

Dipartimento di Economia e Finanza

Economics and Business

**The use of digital marketing to export and advertise the “Made in Italy” brand
by small and medium enterprises**

RELATORE

Prof. Riccardo Tiscini

CANDIDATO

Giacomo Vaccaro

Matricola 162081

ANNO ACCADEMICO 2015/2016

**The use of digital marketing to export and
advertise the “Made in Italy” brand by small
and medium enterprises**

Index

1.0 Introduction...	4
2.0 What is Digital Marketing...	5
2.1 Digital Marketing and Social Media Marketing...	6
2.2 Effects of Social Medias...	7
2.3 Digital Marketing and Google Adwords...	8
3.0 E-Commerce..	9
3.1 Types of E-Commerce...	10
3.2 Evolution of E-Commerce...	11
4.0 Legislation Pertaining To “Made In Italy”...	12
4.1 The meaning of Made in Italy...	12
4.2 The protection of Made in Italy...	12
4.3 Legal Sources...	13
5.0 The Importance of Exporting The Made in Italy...	18
5.1 Facts on Italian Firms producing Made In Italy...	20
5.2 The Ciclotte Case...	21
6.0 Conclusion...	24
Bibliography...	26
Sitography...	27

1.0 Introduction

Of all technologies produced in telecommunications and informatics Internet is the one majorly used in terms of Marketing and it's for sure the most innovative one.

The development of new IT's and communications is the base to what is now defined as the New Economy, which is considered an economic system based on online activities on the utilization of networks, as Internet, which gave the possibility to firms to strengthen it's business: as increasing their customers, increasing the advertisement of their product at lower costs or increasing relationships with their customers. All of these actions are facilitated from Digital Marketing which is now days a relevant sector of the economy which, if used in a correct way, has for sure, given added value to firms at the eyes of customers causing an increase in their profits and in the growth of the firm.

Electronic commerce is the function more consistent from the point of view of economic development thanks to new network tools. When we speak of electronic commerce, we refer to the trading of goods and services through the Internet.

Digital Marketing has developed a lot in these years and its importance in the trading of goods and services has empirical evidence. Using digital marketing in the right way and taking advantage of it's positive effects helps firms in increasing their market value and in creating themselves a space in the market. From this point of view introducing goods in a foreign market, as for example Italian ones in foreign markets may be of huge difficulty but the appropriate use of social medias, may facilitate this process and give a huge help to firms who want to enter a new market and advertise to it's new customers it's products.

Digital Marketing has several facets and one of these can be individualized in Social Media. Social Media's have the ability of cutting of intermediaries and creating a direct relationship between customers and brands. The main ability of Social Media's was the one of knock down barriers that would have been impossible to cross with such ease in the past. This was a real revolution from a market point of view and many firms, as in my opinion Italian one's, did not have the ability to perceive the importance of these new medias, which modified enormously the market.

From a Normative point of view I would like to analyze how the export of the "Made in Italy" is supported from the Italian law and if there are standards or laws that prevent the export of such through this new phenomenon of Digital Marketing.

2.0 What is Digital Marketing

Digital Marketing is defined as: “The promotion of products or brands via one or more forms of electronic media. For example, advertising mediums that might be used as part of the digital marketing strategy of a business could include promotional efforts made via the Internet, social media, mobile phones and electronic billboards, as well as via digital and television and radio channels.”¹

It's clear to all of us how Digital Marketing has revolutionized businesses use of technology to advertise a given product. This new era caused a whole change in the market also in terms of the customer point of view. This occurred since now day customers behavior may be analyzed as more inclined in searching for added valued products from digital devices instead than going to a physical shop. This creates a chain reaction since firms will give major importance to this kind of market instead than the usual and traditional one.

This kind of market evolved day-by-day starting to stabilize in the beginning of the new century. From an economic point of view statistics show how Digital Marketing is still a sector of economics, which registers a constant growth as every day more people start to use it. Customers are pushed to join this kind of market for several reasons. One of the most important reason is because it facilitates life of customers in choosing a product and showing it's alternatives. In fact now days, thanks to the revolution of this up coming market, it's easy to search for a specific product and check if there are real substitutes which could be: more useful for the specific case of the customer, more efficient or less expensive. This facilitates life's of customers which, with a simple click, can decide to buy a particular kind of product which is best shaped for them without physically go around shops and search for it.

A strategic role is being kept by television²: through the continuous bombing of infomercials³, in between the interval of films or, at the beginning or at the end of any kind of program. The new tendency is the one to use other channels of communication too. We must emphasize how digital marketing, specially in the last years is extending more and more beyond the Internet marketing, including channels that do not necessarily require the use of the Internet. Reference is made in particular to use of telephone equipment (by sending SMS or MMS), the use of social media marketing, display advertisement, search engine marketing and any other form of digital media. Another explication of digital marketing can also be made up by the fact that

¹ <http://www.businessdictionary.com/definition/digital-marketing.html>

² . CLARK, DORIE, *The End of the Expert: Why No One in Marketing Knows What They're Doing* , Forbes, 11 novembre 2012; NIELSEN, 10 marzo 2016.

³ SQUARE2MARKETING, "La pubblicità online.: Google AdWords e pay-per-click", 2012;

BELCH E.; BELCH A., *pubblicità e promozione: una prospettiva comunicazione integrata New York, NY: McGraw-Hill / Irwin, 2012*

companies also start shifting in analyzing and quantify the value of download applications on mobile devices, tweets on Twitter, likes on Facebook etc.

What really makes a huge difference for firms in the era of digital marketing is the feedbacks it can immediately receive, from its possible purchasers, on a specific product. Having the possibility to receive positive or negative feedbacks is extremely helpful for a brand in segmenting its market and in understanding to whom a kind of product can be more desirable. Also the interaction of customers on different Internet platforms may give a huge help to businesses in understanding which way to undergo. "It is increasingly advantageous for companies to utilize social media platforms to connect with their customers and create these dialogues and discussions. The potential reach of social media is indicated by the fact that in 2015, each month the Facebook app had more than 126 million average unique users and YouTube had over 97 million average unique users."⁴

Obviously the creation of this new phenomenon which goes arm in arm with technology brought to the remake of strategies of marketing. Marketing sectors of firms have now days the great advantage of understanding in a much easier way behavior of their customers and generally speaking of all the market independently if they are covering it or not. Digital Marketing facilitated the work of managers, which could understand what was desired from the market and what not. Usually what the market really wanted or if a new product was appreciated was not so easy to understand immediately and the results that a given product produced were easier to see in the long run. Probably the traditional and best way to understand results produced by a given product was to analyze sales result. This new era facilitates this kind of job to managers especially thanks to social media, which is a big part of digital marketing, since it gives immediate results and permits to create a more direct relation between customers and firms. It must be said that now days the ability to adapt to markets is even more fundamental than before if you want to stay competitive and find a share of the market to supply.

2.1 Digital Marketing and Social Media Marketing

Social Medias are considered a vehicle to share information with an extended public. This generates a dense interaction between individuals and firms.

Social Media Marketing may be considered the type of Marketing which is responsible in giving visibility to a firm on Social Medias. This type of marketing gives the possibility to customers and firms to relation each other in an equal way: interaction and comments generate customer engagement, which permits to create feedbacks, opinions or advices. This is the main difference with respect to the classical marketing which tries to attract future possible customers

⁴ Nielsen (17 December 2015). "Top of 2015: Digital". Nielsen Insights Media and Entertainment. Nielsen

and nothing more. This kind of Marketing is completely different as it gives the possibility to customers to express themselves without using any kind of intermediary and to firms to listen the real requests of the customers understanding what they really expect from you. So thanks to the innovation brought by social medias firms have the duty to adapt to the requests of customers as they get to know what their request's are in such an easy way. Firm' who adapt in the faster way are those that will have the higher possibility to give to customers what they are looking for, giving to their product a higher added value respect to others. There are different kinds of socials in the economy as Facebook, Instagram or Twitter but all of these have as a goal the one of communicate and share their product or their brand.

Creating competitive advantage in the market is and will always generally be one of the key's of success for companies. Digital marketing may give it's support in creating competitive advantage in this new era. To create themselves a competitive advantage, in the market, firms use social media as a way to create information. Social media gives a huge help to firms to stand out in the market and show new or modified products. The right use of social medias can give to firms the possibility to lower their advertise costs keeping at the same time an interaction between firms and customers. "One of the quickest ways to get an upper-hand on your competitors is to show leadership through innovation. An outdated website reflects an outdated business, and you can gain your competitive advantage by creating a fresh design that engages your customers."⁵

2.2 Effects of Social Medias

"The difference between digital marketing and social media is simply that social media is part of digital marketing. Many people believe that by engaging on social media they are doing digital marketing but this is not 100% true as there are many more components that make up a digital marketing campaign."⁶

Social Media are considered a big part of Digital Marketing even though it cannot be considered the same thing. It must be, however, recognized the huge share that social media contains in terms of digital marketing. Socials as Facebook Twitter or Instagram are now days real forms of advertising which can really make a difference for a company. It is clear to everyone the importance that a detailed Instagram page can have for a firm's reputation. From an economic point of view empirical data shows us how a higher reputation is surely correlated with higher profits. This means that if 2 brands are selling the same product customers will be more comfortable in

⁵ <https://www.candyboxmarketing.com/2013/11/14/how-to-gain-a-competitive-advantage-using-digital-marketing/>

⁶ <https://www.reliablesoft.net/difference-between-digital-marketing-and-social-media/>

buying the good purchased by the firm with higher reputation. This is why firms give such an importance to their social position in the market.

Having a website or a Facebook page for example, which is constantly updated gives to the customer the idea that the firm is in continue evolution and will push customers to continue their interaction with that particular firm. Having the ability to keep this digital interaction with customers means that companies will keep informing and showing to an increasingly number of persons it's products. This kind of interaction is extremely important for firms as they are showing to more and more people their products, just by adding pictures to their social pages. Even more important may be the spill over effect that these social media create thanks to how they are structured. There are different types of social media, which help a firm interacting and informing their customers, but a key is that all of these have one principal main characteristic. If a firms page is "clicked" or "liked" (appreciation of that page) by a costumer then all the friends of this customer are informed of this, which means that the firms page it's shown to others, without that the firm has done anything of particular. This means that the appreciation of one new customer could give to the firm more and more visibility in the social world. In economic terms the fact that more people are looking at you'r page means that you will be advertising to a wider number of persons your page without increasing you'r advertising costs.

2.3 Digital Marketing and Google Adwords

Google Adwords is a service, which gives the possibility to suppliers to post their product by inserting advertisement within the Google search pages. These announcements are shown in the top right of the computer or Ipad screen. The different researches of the user are saved by an algorithm which keeps count of the kind of researches done. This brings the system to function in an intelligent way since it shows announcements relevant to the researches done by the user. For Google this has been the biggest form of remuneration bringing nearly 50 billions of Dollars. It's also very useful for firms since it finds possible future customers without that they have to do anything and just considering previous researches.

3.0 E-Commerce

E-commerce refers to the purchasing or selling of goods and services over computer networks. Through which transaction of payment occur in electronic way. Understood in a broader sense e-commerce can also be considered as the order of a particular product on-line but with the payment occurring offline.

“E-commerce is conducted using a variety of applications, such as email, online catalogs and shopping carts, EDI, File Transfer Protocol, and web services. This includes business-to-business activities and outreach such as using email for unsolicited ads (usually viewed as spam) to consumers and other business prospects, as well as to send out e-newsletters to subscribers. More companies now try to entice consumers directly online, using tools such as digital coupons, social media marketing and targeted advertisements. The benefits of e-commerce include its around-the-clock availability, the speed of access, the wide availability of goods and services for the consumer, easy accessibility, and international reach.”⁷

It's clear to our eyes how firms see the importance of E-Commerce to increase the number of customers and so their total revenues. This is the reason why many new ways of advertising a product in the Internet start and continue to be developed. How many of us which open a particular websites must contend with advertising pages which have nothing to do with what you are looking for? Or how many videos on Youtube have now an initial 30 seconds advertising that before could have been skipped after 5 seconds while now must be seen all? These are all types of advertisements that did not exist before since persons were not spending so much time on the Internet or were not watching so many videos on Youtube. But obviously firms which want to enlarge themselves and increase their number of customers must find a way to advertise themselves also in this new market which is getting bigger and bigger.

E-commerce brings a huge number of advantages, which can be analyzed as:

Increasing customer base: the customer base is every business's main concern, online or off. When online, a business doesn't have to worry about getting the best property in town, people from around the world have access to their products and can come back at anytime.

Rise in sales: by not managing a storefront, any business will have more sales online with a higher profit margin. They can redistribute money to make the consumer shopping experience faster and more efficient. While being available to international markets, more products will sell.

24/7, 365 days: If it's snowing and the roads are closed, or it's too hot and humid to even step outside in the summer, or a holiday that every store in town closes, your online business is open for consumers 24/7 every day of the year. The doors never close and profits will keep rising.

Expand business reach: A great tool on the Internet is...translation! A business online does not have

⁷ <http://searchcio.techtarget.com/definition/e-commerce>

to make a site for every language. With the right marketing, every consumer around the globe can find the business site, products and information without leaving home.

Recurring payments made easy: with a little research, every business can set up recurring payments. Find the provider that best suits your needs and billing will be done in a consistent manner; payments will be received in the same way.

Instant transactions: with e-commerce there is no more waiting for the check to clear, or a 30-day wait for certain other types of payment. Transactions are cleared immediately or at most two to three days for the money to clear through the banking system.”⁸

This long list of advantages shows us why firms give such big importance to e-commerce and why developing a digital marketing strategy is fundamental to avail of all of these advantages, which this kind of commerce brings. Usually persons affected by digital marketing are also persons who could be more inclined in purchasing products on the Internet and so who benefit of the e-commerce market. A grandmother of 90 years old would not be affected by a correct advertising of a product thanks to digital marketing but she would not even be a kind of person who would buy a product on the Internet. This is why, usually, a good and developed strategy of digital marketing could improve your E-Commerce as it would influence people who use this kind of market to purchase new products.

3.1 Types of E-Commerce

There are different types of E-commerce in the market according to whom you are exchanging goods or services with. Electronic commerce may be classified in 3 different ways:

- **Business to business (B2B):** this type of category collects commercial transactions made by firms having as a subject industrial goods or services.
- **Business to consumer (B2C):** groups transactions made between firms and private subject (customer).
- **Consumer to consumer (C2C):** consists in the activities of exchange that occur between private costumers through the network.

⁸ <http://www.enkilillage.com/e-commerce-advantages-and-disadvantages.html>

3.2 Evolution of E-Commerce

“E-commerce was first introduced in the 1960s via an electronic data interchange (EDI) on value-added networks (VANs). The medium grew with the increased availability of Internet access and the advent of popular online sellers in the 1990s and early 2000s. Amazon began operating as a book-shipping business in Jeff Bezos' garage in 1995. EBay, which enables consumers to sell to each other online, introduced online auctions in 1995 and exploded with the 1997 Beanie Babies frenzy.”⁹

Obviously the advent of the Internet and the facilities it offered in creating a link between possible buyers and suppliers in the exchange of goods and services gave benefits to the e-commerce which, as seen above was actually introduced in the 1960s, when the internet was not developed at all. As cellphones became more and more popular and as people started seeing internet as a way of making transactions to exchange goods or services, e-commerce grew in an exponential way and all of its advantages came to the eyes of all the customers who were new in that market.

⁹ <http://www.businessnewsdaily.com/4872-what-is-e-commerce.html>

4.0 Legislation Pertaining To “Made In Italy”

4.1 The meaning of Made In Italy

The wording *made in Italy* is to be considered a mark of origin, that is an indication affixed to a product (or to its package) which attests and ascertains the provenance of the item from our country in order to allow Italian consumers to make a distinction between domestic goods and imported goods and the foreign consumer to have full awareness of the Italian provenance of the item marked with said indication.

4.2 The Protection of Made in Italy

Law no. 350 of 24 December 2003 (2004 Finance Act) Article 4.49 (as amended by Article 1.9, Law no. 80 of 14 May 2005, transformed from Decree Law no. 35 of 14 March 2005, the so-called Competition Decree) established that the importation and exportation for the purpose of commercialization or the commercialization of products bearing false or fallacious indications of provenance constitutes a crime and is punishable pursuant to Article 517 Criminal Code.

The wording *made in Italy* on products and goods not originating from Italy constitutes a false indication pursuant to European regulations on origin.

Italian legislation, consequently, for the purpose of safeguarding *made in Italy*, implements the broadest protection, punishing as falsification any product that illegitimately bears the mark *made in Italy*, thus recognizing the commercialization of products bearing the false indication of the wording *made in Italy* with the sale of industrial products bearing mendacious signs (in this case which integrates the crime of falsification pursuant to Article 517 Criminal Code).

The penal safeguarding, which as such is valid exclusively on national territory, cannot escape the precise definition of what is intended for goods or services produced in Italy.

In this respect reference is made to EU legislation and in the specific to Community Regulations 2919/92 and 450/2008 (Modernized Customs Code) which, by virtue of the EU treaties, are directly applicable to internal legislation.

The first source defined the origin of the goods for the determination of the customs duties in Article 23 establishing that “goods wholly obtained in a country originate in that country”. Should two or more countries contribute to the production of the goods, the acquisition of the origin is disciplined by Article 36 EU Regulation 450/08 (which amended Article 24 CEE Regulation 2917/92) in the sense of considering originating the goods of the country or territory in which they underwent the last substantial transformation.

In substance, this means that if the parts of the product were materially made abroad but are assembled in Italy, the use of *made in Italy* is allowed (in the same way that the use of the denomination of geographic origin relates to the other countries that comprise the European Union). In applying the above-indicated regulation, a product can be considered of Italian origin and contain therefore the indication *made in Italy* if the last transformation or substantial production took place in Italy.

4.3 Legal Sources

In a domestic context, reconnecting with Article 4.49 of Law 350/2003, our legislators issued Law no. 55 of 8 April 2010 (so-called Reguzzoni-Versace-Calearo Law) and provisions concerning the commercialization of textile, leather and footwear products that discipline (or rather, intended to discipline) in a more incisive manner the prerequisites for the affixing of the label *made in Italy*. In fact, for products relating to the above-indicated sectors, the production phases must be carried out prevalently in Italian territory and significantly that at least two phases of the production be carried out on domestic territory, while for the remaining phases the traceability must in any case be verifiable. Moreover, the use of the indication *made in Italy* is only allowed for finished goods.

Previously Decree Law no. 135 of 25 September 2009 (converted in Law no. 166 of 20 November 2009) established in Article 16.4 that, in general and in relation therefore to any commodity sector, whoever makes use of an indication to sell that presents the product as wholly made in Italy, such as “100% *made in Italy*”, “100% Italy”, “all Italian”, in any expressed language or with signs or figures that induce the fallacious conviction that the product is wholly Italian is punishable with the penalties established in Article 517 Criminal Code increased by one-third.

The so-called Reguzzoni-Versace-Calearo Law instituted an obligatory labeling system for finished products destined to be sold to the public in the textile, leather and footwear sectors. This is also applicable in those cases in which the item does not have the requisites to be able to boast *made in Italy*: in this case the obligation for a label with the indication of the country of provenance remains¹⁰.

¹⁰The law cited specifically identifies the productions for each sector. For the textile sector the production phases are those of spinning, weaving, improving and packaging carried out on Italian territory also utilizing imported natural, artificial or synthetic fibers.

With respect to the leather sector, the production phases identified are those of tanning, cutting, preparation and assembling and completion carried out on Italian territory also utilizing imported raw hides.

In conclusion, with respect to the footwear sector, the production phases are those of tanning, production of the upper shoe, preparation and completion carried out on Italian territory also utilizing imported raw hides.

Nonetheless said law, although it was approved with a broad majority, well beyond the numbers that the government then in power sustained, did not seem wholly compatible with EU law and above all with the evolutionary lines of same. Certain qualifying aspects of the provisions contained in the above-indicated law in fact required a comparison phase within the EU in order to define the relative implementation decrees. While awaiting that said decrees be issued, the Customs Office clarified that the regulations of the EU Customs Code remain applicable¹¹.

The fundamental reason why the implementation decrees were not issued lies in the fact that, as previously mentioned, implementation of Law 55/2010 would determine a contrast in Italian regulations with respect to EU regulations and the EU Commission affirmed that no Member State may autonomously discipline on a technical level the determination of the origin in a manner that differs from that envisaged by European regulations¹² inasmuch as this could determine a significant limitation to the circulation of the products¹³.

In conclusion, the label with the wording *made in Italy* is still restricted by European regulations, so that it may be affixed only if the product is considered as being wholly obtained in our country and (the most important part) if two or more countries contributed to the production of the item, said item can bear the wording *made in Italy* if it underwent the last transformation or substantial production in Italy, economically justified and conducted by a business equipped for said purpose, which is concluded with the making of a new product or which represented an important phase in the production process.

All of this means that on an EU level there is no compulsory obligation for labeling that indicates the place of production.

In addition, recently the European Council did not seem very willing to establish a labeling obligation for non-food consumable products¹⁴.

¹¹ Note of the Customs Office dated 22/09/2010, circulated to the regional and interregional offices of the Customs Office.

¹² In the specific, with respect to judiciary technicalities, the Commission pointed out that the Member States are obliged to send it the drafts of regulations of a technical profile prior to their adoption and at a point in which substantial changes can still be made. In this case, the law was approved on 17 March 2010 and notified to the Commission on the following 7 May, when, evidently, the relative text could no longer be qualified as “draft”.

¹³ As underlined by A. TERRENI, *Made in Italy and the reference regulations* in www.italiansdo.it dated 10/03/2013, said disagreement can be synthesized through a practical example: “a leather handbag assembled and completed in China with tanning and cutting of the leather realized in Italy could be imported into Italy with the brand *made in Italy* while it would be *made in China* for all the other Member States”. (op. cit. p. 9).

¹⁴ According to representatives of Italian small- and medium-sized businesses, this resistance is due to the fact that a number of northern European countries are not interested in the obligatory labeling system, since their manufacturing productions are specialized in the assembling and packaging of goods realized in other countries, so they have no interest in introducing the system of *made in* because they would be forced to produce within their own borders a relevant part of said goods. On this point see Confapi press “MADE IN

Following the substantial failure, due to European opposition, of the Reguzzoni-Versace-Calearo Law, the Italian Parliament concerned itself with getting around the obstacle, preparing a discipline primarily aimed at safeguarding consumers and health, but indirectly pursuing the objective of introducing the traceability of *made in Italy* for the purpose of more effectively fighting falsifications.

To this end, after approximately three years of investigations and discussions, in March of this year the Chamber of Deputies, by a large majority and without opposition from any group, approved a legislative proposal aimed at tracing all products *made in Italy* with a label that can be read by smartphones which illustrates how the item was realized, where the raw materials came from and where, by whom and how it was produced.

The text has already been sent to the Senate and approval is expected for the end of 2016¹⁵.

The legislative proposal envisages a voluntary system of authentication and traceability of products which facilitates consumers to have adequate information on the raw materials and the components of the products that said consumers intend to acquire.

This information will be linked to a non-replicable identification code which “will contain references, observable also by telematics, to data of the producer, of the certifying agency of the product supply chain, of the distributors that provide the identifying code system, as well as the list of each production phase”¹⁶.

As well as on the penal level, the safeguarding of the Italian provenance of a product is also guaranteed on an administrative level.

In this respect, it should be noted that pursuant to Decree Law no. 135 dated 25 September 2009, converted in Law no. 166 dated November 20, 2009, paragraph 49-bis to Article 4 of Law

ITALY” and the defense of the Italian manufacturing industry through the geographic traceability of consumer goods, 24 April 2015, no. 8, in which the fact is highlighted that the sectors of small- and medium-sized businesses continue to be penalized due to the “importations from abroad also by Italian businesses, for the most part big businesses, which have delocalized their production activities, in whole or to a great extent, in those countries with a lower cost of labor, but which have continued to label them made in Italy” although for said productions the amount of Italian labor is marginal.

¹⁵In an interview given to the newspaper *la Repubblica*, Hon. A. SENALDI, first signatory of the proposed legislation, clarified that “the biggest obstacle to overcome was that of verifying the compatibility of our test with European regulations, in order to avoid receiving a stop from the EU as had already happened in the past, for example, with the Reguzzoni Law on labeling textile products which then came to a halt after the European rejection (in *REPUBBLICA.IT*, 30 March 2016, interview by M. RUBINO entitled *Ok by the Chamber on the Senaldi proposed legislation anti-falsification. The text goes to the Senate and will provide more guarantees to consumers on the origin of all products, whether or not food, made in Italy*).

¹⁶A. SENALDI, interview. Small- and medium-sized businesses declared their satisfaction on the validity of the proposed legislation. In particular, the President of Confartigianato, G. MERLETTI underlined that the text being approved has “the merit of valorizing the distinctive aspects of Italian production manufacturing, certifying the production supply chain. The traceability of products must be guaranteed to identify their origin, certify the identity of the real made in Italy realized in our country and thus distinguish it from the unfair competition of those businesses that affix a made in Italy label on products made somewhere else in the world, (*REPUBBLICA.IT* 30 March 2016 cit.).

350/2003 cited was introduced, based on which “the use of the brand, on the part of the owner or the licensee, in such a way as to induce a consumer to hold that the product or the item is of Italian origin constitutes a fallacious indication pursuant to European regulations on origin, without same being accompanied by precise and evident indications on the foreign origin or provenance or in any case sufficient to avoid any misunderstanding on the part of the consumer as to the effective origin of the product, or without it being accompanied by a statement, made by the owner or the licensee of the brand, concerning the information that same will make known during commercialization concerning the effective foreign origin of the product”, the infringement of said provisions involves the levying of an administrative pecuniary fine of Euro 10.000 to Euro 250.000.

In addition, paragraph 43-ter was added to paragraph 49-bis, according to which the administrative confiscation of the product or the goods indicated above is always enforced, save that the indications envisaged be affixed, by the owner or the licensee of the misdeed, on the product or on the package or on the accompanying documents for the consumer¹⁷.

Cassation jurisprudence has clarified the penal importance of the false indication, as an element that integrates the penal aspect of the crime of falsification distinguishing it from the fallacious indications which instead fall under the administrative penalty profile¹⁸.

On a broader level of regulating international commerce it is advisable to remember that in the context of the WTO (World Trade Organization) in 1994 an agreement was signed on the aspects of intellectual property rights pertaining to commerce (Agreement on Trade-related Aspect of Intellectual Property Rights, TRIPs).

This source is a reference for the geographical indications intended to guarantee the provenance and quality of the products¹⁹.

The Member States in fact undertake to prevent that “the use in the designation or presentation of a product of each element that indicates or suggests that the product in question originates in a geographical area different from the true place of origin in such a way as to mislead the public as to the geographic origin of the product”. Said conduct in fact is susceptible to constituting unfair competition pursuant to Article 22 TRIPs.

On the other hand it should also be noted how the Agreement in question highlights the question of geographic indications and, consequently, contrary to GATT E GATS does not indicate a liberalization agreement since it could also involve restrictions to commerce.

¹⁷An initial application took place with the 8 February 2006 no. 157 Friuli Venezia Giulia TAR decision which recognized the legitimacy of the Customs Office on t-shirts with Turkish provenance, on which the label of a well-known Italian company was printed with the indication of provenance *Italy*.

¹⁸ V. Cass. section ter., 24 May 2012, no. 19650, in which reference is made to fallacious indications that actualize an administrative misdeed when from same derive situations of uncertainty as to the foreign origin or provenance and are such as to induce misunderstanding on the part of the consumer concerning the effective origin of the product.

¹⁹See, in this respect, C. FOCARELLI, *Diritto internazionale I*, Padova 2012, p. 612 ss.

Nonetheless it should be noted how Member States implement the provisions of the Agreement choosing “the appropriate implementation methods ... in the context of their respective legislations and procedures” (Article 1.1 TRIPs).

This means therefore that “protection is only possible thanks to the governance ability of the Member States and not on a supranational level”²⁰.

The brand of origin must not be confused with the protected origin denominations (DOP), the protected geographic indications (IGP), and other indicators of provenance that are the expression of safeguarding in the context of industrial property.

In this respect there are in fact products for which the sole geographic provenance from a specific territory conditions the characteristics guaranteeing, at the same time, certain peculiarities. One need only think for example of products whose raw materials are found in specific areas of a territory or of products which are such for the particular atmospheric/climatic conditions which make them same and unique in that sense.

The difference with respect to the origin brand *made in Italy* can be found in the fact that the latter in no way assures the presence of specific characteristics in the products, but is limited to indicating to the consumer the mere geographic provenance of the product.

From a regulatory point of view sources that ensure a specific protection are represented by the Convention of Paris of 1883²¹ (revised in Brussels on 14 December 1900, in Washington on 2 June 1911, in The Hague on 6 November 1925, in London on 2 June 1934, in Lisbon on 31 October 1958 and in Stockholm on 14 July 1967) and, by the previously cited TRIP Agreement²².

The presupposition of the safeguarding recognized to the denominations of origin, to the geographic indications and to the other indicators of origin or to typicality is, therefore, always the existence of a link between a specific characteristic of the product and a determined place of production.

²⁰ C. FOCARELLI, op. cit., p. 612. The difficulties encountered in reaching concrete understandings on an international level are exemplified by the A. in an emblematic example concerning products bearing the geographic indication *Deruta*. A town in fact was created in China with the name Deruta, identical to the well-known Umbrian town famous for the production of tiles and ceramics, dating back to the Middle Ages. As the A. underlines: “The fact in question is that tiles and ceramics are made in the Chinese Deruta, which are then marked *Deruta CE* (Deruta China Export, but it also obviously brings to mind the European Community, that is an Umbrian product) and exported all over the world” (C. FOCARELLI, op. cit. p. 621). In this circumstance the solution to safeguard the geographic denomination was to create the *Consorzio Deruta 1282* (cfr. www.lanazione.it/Umbria_cronaca/2009/11/02/25583-deruta_dichiara_guerra.shtml).

²¹ *Convention of Paris*, 20 March 1883, Article 1.II: “The purpose of protection of industrial property is patents, utility models, designs or industrial models, production commercialization marks, service marks, the commercial name and the indications of provenance or denomination of origin, as well as the repression of unfair competition”.

²² *Accordo TRIPs*, cit., Articles 22-24: “the indications that identify a product as original to the territory of a Member State, or an area or location of said territory, when a determined quality, the notoriety or other characteristics of the product are essentially attributable to its geographic origin”.

5.0 The Importance of Exporting The Made in Italy

It's certain that there are several things produced and developed in Italy, which are unique and irreplaceable. Italy can be considered famous in the rest of the world for its history, the good food or for the enormous wealth of art, which it contains. But there are also other things, which make this beautiful country unique. One of these is the Italian furniture, which is highly requested in the rest of the world.

With the advent of the Web marketing many Italian firms understood that the force of the firm depends more on who you are producing rather than the product itself. Globalization, which came at the same time of the explosion of the Internet has destabilized all equilibriums. The importance of producing has decreased while the importance of the perception of the needs has increased heavily. In this case Italian firms must understand the importance of how they must appear to foreign markets and which might be the potential markets where the products that they produce have high demand.

Italian firms have not developed an integrated business strategy that can speak to the customer through selling points deriving from Internet and smart phones. As if it wasn't enough they also show a very small propensity in investing in the previously mentioned e-commerce. This kind of market is not considered strategic to Italian firms who lack respect to other European countries in terms of investments in this market.

In the food sector there is a huge difference in the behavior of big firms respect to the behavior of small and medium firms. It's obviously easier to invest in marketing for bigger firms as the cost of these investments are proportionally lower to those big firms which have higher revenues respect to the medium small ones. But this fact shouldn't be ignored at all as this is another proof of how the Italian mentality does not give importance at all at the digital marketing and maybe thinks that other investments may be more useful to increase revenues. This is a huge mistake done from these firms since they have a huge fortune that is the one to produce food in Italy. We all know how Italian food is seen to the eyes of the rest of the world and not investing in advertisement for this kind of product is a huge loss for Italian economy in general. Made in Italy should have a huge share taken by the food sector but data shows other numbers. Several months before Expo 2015, which by the way occurred as we all know in Milan, Maria Teresa Manuelli, an Italian journalist, analyzed the Italian food sector before the huge event of Expo 2015. Her analysis, said that "the sector is solid but back set, which has a high potentiality but at the same time back set from a digital and innovative point of view. This was the photography of the industry food Expo 2015. This Italian sector seems not ready to face the great challenges in the field of marketing and export of foodstuffs."²³

²³ <http://www.nine.it>

It cannot be a case that the analysis made by the Italian journalist confirms the fact that innovation and digital marketing go together and that one is cause of the other. If you want to keep pace with technology and stay at the innovation frontier you cannot ignore the digital marketing sector which determines heavily the advertisement numbers and the revenues that derive from it.

A reason that may bring Italian companies to give such low importance in the digital marketing sector may derive from the fact that inside our country digital marketing does not bring exciting results. From this point of view Italy and behavior of Italians respect to this new era should not be seen as an example from Italian companies for different reasons. One reason may be the fact that Italians is in mean an older country and digital marketing effects are negatively correlated with the age of the country for obvious reasons. Thinking that behavior of Italians and of the rest of the world are similar in respect of this topic is a huge mistake since other countries and cultures are much more inclined to come from traditional schemes and make themselves influence from advertising through the digital marketing.

Italian firms that desire to increase their customers cannot ignore foreign markets and now day the most immediate and direct way to fit in these new markets is to invest in digital marketing. As said before part of digital marketing which cuts entry barriers and creates an immediate relationship between customers and firms is the one of social marketing. This seems to make the case of Italian firms, which have difficulties in entering new markets. Social media is that branch of the marketing that has as a goal the one of creating visibility on the social networks. It contains a number of practical that go from the management of online relationship to the optimization of the web pages made for social media. This term in fact is commonly used to denote the management of communication integrated on all the different platforms that the Web provides. It must be denoted that social networks is where the process of purchase begins and where firms can increase and desires of users. Italian firms from this point of view must understand the importance of this part of digital marketing since it has the best characteristics to give you competitiveness in markets that have always been ignored in an immediate way. Thanks to these social networks as Facebook Instagram or Twitter may redeem from the mistakes made in the past, ignoring a huge world which highly influences customers minds in the decision of the purchase of a given product.

Giulio Gargiullo an Italian online Marketing manager puts in evidence the importance of exporting Italian furniture in the rest of the world. Giulio Gargiullo explains in a small interview the importance of offering to the rest of the world the Italian style from a design and architecture point of view. The manager continues saying how “ the web, now days essential, may be helpful to make know from the small craftsman to the small or medium business niche products to international markets with small budgets and with high returns in investments.”

Gargiullo continues saying that “digital marketing plays a fundamental role to sell and propose Italian design in the rest of the world. He then concludes saying how important it is for

Italy to focus on design and tailor-made furniture of high quality for customers looking for luxurious and exclusive furnishings. He says that “these are our major skills and trump cards in international competitiveness.”²⁴

5.1 Facts on Italian Firms producing Made In Italy

“21.6% of companies in the Triveneto, producing "Made in Italy" (fashion, mechanics, food, furniture) does not have a web site. 77.3% is not present in social media with a company profile.

These figures are impressive for our companies, especially since the Triveneto has been for a long time, and can still be considered the "locomotive of Italy". Yet North East Foundation provides these and other important elements, one for example is that the export propensity of the North East is 28%, compared with an Italian average of 20%.

There is a clear contradiction: the export of North East withstands the crisis (in fact, it grew up), but the use of web tools is far from optimal. To take another example, only 1% of the turnover is generated directly from the web through online purchasing systems, compared with 5% in Germany. The point is that the North East firms, maximizing the potential of the Web, could significantly increase its turnover, especially in exports.”²⁵

It's clear to our eyes and, data puts this even more in evidence how in Italy Digital Marketing is not given the importance it really has. It is clear from empirical evidence that firms having the ability to interact with customers thanks to Social Media's and advertising new products thanks to Digital Marketing do have higher returns respect to those who ignore this kind of market. But for some reasons Italians and Italian firms do not consider this an important aspect to increase their revenues.

Another big share of the Made in Italy export is the one, which touches cosmetics. Analyzing it in numbers the “Sole 24 ore” gives us an idea of how big this share is and how it gives a positive effect to the Italian trade balance. “Growth of exports engraves positively on Italian trade balance which registers a record in data as 2.000 billions of euros, said Fabio Rosello, president of Cosmetica Italia. In a situation that we expect of stable recovery for the next exercises, the strategic analysis of the digital ecosystem results fundamental to intercept new trends approach new consumers and analyze the real necessities of firms.”²⁶

Numbers in the newspaper analysis put in evidence the importance of Italian Cosmetics for Italian exports and so for it's trade balance. This sector is clearly an important part of the exporting of Made in Italy and in this particular case as in many others the role of digital marketing is fundamental. Thanks to an appropriate digital marketing strategy Italian firms which produce this kind of product made register numbers that could be considered matchless for any other country of

²⁴ <http://www.comunicati-stampa.com/internet/export-design-italiano-64-giulio-gargiullo-digital-marketing-spinge-design-e-arredo-made-in-italy-nel-mondo-99063/>

²⁵ <http://www.sinfonialab.it>

²⁶ Marta Casadei “La Cosmetica Italiana sfonda il muro dei 10 miliardi” Il Sole 24 Ore, 18 Maggio 2016

the world producing in the same sector. This makes the sector of cosmetics very competitive from an international point of view, which sees firms at their technological frontier. Probably the sector that best leverages its potential is precisely the one of cosmetics which could have valid competitors, coming from other countries and other markets but that allocating resources in the best way cuts off competitors creating a huge gap between them and others. Obviously this is very positive for the development of made in Italy in foreign markets, which benefits of these awesome numbers. If we confront these numbers with other sectors as for example the food one there is a huge difference in final results especially if we consider the potentiality that this sector could. Unlike to the cosmetic sector the food one has no competitor at all in terms of quality and demand of the product. Italian food which is famous for the simple reason that it's considered from many the best in the world brings no benefits at all to the exports of Italy respect to cosmetics. As analyzed before it's potential is huge and starting to differentiate ways in which certain products should be advertised would bring huge benefits to the Italian trade balance which is positive but not as much as it could be.

5.2 The Ciclotte Case

An e-commerce which gives the possibility to export the Made in Italy, in terms of design, in the rest of the world is Ciclotte. Ciclotte is a fitness bike and a piece of furniture. The name comes from the natural evolution of it's previous cycle project called Cyclo'. The designer of this exercise bike is the Italian designer Luca Schieppati. This kind of product has the particularity, as said before, that it may be used to do exercise but it can also be left in a part of the house as a decor. This double role makes obviously the product more palatable for customers as it can have a double use. Ciclotte is produced by Lamifex, which is an Italian company (of Bergamo) specialized in the sector of composite materials. It has chosen the lightness and strength of carbon to make it a high-end product.²⁷

A characteristic of the website of the product is the fact that is made in *responsive* modality. This means that pages adapt automatically it's layout according to the device. Another particular thing of the website is that it shows you immediately in which Social Medias is present, as Facebook for example. It also links you to it's Youtube page which is fundamental for this kind of product since it does not have substitutes in the market and it could be difficult to understand, to many, the usefulness. While linking you to their Youtube page gives you an immediate idea of how the product works. This is totally revolutionary if we use as a term of comparison the previous

²⁷ <http://www.tsw.it/digital-marketing/ciclotte-le-commerce-che-fa-conoscere-al-mondo-il-design-made-in-italy/>

numbers which highlight the leaks of Italian firms in the Web market. The main aspect of the product is the fact that it gives you the possibility of watching a film while you are using it by creating a kit of accessories, which permit the integration of the mono-bike with Iphones and I pads.²⁸ This kit brings the product to a higher technological value and gives you the possibility to do several things while exercising as watching a film or simulate a real road race.

Ciclote idea has also been criticized by many: who thought that this kind of object would have been too expensive respect to its usefulness. “Ciclote is a beautiful concept made by an Italian designer called Luca Schieppati: not only it’s an object but a true work of art. In fact, looking at it you’ll remain fascinated especially by it’s design. Many of you will be wondering how do you steer a bike like that and unfortunately here is the bitter surprise: this is an exercise bike.

In fact the name Ciclote derives from a fusion of " cycle " and " exercise bike " . The object is still beautiful and useful as it allows, through the LCD integrated display, to increase the resistance by magnets beside the large rotating disk . The price it’s not affordable at all since it will have a cost of \$10,000. However for a gym or for a similar structure having a couple of these could be a positive investment as it could bring new clients.”²⁹

From this brief analysis, made in 2010 before the product entered the market we can immediately detect how Ciclote would have had problems in finding a spot in the market. The biggest obstacle to face was the one to make clear who it wanted to serve in the market. If the product would have been interpreted from future customers in the same way this analysis did it would have surely failed in finding success since it was thought not for gyms but for households to keep in their house. If the product would have been seen as something to put into the gyms it would have failed also because owners of gyms would have rather bought a normal “cyclette” which has the same function but is less expensive.

Adopting the correct strategy in advertising the product was the key of success. Digital marketing played an important role as for example any video found in its Youtube page shows the product inside a private house and not in a public gym. These kind of videos affects your thinking of the product since after looking at these videos you would not expect to find such an object in a gym but more easily to find it at a friend’s house maybe.

Also in this case digital marketing played an important role since it had the ability to direct the product towards a different idea to the one expected. This, in addition, emphasized another characteristic of the object, which is the artistic one. Obviously if the object would have been seen from the market as something to put in gyms the artistic part of the object would have been completely ignored since a gym owner or gyms clients do not look at that aspect at all if it has to be placed in a gym. This would have for sure lost part of the value of the object, which, as said before

²⁸ <http://www.ciclote.com>

²⁹ <http://it.ubersizeme.com/2010/08/28/ciclote-bellissima-ma-non-andra-da-nessuna-parte.html>

has both an useful utility but is also a wonderful piece of design for a house.

The Ciclotte case puts in evidence the importance of segmenting the market, understanding who may appreciate and purchase the product and giving them the more possible information on it in the fastest and easiest way. Digital Marketing plays a key role in selling this kind of product which is completely new in the market as it is completely different to a normal “cyclette”. This kind of product could have found enormous difficulties in creating itself a space in the market but with the help of Digital Marketing, which easily shows it’s characteristics, it was able to make an impact in the market creating itself a large number of customers.

6.0 Conclusion

Digital Marketing is for sure a key to success in foreign markets since it cancels differences in culture environment or structure of markets. It has the ability of cutting off intermediaries and show to all possible future customers a given product. This sector of the economy which continues to grow should be given higher value from Italian firms which are wasting part of their possible revenues just for not concentrating in a sector of the economy which is probably, now day, the best for exporting specific products. Hopefully this sector and it's importance will be understood thanks to companies as the Ciclotte one which has concentrated on developing a spot in the market through Digital Marketing even though it sold a product completely new in the market.

Sectors as the Cosmetics ones should give the example to others sectors as the one of the food and show that staying at path with technology also from a marketing point of view brings huge advantages which may usually result in positive revenues and increased number of customers. These for obvious reasons are the main aspects which firms look at but also the importance of creating a relationship with customers that years ago had never heard of your company or what you produced should not be seen of lower importance. Creating a relationship with customers brings always positive effects and at the end, also if not directly goes to influence, the numbers that your company registers in terms of revenues.

One of the major problems that Digital Marketing is placing is represented by the excessive constriction of the respect for privacy. In this regard it is useful to refer to "spamming" phenomenon that, for many, is considered a real instrument to violate privacy. Next to spam, more particularly insidious instrument considered "borderline", is related to 'use of cookies.

In light of such situations, the Italian legislation has had an evolution in the sense of imposing limits on stakes and site managers in order not to affect the legal position of individual consumers.

From June 2nd, 2015 it was obliged to website managers of "identification of simplified procedures for the 'Information and the acquisition of consent for the 'use of cookies.'" Through the framework containing the 'information that appears whenever you visit a website, the' user is required to express their choices about all 'use of cookies.

The 'non-compliance with this provision implies the' imposition of an administrative penalty to be paid by the operator of the website.

It must be considered, therefore, that, next to an evolution of digital marketing, there should also be, at the same time, a more precise regulation aimed in preventing that principles of legal system could be engraved.

Adding further to this, the national legislation must harmonize with the Community one which in the last years is becoming more scrupulous and rigid especially through the enactment of

directives which require transposition in the individual national legal system.

Bibliography

A. FOGLIO, *E-Commerce e web marketing: strategie di web marketing e tecniche di vendita in internet*, Franco Angeli Edizione Milano, 2010

A. PASTORE; M. VERNUCCIO, *Impresa e comunicazione. Principi e strumenti per il management*, Milano 2008

A. TERRENI, *Made in Italy and the reference regulations* in www.italiansdo.it, 10/03/2013

C. FOCARELLI, *Diritto internazionale I*, Padova 2012

Confapi press, *“MADE IN ITALY” and the defense of the Italian manufacturing industry through the geographic traceability of consumer goods*, 24 April 2015

D. CLARK, *The End of the Expert: Why No One in Marketing Knows What They're Doing*, Forbes, 11 novembre 2012.

D. EVANS, *Social Media Marketing. An hour a day*, John Wiley & Sons Inc., 2008

G. MERLETTI, *REPUBBLICA. IT 30 March 2016*

G. PRATI, *Web 2.0 Internet è cambiato*, UNIservice, Trento 2007

Il Sole 24 Ore, 18th May 2016 Edition.

J.M. CORNIN, *Doing business on the Internet*, Wan Nostrand, New York, 1994

M. RUBINO entitled *Ok by the Chamber on the Senaldi proposed legislation anti-falsification. The text goes to the Senate and will provide more guarantees to consumers on the origin of all products, whether or not food, made in Italy.*

P. PERETTI, *Marketing digitale*, Apogeo, Milano, 2011

PRATIK DHOLAKIYA, *"3 Digital Marketing Channels That Work for Every Advertiser"*. *Entrepreneur*, 2015.

SQUARE2MARKETING, *"La pubblicità online: Google AdWords e pay-per-click"*, 2012.

S. RODOTA', *Relazione introduttiva al convegno, Internet e privacy, quali regole?*, 1998.

R. GHINSALDI, *Il manuel del e-commerce*, Apogeo, Milano 2012

V. COSENZA, *Social Media ROI*, Apogeo, Milano, 2012

Sitography

<http://www.businessdictionary.com>

<http://www.businessnewsdaily.com>

<https://www.candyboxmarketing.com>

<http://www.comunicati-stampa.com>

<http://www.ciclotte.com>

<http://www.enkivillage.com>

<http://it.ubergizmo.com/>

<https://www.nielsen.com>

<https://www.reliablesoft.net>

<http://searchcio.techtarget.com>

<http://www.sinfonialab.it>

<http://www.tsw.it/>

<http://www.piano-d.it>

www.lanazione.it