Management Innovation and Entrepreneurship

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Edited by

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CHAPTER ONE

CONDITIONS AND DRIVERS OF COMPETITION IN A REGION: SOME CASE HISTORIES OF BRAND-LAND SYNERGISM

AMEDEO MAIZZA, MONICA FAIT
AND PAOLA SCORRANO

1. Introduction

The present competitive context highlights the synergistic and dyadic nature of the relationship between enterprises and their region: that is, an enterprise cannot generate wealth for itself without generating wealth for its region of origin and vice versa. Whether this relationship can establish and replicate itself depends on the structural and relational characteristics of the geographical context as well as on the ability to launch virtuous exchange processes with internal and external actors and with other regions.

Competitiveness is therefore no longer just between single enterprises but between regions (Ritchie and Crouch, 1999, 2003) and is manifested in the capacity of those regions to attract or generate conditions that favour the creation of the resources necessary for their development. In practice, this means identifying resources and competencies that are often already present and activating communicative strategies that transform the resources into distinctive elements that fuel local development (Knight, 1995; Anholt, 2010; Go and Govers, 2010).

This paper thus starts from the assumption that the region – understood as a spatial and environmental entity, and thus as an aggregate of natural and anthropological elements, both tangible and intangible – is characterised by the interaction of social relations, the creation and dissemination of knowledge, and the generation of specific skills and competencies that are not available elsewhere (Kotler et. al., 1993).

"*The region holds the cultural memory of the generations that have passed through it, inhabited it and built it, even sometimes destroying it and rebuilding it, but always modifying it in some way. The region is a trove of histories, unique and unrepeatable. The region is like a safe full of valuables, knowledge, culture and art that are often invisible, because they are buried underneath a thick layer of dust, produced by the speed resulting from a "doing" that prevents us from "acting" and from facing the future with full self-awareness*". (Baccarani and Golinelli, 2013)

The region therefore cannot be considered as a mere container. Indeed, assuming harmony and consonance among the strategies of persons seeking to satisfy their various demands, it can play the role of facilitator or coordinator of the economic resources and activities present in it, in a way that is consistent with its cultural and natural traditions.

At the same time, the enterprise that adopts this perspective considers its economic development to be an objective that can only be fully achieved when it matches other objectives concerning the region in which it operates, including social growth, the quality of life, the conservation of natural beauty and the optimal use of the available resources. Thus conceived, the region is the place where the enterprise finds its justification, drawing on the available reserves of "social capital" as described by James Coleman (1990).

On the basis of these considerations, this paper assumes that reciprocal recognition (enterprise-region) generates local economies which, thanks to the interdependence and complementarity of their formulas, produce a general competitive advantage. In accordance with managerial studies that study the region and its competitiveness in a holistic key (Knight, 1995; Caroli, 1999; Golinelli, 2000; Ritchie and Crouch, 1999; 2003), it proposes a theoretical model in which region and enterprise merge into a single entity, transforming their relationship into a driver for the joint creation of competitiveness. Borrowing and adapting the brand identity approach (Aaker, 1997; Aaker, Joachimsthaler, 2000; Van Gelder, 2003), the model's outputs are thus interpreted as the dimensions of a single identity (*brand/land identity*).

The model was verified by adopting the case study approach (Malhotra, 1993; Yin, 1984; Gummesson, 2000), which enables access to a considerable quantity of information, mainly qualitative, and provides clues to the nature of a much broader range of phenomena than could be obtained with quantitative methods (Flyvbjerg, 2006; Dubois and Gibbert, 2010; Easton, 2010; Piekkari et al., 2010; Dubois and Gadde, 2013).

From the viewpoint of management practices, this paper follows a holistic approach (considering the relationship between enterprises and their region) that can be interesting for those enterprises that are strongly rooted in a region's economic traditions and customs, which can become a form of capital, yielding differentiation and hence competitiveness.

2. Background

The relationship between the competitiveness of enterprises and regions has been extensively studied. The Resource-Based approach (Penrose, 1960) highlighted the advantages that enterprises situated in a given region can draw from the physical resources and production factors present in it. In the early 1970s it began to be realised that the region was a source of relationships through which an enterprise could activate the necessary skills to enhance its competitiveness (Marshall, 1919; Beccatini, 1987, 2000; Camagni, 1991; Saxenian, 1994; Porter, 1998; Rullani, 2003). Particular attention was paid to the collective learning processes that the enterprises operating in a region activate, creating a source of competitive advantage (Lipparini and Lorenzoni, 1996; Lundvall, 1992; Maskell and Malmberg, 2007).

From a strategic viewpoint, the "context" in which enterprises operate was interpreted as a resource that conditioned their operations (Grant, 1994). Indeed, great emphasis was laid on the importance of the region in the process of obtaining and making use of the resources. The traditional concept of region thus evolved into the "local regional system", in which the region is seen as a catalyst of relations (Varaldo and Ferrucci, 1996, Golinelli, 2002). Aside from the purely geographical aspects, it is a place where given actors recognises their shared features, identify with each other and share responsibilities.

With its tangible and intangible elements – inhabitants, historical and environmental heritage, infrastructure, geographical location and culture – the region raises the overall value of the individual elements. Its formal and informal networks, its history and its identity generate that blend of knowledge, ideas and opportunities that make it a driver for the growth of enterprises. Depending on their focus, managerial studies credit the region with the following roles:

1. *Destination*; not simply a geographical place but a local system of goods and services made up of activities and factors with a certain power of attraction, situated in a given physical space and conferring a value on the resources and culture of the area (Ritchie and Ritchie, 1998; Kotler and Gertner, 2002; Elliot et al. 2011). This gives rise to a system of goods and services aimed at consumers beyond the region of origin, the fruit of a specific combination of natural and anthropic resources, of factors linked to the local community or the operators (Pechlaner and Weiermair; 2000). From this point of view, the destination becomes a unified product whose success depends on the organisational, planning and relational skills that the government of the region manages to construct (Buhalis, 2000), as well as on the ability to create synergism between principal, accessory and support elements, chosen on the basis of the demand that needs to be met (Dredge, 1999);
2. *Setting*; as the place of representation of a people's culture and history, it becomes the setting for coordinated and integrated experiences (Schmitt, 1999). In accordance with an experiential logic (Pine and Gilmore, 2000), the goods and services on offer are merely props to be used in the representation. It is therefore fundamental that the consumer actually *has* these experiences and is thus directly involved, since this is the only way to guarantee the uniqueness of the goods and services, which are necessarily personal and unreproducible in other contexts. Direct contact with the local population thus becomes fundamental since, thanks to the quality of the information and the local residents' hospitality and willingness to please, the experience is authentic and no longer contrived;
3. Relational system; i.e. a social organisation in which relations are created between actors, resources and activities that evolve over time, constantly redefining the specific talents, nature and identity of the community and the geographical space of reference (Golinelli, 2002). The relational system is manifested in the sharing of values and behaviours, and thus also through the creation of a climate of cooperation and dialogue. From a holistic viewpoint, the *operational structure of the region* is thus characterised by the coexistence of human, geographical, cultural, social and economic factors that confer on it a real, economic and cognitive dimension. Each of these macro-components is representative of factors and resources connected to sub-systems – be they culture and traditions,

the landscape and environment – as well as the local system of enterprises and tourism systems. All of these follow their own paths and in so doing contribute to the competitiveness of the region.

4. *Multidimensional system:* the region is the result of the continuous and integrated evolution of four fundamental and inseparable *dimensions* (Knight, 1995; Caroli, 1999; Golinelli, 2000; Ritchie and Crouch, 1999; 2003; LICLEI, 1994; UNESCO, 2001):
   i. *Environmental*, considering the environment to be a "distinctive element" of the region, which needs to be suitably promoted and exploited while guaranteeing the safeguard and renewal of its natural resources and its heritage value;
   ii. *Economic*, which corresponds to the ability to produce and maintain the highest possible added value by means of an effective and efficient combination of resources in order to fulfil the potential of the distinctive character of the regional products and services
   iii. *Social,* the ability of the actors in a region to operate in a coordinated way in accordance with a regional vision that is also shared on an institutional level;
   iv. *Cultural*, understood as a tool for the intellectual, emotional, moral and spiritual growth of an area (UNESCO, 2001), considering that cultural diversity is a moment of dialogue through which the local approaches the global.

In this holistic approach, the driver of a region's competitiveness becomes the coexistence of three dimensions: economic, environmental and "belonging" (Knight, 1995; Caroli, 1999; Ritchie and Crouch, 1999; 2003). The first of these is connected to the existence of specific production factors that guarantee an advantage in certain economic activities (Maizza, 2010; Vrontis et al., 2011); the second is linked to the recognition of the region not only as a geophysical space but also as possessing social, cultural and artistic heritage (Scorrano et al, 2013); the third (the sense of belonging) considers the region in terms of shared values, customs and traditions, the creation of a philosophy, both entrepreneurial and institutional, oriented to the endorsement of regional identity (Vescovi and Gazzola, 2007). Establishing a balance between these components generates competitiveness for region and enterprises alike. Indeed, while economic competitiveness is crucial for the enterprises belonging to a region, socio-environmental sustainability is a necessary condition for the competitiveness of the region itself, together with its enterprises, expressed in terms of *attractiveness.* In addition, the relational and participatory synergism between the various actors generates that sense of belonging which safeguards the social resources, enables the creation of knowledge and trust among operators, and disseminates awareness of the importance of the relational component among the various enterprises of a region.

The adoption of a holistic approach emphasises the function of the region as a *milieu innovateur* (Aydalot 1986; Aydalot and Keeble 1988; Camagni, 1999), i.e. a relational and innovatory space consisting of a local production system with various kinds of actors, and characterised by positive relations between those actors and a shared culture and learning process.

3. Hypotheses Development

In accordance with managerial studies that interpret the region and its competitiveness in a holistic key, this paper starts by considering the multidimensional aspects of the enterprise/region relationship cited in those studies, seeing it as a single systemic entity that can generate attractiveness and competitiveness and boost the value of the systems (enterprises and region) of which it is composed.

Hypothesis 1: the enterprise or enterprises can create a synergism with the region that leads to the creation of a single unified system encompassing only the actors, resources and relational activities of the systems of origin, which interact and generate a process of symmetrical and shared development.

Hypotheses 2: when this process adopts unambiguous strategies based on connotation and identity it generates value for both of the two entities participating in the system.

In order to verify the above-mentioned hypotheses, this study sought to: a) identify the drivers of the integration and unification of the enterprise/region system: b) propose a theoretical model of competitive co-evolution of the enterprise/region relationship, strategically oriented to achieving a single identity; c) verify the model by means of case studies.

4. The Drivers behind the Integration of Enterprise and Region

The establishment of a single system (region/enterprises) arises from recognition of the importance of certain resources for joint development oriented to the creation of an *identity,* thanks to which the context in question becomes an original entity that is hard to replicate. The process can be completed only if the multiple specific features of the two entities are transformed into *distinctive non-replicable competencies* (Porter, 2011).

On the basis of what was set out in the review of the literature (see Background above), the drivers are:

A. *The structural dimension*, arising from the selection of

- ✓ *the critical resources* of the region, including:
  - *the natural system*, including all environmental, morphological and landscape factors (landscapes and items of natural beauty, public buildings, energy and water resources, historic and cultural heritage);
  - *the anthropic system*, i.e. the complex of existing human activities (entrepreneurial system, research bodies, industrial areas, road network);
  - *The intangible system*, including the region's values, its flows of information and the system of relations between actors (culture and traditions, human capital, relational system, services for enterprises, etc.).
- ✓ *Relational activities.* A region's resources are not just those it happens to be naturally blessed with, which derive from its specific characteristics, but also include a variety of intangible and non-visible elements that arise from the actors' capacity for sharing. It is therefore the region's *social capital* that determines its relational abilities, turning these into distinctive intangible resources, hard to reproduce elsewhere (Lynn, 2001). This requires the existence of a traditional relational aptitude in the individual and in the region's socio-cultural context – its original *social capital* (Putnam, 1993). Sharing social capital generates trust and thereby enables evolution towards more open and inclusive forms (Corò and Rullani, 1998). In regions with a vocation for a specific economic activity, the emergence and/or survival of a single unified system is made possible by the evolution of the original social capital (Fait, 2008) towards:

- *productive social capital*, consisting of the range of relations that the enterprises of a given sector activate along the production chain in order to share process- and product-oriented objectives;
- *contextual social capital*, consisting of those relations that are established between enterprises operating in economic sectors, local institutions and non-profit organisations whose purpose in all cases is the promotion of their region;
- *market social capital*, consisting of relations activated with clients that are a source of information and knowledge of customer needs and help to create image, trust and reputation;
- *normative and behavioural social capital*, consisting of cultural, historical, political and social elements associated with rules of behaviour, sharing of values, learning, etc.

B. *Governance.* The genesis of governance (Cyert and March, 1967; Fazzi 1984) can be either a) *top-down*, activated by institutional supra-systems as part of their coordination of local actors in the process of improving the region's *value proposition*; or b) *bottom–up*, arising from the temporary cooperation between actors who share values, behaviours and objectives with regard to regional development. The nature of the governance model is linked to the degree of evolution of the regional system. That is to say, it depends on the ability of the systemic aggregations to direct and control the components that the region possesses to begin with. Governance must be able to stimulate the various components in a framework of sharing, directing them towards development of those activities in which the region naturally excels (its "vocation") and providing the region with its own unique image. The strategic planning process must be participatory, since it must involve the key players of the various supra- and sub-systems interested in the project. The criteria for participation, the intervention priorities, the lines of action to pursue and the collective benefits thus all need to be shared.

C. *Strategic. The basic strategic orientation is represented by the evolution of the region's vocation (i.e. those activities towards which it has a natural inclination, regarded as specific competencies) into an identity (distinctive competencies).* The vocation is the combination of all the specific properties and features of the region that are representative of its structural potential and system of values (customs, habits, norms, coexistence and cooperation). If these factors can be harmonised via a common vision and the sharing of rules and values, they converge in a general sense of belonging among the actors, generating in turn the local *identity*.

5. A Possible Model of Co-Evolution

Whether the process by which the region-product relationship is established is bottom-up (created from below), top–down (driven by institutional supra-systems) or hybrid, its purpose is always the creation of an operational structure that is compatible with the region's unique features.

In operational terms, the process (Fig. 1) can begin with the *planning* phase, which involves setting out the guidelines and identifying the areas where action is needed in order to generate value for the enterprises-region relationship. These areas are associated with the four processes described below.

Propensity towards product and process quality

This process requires the following operational activities: a) communication along the production chain in question in order to ensure uniformity of behaviour, sharing of methods and proper awareness of the importance of quality; b) training activities designed to homogenise production techniques and highlight the value of autochthonous production; c) creation of quality control mechanisms for all phases, from production to marketing, in order to ensure traceability.

Regeneration and promotion of social capital

This process, which entails the regeneration of social capital, consists of developing the region's cognitive and relational dimensions and thus requires: a) the creation of systems for disseminating information and knowledge; b) the training of professional figures with competencies linked to the sector and local development themes; c) the organisation of events designed to disseminate the culture of local production; d) the activation of links with institutions, local actors and other actors operating in the same sector but in different geographical areas.

Orientation to sustainable development

The third area includes the participation in initiatives that help to bring about economic, social and environmental development, such as measures to even out incomes along the production chain, development plans, projects to safeguard the region's environment and historical and cultural heritage and professional training programmes. Obviously it will be necessary to assess the costs and benefits (including costs and opportunities) that such measures produce.

Consolidation of the enterprise-region dyad

The fourth process, aimed at ensuring *consistency* between region, firm and product, and thus the enhancement of the value of the enterprise-region dyad, involves a) creation of *product brands, umbrella brands and regional brands* that can identify the dyad; b) implementation of coordinated promotional activities; c) creation of itineraries that are the expression of an integrated range of goods and services; d) development of forms of tourism that are complementary to the economic sector in question; e) internationalisation by means of educational activities and the organisation of events and meetings with foreign operators.

The proposed pathway starts from the recognition of the region's place-personality (its "vocation"), resulting from the aggregate of traditions, culture, knowledge and customs, the enhancement of which transforms them into *distinctive competencies* for the firm or the product. The development of the cognitive and relational components strengthens the synergism between the actors, creating a sense of belonging and trust. This regenerates the social capital, creating a sense of sharing which, over time, can become a distinctive intangible resource that is hard to reproduce elsewhere (Lynn, 2001). At the same time, the orientation to socio-environmental sustainability is a necessary condition for the competitiveness of a region and its enterprises in terms of *attractiveness.* These distinctive competencies are then brought to bear in marketing initiatives designed to consolidate the dyad, strengthen the consistency of the relationship and ensure even and shared development over time.

In order to generate shared value, marketing strategies must operate in such a way that the differential effect of brand knowledge on the part of the consumer (Keller, 1993) does not depend on the value that the individual enterprises, product or region have for the consumer, but rather on the recognisability of the synonymy of *brand* and *land*, i.e. the strong

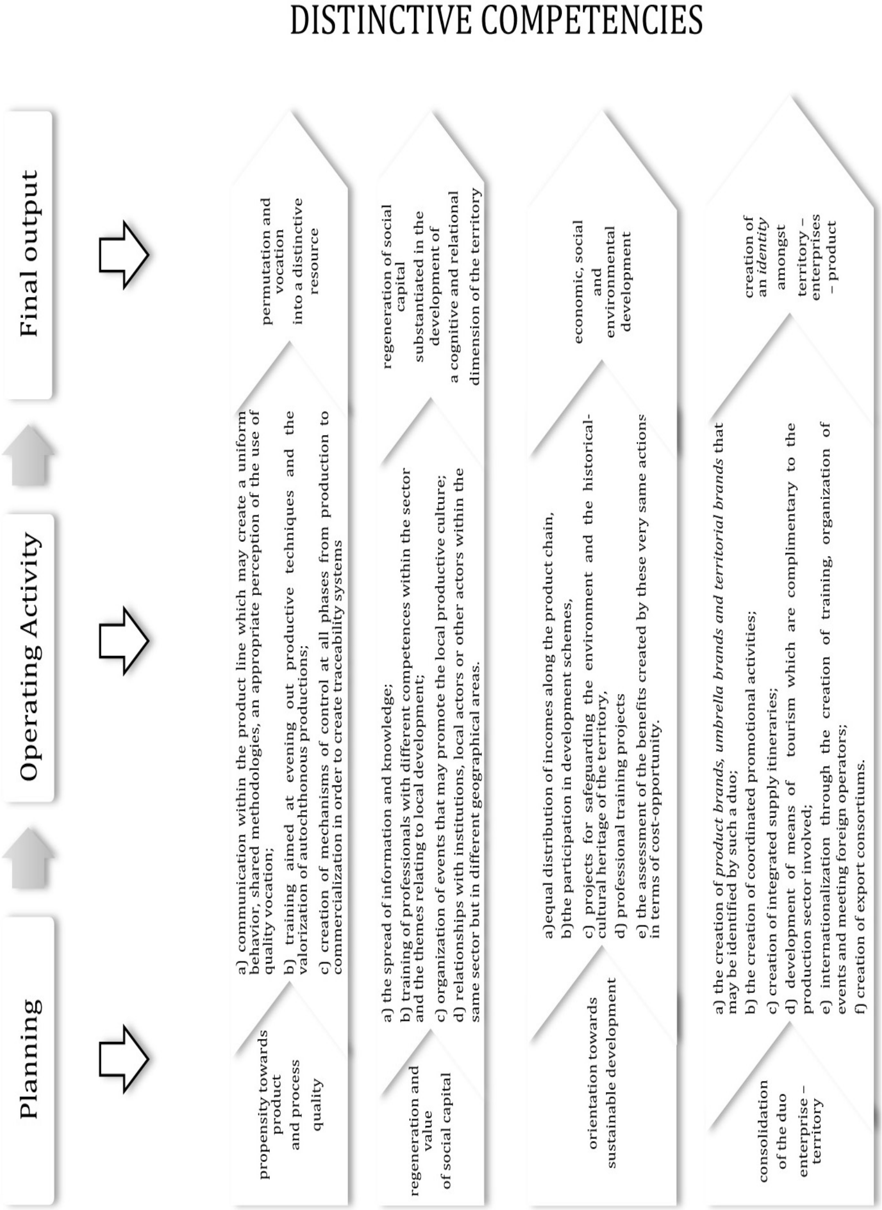

Fig. 1: Co-Evolution Framework

link that some products have with their place of production (Fait, 2010; Maizza and Iazzi, 2011; Maizza et. al., 2013).

The distinctive features by which they are known are not replicable or "exportable" beyond a specific context since the identity of a region (place-identity) is the direct consequence of its vocation (place-personality). For the consumer, the associative process includes both the distinctive features of the product (and thus the brand) and those of the product's region of provenance (i.e. the land). The latter becomes a primary productive resource that embodies "the production experience". It guarantees the authenticity of the products and (on achieving a sufficiently high profile) becomes synonymous with them. In this way, land becomes brand and so, via the loyalty of the consumer, creates value for a plurality of actors. From this perspective it can be argued that there is a conceptual consistency between the theory of "common pool resources" (Ostrom, 1990) and the intrinsic characteristics of brand-land products. They are both intangible assets that can disseminate the values and behavioural models of a socio-geographical area where the cultural traditions expressed by the products in question are firmly consolidated. Such products generate and transfer value (including economic value) to a plurality of actors who, in order to conserve and increase it, must be able to respect the essential conditions and underlying behavioural rules. In Italy for example, the consortia responsible for the safeguard of characteristic local products have managed to defend and promote a range of elements and traditions from a managerial perspective, even in the global context (Fait and Trio, 2011; Scorrano, 2013).

Here the "brand identity" approach, and specifically the multidimensional concept (Aaker, 1997; Aaker, Joachimsthaler, 2000; Van Gelder, 2003), is applied to the brand/land identity. The *core identity* of the brand/land dyad lies in the desire to present the shift from vocation to distinctive competency as the icon of a culture that is not reproducible elsewhere. The *brand essence* (its basic promise) is fleshed out with functional, symbolic, emotional and relational benefits derived from the shared socio-economic and relational development. The *extended identity*, i.e. the driver through which the enterprise wants the brand to be perceived (Kapferer, 2004) is founded on the consistency between region and products.

The differential effect of knowledge of the brand-land dyad can therefore be created by adopting strategies of:

- ***Connotation***, allowing the promotion of the area and its external recognisability. Its historical and cultural heritage becomes a key element in a narrative and experiential pathway; its environmental heritage and natural beauty become the backdrop against which the consumer acts directly, assessing availability, information and hospitality, while the goods and services on offer are props to use in the representation. Indeed, over time the *emotional-experiential* dimension of consumption has become fundamental, as a result of the ever stronger desire on the part of clients to be seen not just as the consumer of a product but as someone interested in its symbolic, aesthetic and communicative meaning. The consumer's experience and direct involvement guarantee the uniqueness of the goods and services on offer, which inevitably become personal and unreproducible elsewhere.

- ***Identity***, through which the different components of the region interact in a continuous process of development, sharing a mission, behaviours and values and disseminating knowledge in order to avoid undermining the authenticity of the characteristic local products. This sharing must be communicated via policies aimed at promoting the area that emphasise its specific properties, guaranteeing its recognisability over time.

6. Empirical Research Methodology

The starting hypothesis on which the proposed model is based is that the activation of shared values and consistency between enterprises and regions generates local economies, with the interdependence and complementarity of their formulas conferring a competitive advantage. This is the result of strategies based on connotation and the creation of a single enterprise-region identity, activated within a shared, co-evolutionary process.

In accordance with the principle of empirical falsifiability (Popper, 1959) the hypothesis was verified by means of case studies (Yin, 1984; Malhotra, 1993; Gummesson, 2000; Flyvbjerg, 2006). The cross-case criterion was chosen since it assumes similarities between cases (Eisenhardt, 1988; Siggelkow, 2007). Indeed, while recognising the limits of this method, which arise from the non-generalisable nature of the results, it should be considered adequate for our specific case because it is useful for acquiring information that extends the original knowledge base (Flyvbjerg, 2006).

The chosen unit of analysis is the region/enterprises meta-organisation, understood as a system of systems whose purpose is the search for consistency and a shared competitive advantage (Miglietta, 2010).

Respecting the holistic approach of the proposed model, the attributes required for the selection of cases were: a) a clearly defined vocation arising from a combination of tangible and intangible resources as well as social, environmental, anthropological and historical factors; b) autochthonous production, i.e. forms of production traditionally present in a geographical area that have a strong historical and cultural connection with it; c) relations between enterprises and other sub-systems belonging to macro-areas of the region that are essential for their functioning.

The selected cases – Franciacorta, Montalcino and Asti – meet the three criteria and are all characterised by a specific co-strategy designed to ensure the region functions as a single system. They are presented using a descriptive method (as stories from which to draw information useful for verifying the theoretical hypotheses) based on the processing of data retrieved from the websites of local consortia and *Strade del Vino* ("Wine Routes"), blogs and magazines relevant to the sector, news reports and research papers.

7. "Franciacorta-Unione di Passioni"

"Franciacorta Unione di Passioni" is an interesting cooperative project that emerged from the cooperation between the Franciacorta Consortium (105 firms, representing 98% of those present in the region) and the *Strada del Franciacorta* (a network set up in 2000 composed of 108 wineries, 2 distilleries, 23 hotels, 27 restaurants, 4 wine shops and wine bars, 16 artistic and cultural structures, 2 firms making characteristic local products, 7 firms involved in sport and leisure, 3 tour operators, 7 municipalities and associations for the promotion of the region). It was built on the following dimensions:

1. A shared mission: *to create a single unified system for the Franciacorta region that would be the expression of the tourism-oenology combination*. The consolidation of the product-region dyad is evident, considering that over the last 10 years, tourist presences have increased by 50% and now stand at more than 200,000 a year, making Franciacorta one of the favourite destinations of oeno-tourists from Italy and abroad, with 60% of both earnings and presences linked to wine;
2. Mechanisms of governance designed to create synergism and cooperation between all the actors of the region. The network is generated by a relational system founded on elements of the region's intellectual and social capital – including trust between

operators, dissemination of knowledge and sharing of its vision, mission and organisational principles – which are clearly perceived by the actors themselves. Fundamental drivers of this perception are:

- The presence of the Consortium, which guarantees the quality of the products by means of the Franciacorta method, set out in the production regulations and the zonation. The area of vineyards producing DOCG wines went from 2,283 hectares in 2008 to 2876 hectares in 2012. The promotion of Franciacorta wine led to an increase in exports in 2013 compared to 2012. 14 million bottles were sold, with about 1.3 million exported to foreign markets (up 14.3% on 2012);
- The creation of an integrated system of goods and services (of which the denomination – Franciacorta – is a clear expression), promoted and exploited via the creation of itineraries (which can also be personalised) of Franciacorta's wineries, guided visits and wine-tasting, weekend packages, corporate events, team-building and incentives to encourage cooperation with associated tour operators, together with networks encompassing monuments, handicraft, areas of natural beauty and events, and investment to improve the hospitality system, adopting the green economy model;

3. Shared basic objectives that have generated benefits in terms of performance, process, relations and brand-land identity. This is confirmed by a study conducted in 2012 (Fait, 2012) on firms participating in the network, who cite the importance of:
    - Performance benefits in terms of the visibility of the single brand, increased presences and higher sales in the region and greater quality control. The data indicate a positive assessment of the potential performance image that the strategy will produce;
    - Process benefits linked mainly to the validity of the promotional initiatives and the dissemination of information and knowledge;
    - Relational benefits in terms of the positive perception of the relational dimension within the aggregative strategy, given that elements such as the sharing of knowledge and values and the organisational efficiency of the *Strada del Franciacorta* network tend to have substantial impacts;
    - Brand-land identity benefits, considering that the participants greatly appreciate the promotion of the environmental and cultural heritage, the recognisability of the product-region

relationship, the combination of region and product in a single consumer experience and the improved perception by consumers of the characteristic local products and of the region itself. All this confirms the importance attributed by all participants to the creation of value that is shared between enterprises and region via the connotation-based strategies proposed by the *Strada del Vino*;

4. Propensity to sustainable development: a network – like that of the situation considered here – is often as representative of the economic system as it is of policy makers and can therefore become a powerful dynamo for the sustainable development of the region. In the case described here for example, the Franciacorta Consortium is a partner to the "Terra della Franciacorta" agreement that joins together the 18 municipalities of the wine-growing areas of Franciacorta with the aim of constructing a model of development for the region by means of a new form of supra-municipal aggregation designed to re-plan the region on a shared basis.

8. Castello Banfi – Montalcino Region

An interesting case of the bottom-up approach, i.e. of an entrepreneurial campaign from below that seeks to involve enterprises in a systemic project centred on their region of origin and its potential, is the Banfi-Montalcino project (Rivella, 2008).

In the 1960s there were less than 60 hectares of Sangiovese vineyards producing Brunello di Montalcino, and about 20 producers making no more than 150,000 bottles a year. The early 1970s saw the start of the Banfi project, which actually began with a series of shocking mistakes. With the approval of local administrations and growers' associations, many vineyards were converted to grow more mass-market varieties of grape. The Banfi winery realised its mistake and quickly changed the vineyards back again, focusing thereafter on the production of Brunello di Montalcino, creating a strong synergism with two of the region's historic wine-makers: *Biondi Santi* and *Colombini Fattoria dei Barbi*. This led to Banfi becoming the leading producer of Brunello di Montalcino and entering the American market – the most important in the world for high-profile and fine wines – where it succeeded in generating strong demand, with positive results for all the denomination's producers.

The image constructed by the firm is permeated with the values and traditions of the places where Montalcino is produced. *Castello Banfi* today brings to mind a castle immersed in the Tuscan hills surrounded by vineyards that have been there since Etruscan times. The castle houses one of the most modern and advanced wineries in the world. There is a direct relationship with consumers, which serves to show them the value of the product and make them feel part of the production process – opening the doors to the winery and the entire Banfi structure and giving life to what is now commonly called *oenotourism*. This approach has enabled the firm to launch a long-term process that allows wine-lovers and the simply curious to see how the firm works, enhancing the clients' appreciation of the commitment shown by the Banfi-Montalcino project.

The case of *Banfi-Montalcino* strongly conveys the importance of the region's relationship with wine. This is a partnership founded on tradition, history, architecture, culture, landscapes, cultivation and production methods, and wineries. Considering the fragmentary nature of the Italian wine-making sector, composed of a large number of small firms that find it difficult to make significant progress, the *terroir*, understood in its broadest sense of a link with the region, is probably the most effective publicity strategy and also enables immediate aggregation of local enterprises.

The drivers on which Banfi built its image and continues to maintain it are: a) quality and b) the continuous involvement of the region, from the existing structures to the final consumer. The emphasis on quality can be seen at every stage of the production process, starting with the care taken with the raw material, followed by the achievement of ISO quality standards and the commitment to environmental sustainability. It has contributed to development in the region in various ways: the recognition of the quality of Brunello has induced the other local wine firms to innovate and improve their product; Banfi's internationalisation policy, based on the signing of an exclusive contract with one buyer, has prompted competing foreign intermediaries to establish relations with other producers of Brunello in the Montalcino area; and the oenotourism initiatives, including visits to the wineries, showing wine-lovers and conventional tourists alike where the Sangiovese grape is grown and how it becomes Brunello di Montalcino, have been replicated by neighbouring firms.

9. "Il Popolo dei Moscatisti"

The *Tutela dell'Asti* Consortium is an interesting example of the involvement of a number of enterprises which, despite belonging to groups and communities who are keen to maintain their own characteristics, traditions and history, acknowledge a common goal of promoting their products and their region of origin. The history of the consortium and its operational decisions over time demonstrate its determination to pursue the four above-mentioned macro-objectives as well as the current clear perception that it is essential to activate a strategy for the joint promotion of the wine-region relationship.

Set up in 1932 and recognised in 1934, the consortium was formed with a precise objective, i.e. to join together under a single denomination ("Asti") the wine, the area of origin, the grape variety, the preparation technique and the final result. The decision to focus on a single denomination proved to be the right one and the ensuing publicity campaign resulted in the dissemination of the name and image not only of the product itself but also of the region of origin, at a time when economic activity in the area was struggling. The choice of the consortium's logo, which features the patron saint of Asti, was also prompted by the desire to identify the product with the region of origin and its traditions, thereby emphasising the authenticity and quality of its products.

Its mission consists of «*doing all that is necessary in order to safeguard and promote the image of Asti and Moscato d'Asti, and of the consortium, in Italy and the World*». Its operational remit is set out in article 1 of the Statute, which reads: «*the consortium is dedicated to improving production and promoting Asti docg and Moscato d'Asti docg and the region of origin, as well as monitoring the entire production chain in order to safeguard the companies it represents and the final consumer*».

This approach has enabled the consortium to sell almost 100 million of bottles a year from 9,700 hectares of vineyards, to coordinate about 4 thousand vine-growers, and to have 145 partners including vineyards and wineries sharing rules and values.

Confirmation of the constant drive for quality can be seen in:

1. The decision to expand the vineyards of the area of origin in the most suitable localities;
2. The improvement of the oenological practices necessary to guarantee consistency of quality;
3. The monitoring and supervision of production, which includes certification and delivering government seals;
4. The commitment to traceability (*Tutela dell'Asti* was the first in Italy to implement this principle), which ensures that the consumer can obtain information about the product at all phases of the production chain from the vine to the retailer, providing a total guarantee of quality;

5. The role of the research laboratory, which has a memory bank of more than 100 aromatic profiles and has accreditation for national certification and the certification necessary for export.

The role of the consortium in terms of safeguarding the growers, enforcing the agreed rules, providing guarantees to both internal and external stakeholders and promoting the region has thus become a fundamental element in the development of social capital in the area where it operates. This role is seen in the crucial task of coordinating the agricultural and industrial aspects, which has resulted in full-scale agro-industrial planning, thanks to which it is possible to optimise the incomes of the various bodies involved. The development of trust between actors has made it possible to achieve a model of *bridging social capital*, i.e. a synthesis of groups and communities who, while maintaining their own identity, traditions and history, acknowledge a common goal of promoting their region of origin.

The work of the consortium is also fundamental in socio-economic terms for the 52 municipalities in the provinces of Alessandria, Asti and Cuneo that belong to the area of origin identified in the regulations. The impact is immediately perceptible in the historic evolution of production, which, thanks to the coordination provided by the consortium, grew from around two million bottles in 1940 to forty million in 1970 and has more than doubled since then.

Despite the geographical and cultural differences between the municipalities of the area, the bond between wine and region propounded by the Consortium is perceived in the propensity of its members to call themselves the “popolo dei moscatisti” (literally, “the people of the Moscato growers”), emphasising the role played by the wine in socio-economic development via the link between *terroir*, human beings, tradition and product. This link is also highlighted by the four itineraries into which the Asti docg region is subdivided, all of which recall its history, landscape, traditions and oeno-gastronomy and enable direct contact with the wineries and vineyards via food-and-wine routes, wine tasting and B&B services.

The identification of Asti wines with the region is currently considered fundamental for the path to development chosen by the consortium, and is linked to the process of promotion that the consortium has launched by creating a brand that emphasises the regional component as the fundamental connection between the different types of product present.

10. Findings

The cases analysed exemplify both the concept of meta-organisations – systems that arise from the relationship between enterprises and region – and the idea of the region as a relational and innovatory space as described above (Aydalot, 1986; Aydalot and Keeble, 1988; Camagni, 1999). In terms of their achievement of the enterprise-region dyad, the three cases are characterised by differing degrees of success, but the phases of the process which generate this important synergism coincide with the model proposed in this paper. In all cases, the process starts with the sharing of strategies oriented towards the quality of the product and the process. The regulation of production, agronomic techniques and zonation enabled the application of the Franciacorta method that distinguishes the products of this area. The reconversion of the vineyards to autochthonous varieties and the shared agronomic and innovative production techniques guarantee the production quality of Brunello and its recognition on an international level. Today, Asti docg is one of the world's most famous sparkling wines thanks to improvements in the quality of the vineyards lying within the specific *terroir*, shared wine-making practices that ensure constant and uniform quality, and the role of the research laboratory in the selection and safeguard of autochthonous production.

Social capital is regenerated by means of a network of internal relations encompassing producers who share traditions, knowledge, information flows and innovation; and a network of external relations that includes organisations responsible for regional promotion, municipalities and enterprises (working in tourism, food-and-wine, events etc.) which, while not being part of the wine production chain, broaden the range of regional goods and services on offer.

The orientation towards environmentally sustainable development is seen in the shared agronomic rules, the recovery of autochthonous vineyards and the forms of zonation, which even include the creation of specific zone-based projects such as "Franciacorta Sostenibile". It also involves projects that are shared with other parts of the country (such as the participation of the Asti wine district in the "Prefer" project, which seeks to assess the "ecological footprint" of products and services). From a socio-economic point of view, the creation of itineraries with economic activities that do not belong to the wine production chain itself but are linked to it in terms of the sharing of resources (tourism, food-and-wine, museums, etc.) facilitates the economic development of an area. The coordination of agricultural and industrial sectors and the agro-industrial planning that characterises the cases described here also supports the *social* development of the area.

The creation of a regional brand (Franciacorta, Montalcino, Asti) that emphasises the regional component as the fundamental bond linking the various types of product and the brand itself entails the implementation of coordinated promotional activities; the creation of itineraries that express an integrated range of goods and services (tourism, food-and-wine, culture etc.); and joint internationalisation policies that enhance the global profile of local entities (enterprises and region).

Although the results cannot be generalised, the cases presented made it possible to verify that: a) the recognition of certain resources common to the region and its enterprises and the sharing of operational activities designed to transform them into distinctive competencies (such as those of the proposed model) constitute a dynamo for joint development, thereby confirming hypothesis H1; b) the sharing of connotation- and identity-based strategies enables the establishment of a unified and original system that is hard to replicate elsewhere, confirming hypothesis H2.

11. Conclusions

In the framework of management practices, this paper presents an innovative approach to the study of the relationships between enterprise and region, proposing a holistic vision in order to identify the drivers of their systemic competitiveness. Although the results cannot be generalised, dependent as they are on the contexts of reference (Leonard-Barton, 1990), the use of case studies highlights the strategic utility of the proposed co-evolutionary model and provides interesting reflections on its potential for generating competitive differential. In this perspective, enterprises play a role, in many cases a crucial one, arising from their ability to supply a broad and integrated range of goods and services that enhances the *identity component* on which the link between the product and its region of origin depends. The positive perception by the consumer of the product's intrinsic and intangible characteristics – derived from its link with the region – creates the *trust component*. The latter is manifested in the confidence of the consumer concerning the quality of the goods and services on offer, which prompts him or her to make repeated purchases over time. The high profile of the link then gradually generates the *evaluative component.* The coexistence of these three components is a marker of *brand-land equity*, which means that the competitive differential is no longer present only in the enterprises or in the regions but in the relationship between the two.

On the basis of the afore-going, the following points for reflection, interesting for both a region's enterprises and its policy makers, can be made:

1. The fusion of enterprises and region into a single identity should no longer be regarded as an instance of localism in opposition to the globalisation of markets, but as a vector for the promotion of distinctive competencies in a global context.
2. The sharing of competencies, stable relations between different actors, and the consistency between region, products and enterprises must be interpreted as "common pool resources" (Ostrom,1990) and adequately promoted in order to generate value for both parts of the dyad;
3. The brand/land equity of the synergistic relationship is generated when enterprises activate the capitalisation of resources, relations and knowledge and provide a broader and more complete range of goods and services that meets the experiential and emotional needs of the modern consumer.

Despite the qualitative nature of the reflections expressed here, they may be regarded as initial hypotheses for further studies in terms of both quantifying the benefits that enterprises and region can draw from such a process, and the consumer's perception of this single, unified brand/land identity. Indeed, in the sense used here it represents a unique and unrepeatable asset for the context that raises its profile, making it possible to implement forms of co-evolution that ensure growth and socio-economic well-being for both enterprises and their regions of reference.

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