian hotels, after which it will pass to foreign countries. The basis of this collaboration is the valorisation of the richness of Italian territory, local produce and small producers.

The partnership involves the creation of dedicated menus, events and collaborations with starred chefs in the area, as well as consulting and support from Eataly staff in the selection and evaluation of products and raw materials.

Eataly undertakes for 3 years to have as the only Starhotels partner in the hotel business. In addition, the agreement provides for mutual promotion: Starhotels will promote Eataly's initiatives through its guests through billboards and menus, and the latter will, on its website, promote the excellence of Italian hospitality starred Starhotels.

During a conference held on April 9, 2014, at the Eataly Roma congress center, with the main theme "distribution as a tool for narration of Made in Italy to Italians and overseas", the partnership between Eataly and Auchan was formalized. Collaboration started from March of the same year, whose purpose is to valorise, promote and democratize the sought after and quality products from the national territory. Auchan has provided Eataly of the corner in its 50 retail outlets in 12 Italian regions, where Eataly staff will offer Auchan's customers the best of Italian food. The goal is to make the best possible food for all Italian consumers.

---

But the strategic partnership don’t finish here. Eataly, in early 2014, undertook a collaboration with Ikea. Thanks to this partnership, Oscar Farinetti is able to let enter “Vino Libero” (trad. Free Wine) inside the Ikea outlets, its bars and restaurants. The project started in mid-January 2014 in the stores of Turin, Carugate (MI), Rome and Bari, and then extended to all the other 20 Ikea retail outlets in Italy. “Vino Libero” is an association created by Farinetti, which brings together 12 wine producers from eight Italian regions who undertake not to use pollutants, to reduce the amount of sulphites and to produce in such a way as to be as thorough as possible for the environment and the health of the consumer.

This is a very interesting move since, in recent years, the Swedish chain has averaged an average of about 16 million customers a year, 80% of whom also attend dining. Eataly’s goal is to improve people's everyday life, also offering an healthy wine with the full respect for the environment.

Eataly and DHL, the world’s leading logistics leader, experimented with the end of 2014. But food initiatives implemented by DHL began in 2013, with the participation in Cheese, later with an agreement with the University of of Pollenzo and the collaboration with the Salone del Gusto that allowed small producers from many parts of the world to attend with their own excellence at the event. During the Christmas holidays, DHL and Eataly joined to provide their customers with fast and efficient shipping services. DHL has opened an "Temporary Flagship Store" within Eataly Roma, at Ostiense Station. Through this temporary store, the two companies offered customers the chance to ship food and wine gourmets all over the world.

Collaboration, started at the end of 2014, continued in 2015, in view of EXPO, and is still ongoing. DHL Service Points are present at Eataly Emerald stores in Milan, Turin Lingotto and Genoa, so that visitors to the cities in question can use reliable, fast and customized shipments.

Another important partnership is between Eataly and MasterCard:

"There are experiences that have no price and many can live from Eataly, but ... for all that there is MasterCard!"97.

This quote is the slogan that is on the official Eataly website, aimed at promoting partnership with MasterCard.

---

97 https://www.eataly.net/it_it/partner/mastercard/
Monica Biagiotti, Marketing Director, MasterCard Europe, said that this partnership was born through the sharing of vision by the two companies, aiming to improve and innovate the consumer’s path through novelties and impacts.

The idea behind the collaboration is:

”Slow in food, fast in services. Slow Food, fast payments”.

In Mastercard payments, it launches the most innovative technologies that allow you to pay with speed, in absolute safety and precision. Ed Eataly is happy to promote them.

The partnership between Eataly and Mastercard was born in New York in 2011, but only in 2013 Farinetti signs an agreement with Monica Biagiotti, making the priceless experience available at both Rome and Turin stores. Priceless is a program launched by MasterCard in 2011 in New York. Currently, priceless cities are 35 worldwide, Italy joins the list, Rome and Turin from 2013 and Milan in 2015.

Priceless cities program, offers MasterCard owners the opportunity to enjoy exclusive experiences and dedicated benefits in the cities in the list. For example, MasterCard holders will have access to an hour earlier than the standard opening hours of the Eataly outlets in Torino Lingotto and Rome.

The list of benefits for Eataly and MasterCard customers, in addition to the concatless and early entry service, includes many more promotions and services:

• MasterCard holders only;

• coffee provided in Eataly cafes;

• a good purchase of a value of 10 euros for a minimum of 80 Euros to be used in Eataly’s online shop;

• 10% discount on all Eataly courses;

• Cooking classes for parents and children (free for children);

• Wine lessons and guided tasting with the emotional tour of the store.

---

98 https://www.eataly.net/eu_it/partner/page/2/
A further partnership begun overseas and subsequently carried on and strengthened also on national territory, is with Rossopomodoro, a company that promotes pizza and traditional Neapolitan cuisine in the world.

The company is present at the Tokyo retail outlet, it is a 20% stake in Eataly New York, has a dedicated space within the Eataly Chicago outlet, one in São Paulo's sales outlet in Brazil and at other locations Eataly sale located abroad.

What the two companies have in common is the search for the quality and enhancement of traditional Italian cuisine. In addition, both of them are in close cooperation with Slow Food, as the latter deals with Rossopomodoro's threats to extinction and at each change of season, Rossopomodoro makes a turnover by inserting different leads within the own menu. In this way it respects the seasonality of the raw materials, offering consumers high quality products.

The first opening in close collaboration between Eataly and Rossopomodoro, which took place in Italy, was in Milan, precisely in Piazza San Babila within the Brian & Barry Building. Eataly, along with Sephora and Bryan & Barry, is one of the main partners in the project.

The Brian & Barry Building is a 6,000-square-meter Megastore, divided into 12 floors. The intent of this project is to compete with the food and luxury giants that are in the neighborhood, in fact the megastore aims to combine high quality food, luxury, cosmetics and design.

In the basement, there is the Eataly Market, entirely dedicated to the excellent food and wine products, from fruit and vegetables to preserved products. On the ground floor is the Eataly Café. On the third floor we can find the Hamburgeria of Eataly and Meataly giving the opportunity to savor the beef of La Granda (Slow Food Presence). Finally, on the fourth floor there is an area of over 350 square meters where, in collaboration with Rossopomodoro, the company offers its customers the pizza made according to the true Neapolitan tradition and dishes of excellence in the cuisine of the bell.

The partnership between Eataly and Msc was signed on January 19, 2013. The collaboration involves the inclusion of Eataly restaurants on its cruise ships. The "Precious" Msc was chosen as the ship that will for the first time host an Eataly restaurant at sea. The two companies share the philosophy of gastronomic quality as Msc is committed to offering its guests high quality food at sustainable prices. Such partnership and value sharing led to the opening of two restaurants in the cruise ship "Precious" in 2013. In 2014, the collaboration with the opening of two other refreshment points inside the Msc "Divina" was enhanced: the Italian restaurant and the steakhouse Manzo. In addition to the opening of the refreshment points, the deal includes boutique affiliation, where cruise guests will be able to purchase the food and wine excellence offered by Eataly.
The Holden School is a school for narrators founded in 1994. Until 2013 was a pretty small school (about 60 students). Since 2013, thanks to the involvement of new investors, such as Eataly, who through the Eataly media company (with sole administrator Francesco Farinetti and wholly owned by Eataly srl) has acquired 25%, the school has changed its seat and grew. The new school venue, inaugurated on October 8, 2013, is housed in a former 19th century barracks, the Caserma Cavalli in the Porta Palazzo area, in Turin.

This center, with an area of 4000 square meters, will accommodate about 200 students. From what can be seen from some statements made by Farinetti, this original partnership, as well as being a way of fostering Italian excellence in the field of narrative, should be the basis for the future launch of a magazine and a Eataly channel Respectively Eataly magazine and Eataly Tube. Farinetti states that, by now, Eataly, through the various courses held in the various venues, has taken up training, but now wants to point to information. All this is trying to give food centrality, as opposed to what most of the programs and magazines are currently dealing with. In addition, Eataly, along with other Holden (Feltrinelli and Lavazza) partners, offers various scholarships to school students.

Through the partnership between Autogrill and Eataly, a "white" autogrill will be born, that is, an Autogrill that will not offer its American beverage customers (eg Coca Cola & co.), will not sell scratches and wins and off-season fruits (such as classic oranges sold for 12 months a year). In this new project, Eataly will be a franchise, in fact the investment will be totally Autogrill, and the brand should be "Eataly by Autorgill". This new formula of Autogrill provides for the instant preparation of sandwiches, pasta dishes exclusively of Gragnano, and the preparation of pizzas in a wood oven.

The collaboration between Eataly and Coop was born even before the inauguration of the Torino Lingotto outlet. Oscar Farinetti realized that food, logistic and conservation did not know much, since he had always been busy with products that did not have an expiration date. So he needed an experienced and trained partner in the industry to help him manage. His choice fell on Coop. In addition to being the best and the strongest in the market, Farinetti was aware that Coop, in addition to carrying out sales activities, was engaged in carrying out food education activities for children. Obviously, this was of interest to him, as one of the key elements of Eataly's innovative format was the food-based teaching course. The first contact he could get, thanks to the help of Slow Food (with which Coop collaborated), was that of Sergio Soavi, Coop Italia manager. The meeting failed, but a few days later Farinetti received a phone call from Soavi, who announced a certain interest from Coop Liguria. A few days later they set an appointment, but in addition to Bruno Cordazzo (chairman of Coop Liguria), they

---

100 Danford N., Il cibo italiano narrato e cucinato., Rizzoli., 2014
also expressed their interest in the Eataly project, including Tiziana Primori (vice-chairman of Coop Adriatica) and Fabrizio Gillone (Coop Piemonte or NovaCoop). After several negotiations, the three co-operatives (Coop Liguria, NovaCoop and Coop Adriatica) and Eataly signed an agreement with which the latter sold 40% of Eataly distribution, the group company that deals with retail trade. In 2008 the collaboration between Eataly and Librerie.Coop begins. Thanks to this project, the two companies have created an innovative space combining quality culture and flavors. Within this facility, whose opening was in Bologna and its name is Ambassadors, you can find a bookcase with about 85,000 volumes, a cafe, a wine bar and meeting venues, lectures and events.

In addition, since 2012 Librerie Coop and Eataly begin to design spaces to be used as libraries within Eataly stores. In such libraries, more than anything else, you can find volumes dedicated to cooking, leisure and local publishing. It is a space where you can read, eat and learn, therefore, nourish the body and mind. The beginning of May 2015 is the news that Eataly together with Coop Adriatica, Magazzino Italia L.L.C (Dubai) and Italian Company of Private Development have formed a company whose name is Warehouse Italia. Coop does not need any presentations, as it has 1400 outlets throughout Italy, it is the largest retailer of food products; Warehouse Italy L.L.C (Dubai) is a company operating in the field of fashion, hospitality and sports, with the aim of creating partnerships with major brands at international level, which are especially known for the quality of their products; Italian Private Development Company is a company that operates in favor of Italian and foreign companies in order to develop joint ventures and new business opportunities in the Middle East. According to the website of the new company, it has as its mission the implementation of an advanced platform for the internationalization of the Italian agri-food chains in the regions of the Middle East and North Africa. Then promote and distribute Italian food and wine in the "Arab World".

3.8 Eataly today

To find out more about what Eataly represents today in Italy and around the world, an interview with the one who lives there is given daily, Gérome Bourdezeau, Director Eataly Roma, and Maria Angela Spitella, Eataly Communications Manager. It is they who know the end customers better than anyone else because it is for them to turn their work and intend to convey the same "love" they care about:
"Quality foods and beverages, their stories, traditions, women and men who produce them, places where these products are born, children who grow in those places".

What will follow is the result of the resumption of the interview conducted at Eataly Roma’s office, sufficient to highlight both interesting technical aspects and the great passion of respondents for their work. Particularly important is that there are no analytical analyzes of sociological or behavioral nature to understand how the consumer would react to the launch of the innovative formula of Eataly. A fundamental awareness of the fact that the basic value approach would be the most suitable for the purpose, has accompanied the whole process of development from the creative idea to the effective opening of the first sales outlet.

This conviction was also fueled by the figures on sales of "Made in Italy" fake foods abroad: tens of billions of euros are worth mentioning of the enormous attractiveness of the Italian food and wine heritage in the world. Starting from this assumption, the research aimed at the creation of Eataly lasted for about four years and focused on the realization of an offer that was unimaginable and could not raise doubts about the quality of each individual product.

The search for products to be included in the starting ranges was done in close collaboration with Slow Food, modeling the offer around three pillars: "eat, shop and learn". Eataly Torino’s success has only confirmed its pre-announced validity.

Eataly is present in Italy in Turin, Genoa, Bologna, Rome, Cuneo (Monticello d’Alba), Asti and Milan, Japan and America, and the international growth path has been outlined by the emergence of contingent opportunities.

In Japan, there are pre-existing reports with a Japanese already on the Italian oenological market that prefigure the chance of opening up a new geographic market and, from 2008 to date, there are 12 outlets that Eataly has opened there.

In Japan, the distribution system is centered on small corners (the largest covers an area of 1500 square meters, but the average size is below 200 and there are also 40 square meters) more than on classic full stores, And despite Eataly being widely appreciated by Japanese consumers, the original formula is partially modified with a prevalent concentration on eat rather than shop or learning.

Forecasts on forthcoming international flights include countries such as Turkey (Istanbul) and Dubai (United Arab Emirates), where franchise agreements are planned, followed by Russia, Brazil, Canada, Great Britain, Germany and France as well as Chicago, where in October this year will open the second American retail outlet.

101 Fortezza F., Marketing, felicità e nuove pratiche di consumo., Franco Angeli., 2015
In detail, the highest revenues are attributable to Italy by the number of retail outlets, while Eataly New York is the largest store of stores ($80 million annually).

At Rome Eataly, in its first year of life, its turnover was over 65 million euros, well beyond the break even point (set at 48 million euros). Analyzing with the interviewees the importance of each activity, it turns out that the most profitable ones are, of course, those that make up Eataly’s core business: grocery and catering. Their relative weight on the total turnover of each store is 55 and 45 percent, respectively. It should be noted, however, that in the first months of the start of the activities of the various stores, the grocery affects even more revenue than catering, because the consumer needs longer times to be loyal and understand that the dishes served are Same qualitative standards.

Teaching is more than a leverage, a strategic leverage: as already pointed out, everything is focused on learning to make the consumer more autonomous in choosing products, recognizing their qualitative characteristics, and having the ability to cook well Even at home.

The events are particularly important at the point of sale in Rome, where a whole floor is devoted to them, a space not always available at other stores. What is offered to companies and public bodies that decide to organize events in Eataly is in line with the value proposition already made to the ultimate consumer: the opportunity to experience experiences that involve all five senses, in a of experiential and sensory marketing.

The assortment of products is not identical at every point of sale, both nationally and internationally. This is because there are duplicable and dispatchable products via containers and others that, on the contrary, are more easily perishable. This is the case, for example, in America, for the production of mozzarella, no buffalo milk is exported from Italy. What is exported is a know-how that allows the American consumer an excellent fresh mozzarella prepared in New York but “in the Italian way” using Maine cow’s milk. Even in Italy, not all stores have the same product references, and this is just because they are involved in the distribution system of Eataly are small chain companies that by their very nature can not reach the size and production capacity of Answer the demand of all sales outlets. Thus, in a prospect of involvement and valorisation of the productive realities of each territory, Eataly Roma refers to a supply network made up of 200 Lazio producers and only a few of them also supply other Italian stores.

“Do not call it Eataly, people will not understand! Give it an Italian name.”

“Sorry, Carlo, but Slow Food you did not call it “Cibo Lento”.

And then we also need an international name.”

102 https://prezi.com/am0qboh15eyj/copy-of-il-marketing-esperienziale-e-la-creazione-del-valore/
This exchange between Oscar Farinetti and Carlo Petrini, taken from the book "The merchant of utopias. The story of Oscar Farinetti, the inventor of Eataly", which tells the story of Eataly's founder, understands how the brand evokes the great value recognized for food on the one hand and Italy as the home of mastery in its manufacture and preparation on the other one, favoring the recognition of this value at international level. From here the crunch between the English words "eat" and "Italy". Everything that Eataly does and gives to its clientele puts Italy, its handicrafts, its peasants and its biodiversity at the center of his offer.

This is demonstrated by the courses that involve meetings with producers, winemakers and dairies of each geographical area, from advertising material that communicates with great Italian letters and interest towards every single territory of origin of products and restaurants that offer typical dishes from each of them coming.

It is no coincidence that Eataly Roma is most popular product is pizza daisy or pizza cacio and pepper, stereotypes, respectively, of the Italian tradition and of the more specifically Roman. What emerges is not so much an orientation to inform about the origin of the products, but rather the transverse intent of highlighting the area of origin for a "360 degree exaltation" both of product quality and the stories behind it, the places of origin and their geographical features. For example, in Rome, Powdery Meat "La Granda", a subsidiary of Slow Food, was known just before it was made available at the point of sale.

It is important for Eataly that the consumer knows that this kind of meat is produced in compliance with a strict discipline that animals are bred according to criteria that guarantee the safety and the totality of the intrinsic properties of the product. It therefore aims at full transparency, in compliance with what is laid down by ministerial and European legislation and even goes beyond, setting out its own disciplines, as in the case of Piemontese meat, but there are other examples. "Free Wine" is an initiative of the homonymous association (promoted by Oscar Farinetti), which brings together 12 wine producers engaged in the implementation of a sustainable agriculture model that is both economically viable, environmentally friendly and socially right.

The wine that the customer finds on the shelves and restaurants of Eataly is therefore, as "Free Wine", free from chemical fertilizers, herbicides and excess sulphides. In the wake of this logic, one of the major criticisms that Eataly makes to systems for recognizing the origin of products is that they rely on so many passwords that the final customer is lost in their midst, and this is confirmed by a series of studies of the sector. Hence the function and importance of the disciplines mentioned. Through them, Eataly becomes, in the eyes of the consumer, a great container that reassures, calms and guarantees that any product within the store, whether it be DOP or IGP, can be purchased with the certainty of finding the high quality.
On the international markets, the Japanese consumer is the most sensitive to the origin and geographical indications and is more rigidly oriented to look for unequivocal guarantees of the foreign goods bought. The American consumer only demands Italianity and is the latter for the geographic origin of products to be the lever of greater impact on purchasing and consumption behavior. As already mentioned, overseas Eataly often uses raw materials locally to make end products according to Italian craftsmanship methods without affecting the perception of their typicity and originality.

This can be explained by several examples: in the United States, the food and wine history is rather inconsistent, and this is enough to justify the fact that Italy can have a huge potential market there.

In France, whose market is expected to come soon, the food and nutritional roots and the protectionist tendencies are well-known. However, even in the latter case, there is the conviction that it can “offer value” to the French consumer, who can enjoy, for example, mozzarella prepared according to Italian dairy methods using milk from Normandy. As explained above, it can be stated that product certification does not seem to affect the perception of the "Eataly customer". The image that the consumer has in the country of origin is positively correlated with the guarantees of geographical origin. Whether the product is DOP or IGP is easier than being considered high quality.

In Eataly, Italy's image (thanks to strong quality-focused policies) is already in itself positive and does not need to be strengthened. So what makes Eataly's offer unique is also this "typicalness in variation" that allows to preserve and transmit the heritage of Italian craftsmanship, albeit by modifying some of the variables in the game without compromising the tradition.\(^{103}\)

### 3.9 Future Projects for Eataly

Eataly and its founder were among the protagonists of the development of FICO Eataly World, a great facility for dissemination and knowledge of the Italian agri-food market, the opening took place in 2016 within the CAAB (Centro Agroalimentare Bologna) of Bologna.

The company saw the participation of 50% of Eataly and COOP. In this area the aim is to valorise the products of excellence and the food chains. In addition to Farinetti and his Eataly, the actors involved in the project are: Tiziana Primori (director of development and

\(^ {103} \text{https://prezi.com/am0qboh15ejy/copy-of-il-marketing-esperienziale-e-la-creazione-del-valore/} \)
management of 80 Coop Adriatica and vice president Eataly), Andrea Segrè (president of CAAB), Alessandro Bonfiglioli (CAAB Director), Paolo Scordino CEO Prelios Sgr) and the mayor of Bologna, Virginio Merola. By looking at the official website it can be seen that the project aims at building a theme park of 80.000 square meters focused solely on food, on culinary traditions and on traditional production lines.

FICO Eataly World aims to:

"To become the reference framework for the spread and knowledge of agri-food, the meeting place for all those who love food and who want to know the secrets and tradition, tradition, seeking unique information and experiences".

The founders' intent is to enclose one site (Eataly World website):

- the quality food culture;
- the beauty of biodiversity in the Italian agri-food sector;
- the knowledge that has always worked for the enogastronomic excellence of our country.

In the 80.000 square meters available there will be:

- 10 classrooms where educational tours and experiential tours will be offered for tourists, groups, families and children;
- 40 processing laboratories of the raw material made available to the best Italian companies that will show the processing of the raw material until the birth of the finished product;
- 4.000 square meters of congress centers that will host corporate events, meetings and food-focused meetings;
- 7.300 dedicated to restaurants where you can taste the main recipes of Italian gastronomy;
- 9.800 square meters of shops and markets where you can taste the products made in the laboratories and buy them;
- 10.000 square meters dedicated to fields and farms, a large farm where you can admire all stages of production;
- 43.750 photovoltaic panels (the largest photovoltaic plant in Europe) installed on the roofs for the purpose of producing "green" energy.

http://www.eatalyworld.it/it/home
The space will be devoted to food and environmental education, giving the opportunity to young people and young people to know the immense Italian food and wine heritage. Thanks to the collaboration with many small and medium-sized businesses this will be a place of study and direct experience in which it will be possible to observe and touch with each step of the production chain. It will be possible to observe the transformation of each food from birth to the arrival of the finished product on the plates.

One of the latest Oscar Farinetti and Eataly projects is a "2.0 Orto". The intention is to enhance the agricultural sector and aim at selling fresh produce online, in order to promote Italian excellence abroad. The project, launched by Farinetti, began to be launched in March 2015 in the spring of 2016, and the garden started to be operational, in fact, the first crops were made. To it, apart from Eataly, the Liguria region and the municipality of Sarzana will be shared.

The Italian garden will be built on an area of about 8 hectares in the estate of Marinella di Sarzana in Liguria, a fence of land on the border with Tuscany. Thanks to this project, 40 young people will be recruited, who can become 200 in two years. The idea behind the online sale and promotion of agricultural excellence made in Italy on the international market is also telling the growth of These productions. In fact, the products will grow video-controlled by dozens of cameras, whose recordings can be watched live online from potential customers. A 2.0 farmhouse for farmers 2.0, in fact, at the base of the project is also the idea and intention to convince young people to take the road to agriculture, going against the trends of the last decades. According to Farinetti, it is important to return to the land and the crops in order to enhance them. In Italy we enjoy an immense primacy of biodiversity (7,000 vegetable meals), but the cultivated hectares continue to decline. The idea was presented at the EXPO and should be completed with the foundation of a foundation that will provide resources to young peasants who will only have to provide the labor and pay salaries for the first two years. Stock market listing: with the ever-growing global growth of the Eataly group, one of the next goals is the stock market listing expected to take place by 2017.

The intention of Farinetti is to quote 33%, holding the rest of the family's hands. In order to realize this project, Eataly has sold 20% of Eataly srl, amounting to 120 million euros, to TIP (Tamburi Investment Partners), which conducted the acquisition through the creation of a special company, ClubItaly srl. The choice is affected by the TIP, as the ideal partner specialized in stock exchange operations. It will be Giovanni Tamburi and his Tip, who with their own experience will lead Eataly to the way of listing. The goal is to make Eataly a global
public company that, though increasingly international, can represent Made in Italy in the world, also thanks to the greater visibility it will have once listed\textsuperscript{105}.

\section*{3.10 Conclusion}

Founded in 2004, the company will be listed on a stock exchange by 2017. From 2007 to 2014, hypermarkets opened to 25, half in Italy and the other half in the world. Only in New York produces annual revenue with revenues of around 80 million euros. Over the next two years another fifteen new openings are expected.

The Farinetti family owns 80\% of Eatinvest srl, the group’s financial officer, which in turn controls Eataly srl, with an annual turnover of 400 million euros. Eataly srl in turn controls the company Eataly Distribuzione srl to which COOP, COOP Adriatica, COOP Liguria, NOVA COOP participates, for a total of 40\%. All Eataly chain stores are formally in the hands of this third corporate structure to which COOP supports the know-how and training area and staff. Eataly srl sits in the organizational charts of several producing companies -and already headed by Slow Food-whose goods are sold in Eataly stores such as Lurisia drinks or Alferta pasta, wines and meats.

Eataly has adapted the Autogrill model to cities and with higher quality criteria. Autogrill maintains typical products in the corner of its stores. Farinetti has created huge spaces made of typical products. If on the motorways the "typical", the Dop product, is an exception in a restaurant made of sandwiches and universal pizzas, in Eataly the exception is the norm. And even sandwiches and pizzas have their place of honor in the ideological triad that sees the Platonic ideas of the Good, the Clean and the Right in Italian diets and in its many dialectical versions. This is the trinity that is the basis of the Democracy of the Taste paid at unbelievably popular prices.

A trinity combining, in Farinetti style, Coop, Eataly and Slow-food. In December 2013, this one-thirty entity signed an agreement with Giuseppe Sala’s exclusive Expo 2015 director to represent the theme of the Milanese event: "Feed the Planet. Energy for Life". A block of businesses specializing in food-branding, creating marketing and distribution of food.

In March 2014, Eatinvest srl sold Tamburi Investment Partners (Tip) a 20\% stake in Eataly for around 120 million euros, where another 20\% was already owned by one of Farinetti’s members, Luca Baffigo Filangeri. Some of the most influential Italian food families participate in the Tip: Lavazza, Lunelli of the Ferrari wine, Ferrero.

\textsuperscript{105} Fortezza F., Marketing felicità e nuove pratiche di consumo., Franco Angeli., 2014
Eataly’s evolution is explained in the framework of capitalism based on great works and great events. Great works such as TAV, MOSE, and great events such as Exhibitions, Olympics, Sports World, and Fairs are the result of visibility, consensus, land acquisition and profit from political parties and building groups, Infrastructures, co-operatives, the world of multinational corporations - who now live in appeals, consultations, contracts and public funds.

"I enjoy it when I take a young man," said Farinetti. Many of these assumptions are over. Not only because Farinetti is a Rhineland-based entrepreneur who applies in his letter the "modernizing" recipe for his political affiliation, but because he interprets the spirit of the enterprise in the country where former head of the Red and White Cooperative Alliance Giuliano Poletti coats The role of the Minister of Labor. Farinetti applies the Work Decree and takes over its employees through an interim agency, either through contract or on a fixed-term contract. Many receive roughly 8 euro per hour, equivalent to 800 euros per month in the case of 40 hours per week, 500 for part-time.106 A little more, or less, of Romanian workers who have restructured the Emerald. An Italian job, an eatalyan job.

An eatalyan job starts sparking the brand’s power of fire. Local authorities do everything to set up the brand in their territory. This is the strength of the company made in Italy: to sell the brand so that the territory, the city, that property will regain value in the imaginary. An emergency is declared and the procedures are fast. It has already happened in Turin in 2007 where then Mayor Chiamparino granted Farinetti the former Carpano factory for 60 years, in return for the complete renovation of the building.

It happened in Bari, the first garrison south of the company, in the Levante Fair. An agonizing fair that seeks out every tool to monetize and privatize an area of 280.000 square meters close to the harbor. Farinetti is plunged into the city, won a ban on his Baresian counterparts for a "temporary show" of his Eataly for six months.

The "temporary exhibition" formula for a thousand square foot property has been the tool to suspend all "bureaucracy" and open doors to "taste time".

The opening was in record time, local authorities made "miracles", and the company had not made time to create a definite organization. In fact, Eataly Bari (investment: €15 million) had a temporary opening permit of six months, as a "show-market". And for that he could not take up indefinitely. Farinetti is aggressive. Its power is currently linked to good liquidity, but it is

basically based on the hope of creating employment, no matter what, the important thing is that it is work.\textsuperscript{107}

Eataly today is a merchant who takes a great Italian vocation, which is high quality food, and brings it to the world, putting it on the narration, transforming any product into an attractive, easy-to-eat product that creates well-being and enjoyment. Eataly does this, trying to get to know their producers as well as telling the wonders of Italian biodiversity, which is our primacy: we are the country that offers the most varied food and wine that exists, the most desired, the most demanding. There was no such offer in both Italy and the world, and Eataly filled the void.

Eataly understood to tell Italian food and Italy in the world. He did it with great simplicity and this is the key to his success.

A difficult but feasible idea, that of Farinetti, a process of analysis that transforms complexity into simplicity, so that the customer perceives what the brand wants to convey.

Eataly for the future will focus on innovation, innovation, as change and evolution over time, adapting to scenarios that change at the speed of light. Eataly walks with curiosity towards what will look to the future, but turning his head back, seeking in history the things that help to be more innovative.

After having in depth analysed the branding and its evolution in the last decades, this dissertation went through the importance of branding for companies and its impact on strategy. Going deeper in the food retail market, the reader could understand how, nowadays, the meaning behind the food overcomes its self-functional utility, and how essential it is for companies to satisfy the rational and the emotional value required by consumers.

These long terms values – referred to as variables - hand down to the final consumer the brand culture of a company: unique, specific and “sticky”.
Moreover, as the business cases studies show, both are required in order to have something to offer in a competitive and dynamic sector as the retailer food is.

So, if before – in a traditional model of a private label company in the food industry – it was defined:
- the rational value as pure functional benefit and set of physical features
- and the emotional value as the set of values and cognitive associations, expectation and perception,

now the two values support each other’s. The value of a product or service embodies also the value of the company associated with that brand. We find therefore applied the Walter Landor’s definition of a brand: “A brand is a promise: identification and authentication product or service, announces a satisfaction and commitment to quality”.

Start building a sum-up model based on the research completed in this thesis:

<table>
<thead>
<tr>
<th>Define the rational value</th>
<th>FUNCTIONAL BENEFIT</th>
<th>SET OF UTILITARIISTIC FEATURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Define the emotional value</td>
<td>SET OF VALUES AND COGNITIVE ASSOCIATIONS, EXPECTATION AND PERCEPTION</td>
<td></td>
</tr>
</tbody>
</table>

The two values support each others.

The value of a product or service is also the value of the company associated with that brand.

“A brand is a promise: identification and authentication product or service, announces a satisfaction and commitment to quality”.

Walter Landor

About the two points highlighted, in the below chat is shown which are the declination in the traditional model (light blue) and which is the trend related to them (grey text).
Through the literature study moreover, appear clear that have a powerful and strong vision is key for the long term success of a company. This is the starting point to build an orientated brand strategy, that allows the company to achieve its mission.

Historically, the private label was the retailer’s instrument to erode those market shares not considered by the brand manufactures. Those market opportunities were born to cover the price gap of the actual branded market offer.

As discussed in the previous chapters, this niche market that was left in retailers’ hands become more and more big and complex, and it started to be opened to more segments. This creates a concrete opportunity for the retailer (ie. Stand alone brand).

Therefore, if before the winning and more efficient strategy was driven by a price positioning opportunity (pull strategy), now a product has to be pulled by a clear brand strategy. It is the brand culture that push the brand strategy.

Taking a step ahead, a clear and defined brand strategy helps, and it is helped itself, by a solid and strong brand architecture.

Defining the role of each product is essential, not only to use more efficiently the marketing resources but also to offer a complete and fulfilling range of products, in which, the item has a significant role.

But, if before it was possible notice an implicit bottom-up approach in the brand architecture driven by the market opportunity, now the approach is reversed. Companies in fact need first to think about the meaning behind the brand, that can decline in the suppliers’ selection and therefore in the choice of products’ manufacturing (ie. Viaggiate Goloso).

Another element pertinent to the brand strategy that emerged is that in the food industry in order to be successful, it is not enough to present the products as they are. Including primary goods and the daily consumers goods. Consumers in fact are more and more demanding and exigent. Therefore companies are conditioned inevitably from this trend, requiring then to take the strategy beyond the basis physical need of the product.

One of the trends that is emerging in the food industry - successfully adopted by Eataly - is the editorial approach. As the reader could notice, behind these words there is a precise meaning: let consumer feel enriched every visit – in store or in any of the company’s touchpoints - offering a unique experience that goes beyond the functional need of the product.

Analysing Eataly business model for instance, especially in store we can see this strategic choice. The Company proposes its products in a “retailer’s way”, let the consumer feels like they are in a high end fashion show. Thanks to a clever editorial approach, Eataly is redefining the relation with customers by offering them services, educating them, and entertaining them with contents that move away from the brand or product itself.
The key features that emerge in relation to the brand strategy are therefore highlighted below:

- **Brand Strategy**

  - **Define a Powerful Vision**
    - For a long term success and to make clear the company’s position and offer.

  - **Build a solid and strong brand architecture**
    - To use more efficiently the marketing resources, to identify the brand’s stretching opportunities.

  - ** Adopt an Editorial Approach**
    - To be unique and not replaceable experience. To build an offer which fulfill more than the functional utility.

As for the previous point, the reader can find below these aspects in the traditional model and how they are influencing the brand strategy approach.

<table>
<thead>
<tr>
<th>Define a Powerful Vision</th>
<th>PULL STRATEGY DRIVEN BY A PRICE POSITIONING OPPORTUNITY</th>
<th>Clear vision push the brand strategy (from the brand culture to the brand strategy).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Build a solid and strong brand architecture</td>
<td>BOTTOM UP APPROACH</td>
<td>Top down approach for the brand architecture.</td>
</tr>
<tr>
<td>Adopt an Editorial Approach</td>
<td>CLASSIFICATION OF THE PRODUCTS BY FUNCTIONALITY</td>
<td>Products presented in a “retailer’s way” to enrich the consumer and let it feels like they are in a high end fashion show.</td>
</tr>
</tbody>
</table>

As in every sector, the consumer is in the centre. In the private label market it is no difference: consumer’s identity is defined with all his traits. A company has to identify clearly its target which nowadays belongs a very fragmented pool of potential segments all defined by specific features (vs. before when the private label consumer was generalized and only price focused).

To create a comprehensive set of characteristics of the target consumer, a company needs to take in to account both the descriptive variable – pertaining to people – and the behavioural one – attitude towards the brand or product.
As explained previously in this thesis, this is essential. If before in fact there was a middle degree of attention to consumers - due to increasing market opportunities there was space for everyone - now the high competition and the increasing standards are forcing companies to put consumer’s requests (rational and emotional ones) and as a top priority.

We can summarize these two points in the below bulletin.

\[ \textbf{Clear identification of the target} \]
FOR A CORRECT SEGMENTATION IT IS ESSENTIAL TO CHOOSE THE BEST VARIABLES, BOTH DESCRIPTIVE (PERTAINING TO PEOPLE) AND BEHAVIOURAL (ATTITUDE TOWARDS THE BRAND OR PRODUCT).

\[ \textbf{Put consumers in the centre} \]
TO DEFINE A RELEVANT PROPOSITION TO SATISFY CONSUMERS’ NEED. CONSUMER IS BOSS!

Therefore the two concepts can be express for the traditional and for the evolutionary models as follow:

<table>
<thead>
<tr>
<th>\textbf{Clear identification of the target}</th>
<th>PRIVATE LABEL CONSUMER PUT IN A GENERAL RETAIL SEGMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>\textbf{Put consumers in the centre}</td>
<td>MIDDLE DEGREE OF ATTENTION TO CONSUMER DUE TO INCREASING MARKET OPPORTUNITIES</td>
</tr>
</tbody>
</table>

\[ \text{\textbf{\textbackslash Clear identification of the target}} \text{\textbackslash \textbackslash Private Label consumer: demanding and exigent as branded one.} \]
\[ \text{\textbf{\textbackslash Put consumers in the centre} \textbackslash \textbackslash High competition and increasing standards are forcing companies to put consumer’s requests as a top priority.} \]

The next variables taken into consideration to build this interpretative model is the competitors’ set. Companies have to define actual and potential competitors, having in mind
which are the points of parity, that give the right and the legitimacy to compete in a market, and the points of difference, the “reason d’être” of a brand to fight back.

In the traditional model the competitors were prior identified following a product point of view. The competition was peer to peer and pre-defined in sector or limited in specific perimeter.

Nowadays, in the evolving model, the set of competitors is wider and in evolution and therefore requires company to have a flexible strategy. This strategy has to be driven by the brand and not more by the product itself and, as the reader can discover in depth in this thesis, it is required a multichannel presence to impose itself presence in the market.

Another strategic point appear to be key in the analysed sector – as demonstrated in the Eataly case as well as in the Alce Nero one: the ability to build effective and strong partnership. In order to cover as much market as possible and to be present everywhere, these partnership should be cross-category and should be chosen wisely.
The selection of the companies with whom to create connections and co-marketing is crucial to take advantage of common brand synergies and consistent brand values. In this way a company can reach the other company’s consumers that are more likely to be in line with its brand value.

Before in the food retail industry companies were focusing their effort on partnership aimed to maximize synergies in the same sector and being driven by convenience. The first goal in fact was to exploit scale economies and scope ones, purely in an economic point of view.

The partnership point and its different approach between old and new paradigm can be summarized as follow:

\[
\text{Invest in cross-category partnerships}
\]

TO COVER AS MUCH MARKETS AS POSSIBLE IN ORDER TO BE PRESENT EVERYWHERE.

\[
\text{Be smart! Select the right partners}
\]

TO TAKE ADVANTAGE OF COMMON BRAND SYNERGIES AND CONSISTENT BRAND VALUES THAT HELPS TO SPREAD OUT YOUR BRAND CULTURE.

<table>
<thead>
<tr>
<th>\Invest in cross-category partnership</th>
<th>\Commercial and co-marketing partnerships</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOCUS ON THE SAME SECTOR TO MAXIMIZE SYNERGIES</td>
<td>\Cross sectors partnerships</td>
</tr>
<tr>
<td>\Horizontal and vertical partnerships</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>\Select the right partners</th>
<th>\Brand point of view</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECONOMIC POINT OF VIEW CONVENIENCE PARTNERSHIP</td>
<td>\Selection of partner with common and consistent brand values</td>
</tr>
</tbody>
</table>

The final variable chosen for this model is passion, not only as a driver of the commitment towards a vision but also as the leap to the research of quality. In the food market and also in the food private label sector, as in this thesis it is analysed through literature and cases, the
quality and the passion are crucial to differentiate a company’s offer vs. the giant and challenging competition.

The Eataly brand strategy is all built around the passion for food – as the starting point of Eataly’s manifesto shows – and this aspect emerges across all the brand declinations and the strategic marketing choices. The result is a clear and genuine message to consumers that perceive the passion as value added to an offer which is basically not differentiated.

This is simple as it seems to be, but at the same time powerful to be the unique ingredient to generate an offer supported by strong brand values.

The model so far created appears as a “check list” of variables and includes all the topics that come through the study done and that could be used as a set of qualitative KPIs to evaluate the potential success of a food retail private label company – and, more in general, to the food branded ones.

We can therefore build a scoreboard in which associate to each sub stream, with a score (i.e. green, amber and red - intuitive and top line score ranking). This scoreboard will represent the level of goodness of each variable of the set of features highlighted.
Taking Eataly as an example to apply the model, the overall scorecard will appear:

![Eataly Scorecard](image)

(For the details behind each score, the reader can refer to the previous chapters of this thesis).

Eataly results are very strong following this interpretative model, setting the benchmark for a successful company in a private label market. Following the same logic, we can score other private label businesses.

For instance, Alce Nero. This company results are strong in terms of brand culture, but not as strong as Eataly considering the brand strategy. Alce Nero in fact doesn’t have the same powerful brand approach as Eataly – therefore it can be scored as “amber” compared to the “green” of Eataly. Analysing the C section of the model, we can recognise at Alce Nero the full score.

We are creating in this way a map, in which the most successful elements emerge, but also the areas of weakened. Highlighting potential area of growth and improvement.

To conclude with another example of the application of this interpretative model, it is now briefly reported the Aldi Light case. This time the company taken into consideration doesn’t belong to the Italian market but to the international food industry.

Aldi Light is a private label range of products manufactured by Müller Yogurt & Dessert UK & Ireland and sold under the Aldi Brooklea Brand. In terms of the C variables, the Aldi Light can be considered high scoring, but it miss the B component. The fact that it is produced by third company, Müller, doesn’t let the retailer Aldi express fully its brand identity. Due to that, the Aldi range appears to consumer’s eye the private label declination of the top brand Müller light. For this reason Aldi Light, following the reasoning and the hypothesis done, can not be considered as successful as Eataly in terms of branding and uniqueness of the offer.

For more details the reader can refer to the previous chapter, in which the elements are described and commented.
In conclusion:

The model shown is an interpretative model. It is the output of literature and business case researches and it is a personal interpretation of how to apply the key learning points that emerged from the study shown in this thesis.

This model is proposed to be a visual tool with simple and straight forward KPIs, to evaluate the level of success of a company in the private label food industry.

Identifying strengths and weakness, this model can be used to have a different point of view highlighting the areas of possible improvement of a company.