Market-Driven Management, Competitive Customer Value and Global Networks

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Abstract

Market-Driven Management is a corporate strategy that presupposes direct, continuous benchmarking with competitors, in a context of customer value management. Market-driven management therefore favours an ‘outside-in’ vision, based on: the identification of products with a higher value than that of the competition to provoke the intersection with demand (‘Before and Better than Competitors’).

In global over-supplied markets, a firm’s success is conditioned rather by the intensity of the presence and by the level of sophistication of intangible corporate asset; in other words, the peculiar managerial capabilities that regard brand equity, information system and corporate culture.

Keywords: Market-Driven Management; Global Competition; Global Managerial Economics; Brand Equity; Information System; Corporate Culture

1. Market-Driven Management: ‘Before and Better than Competitors’

Market-driven management is a corporate strategy that presupposes direct, continuous benchmarking with competitors, in a context of customer value management.

Market-driven management is adopted by companies that compete on open markets. It revises the traditional marketing management approach, introduced in the 1950s by Alfred P. Sloan of GM to overcome the supremacy of the ‘product orientation’ approach imposed in the 1930s by Henry Ford with his legendary ‘black Model T’.

Marketing management presupposes understanding of demand (and above all of its segments), in order to offer a product that can fill a given space on the market. With marketing management, the managerial process therefore starts from demand.
going on to define the characteristics of a product that is destined to fill a specific ‘supply vacuum’ (market space) which tends to be stable for long periods.

With market-driven management, on the other hand, the market orientation aims first and foremost to identify a temporary competitive space, a ‘demand vacuum’ to be rendered highly unstable – in terms of sales volumes and customer expectations – as an effect of continual innovative proposals. In other words, the ‘market driven’ management process presupposes that the business first focuses on the competition (market-space) to identify temporary demand opportunities (demand bubble), and then chooses the product characteristics that are closest to demand expectations, in order to prepare contingent (but strong) differential advantages of supply (competitive pricing, before and better than competitors)².

Very briefly, as Kenichi Ohmae’s theory indicates, market-driven management is indispensable to compete in saturated markets that are dominated by an unstable and not very loyal customer base³.

2. Market-Driven Management and Competitive Customer Value

Market-driven management strategies (dominated by customer value and by direct, constant benchmarking with competitors) have developed in line with globalisation since the 1980s, particularly as an effect of the many innovations introduced by Toyota and other leading Japanese companies (lean production, just in time, total quality, mass customisation, demand bubble management)⁴.

In global markets populated by increasingly volatile and non-loyal consumers, market-driven management is very attractive because it favours: 1. activities focused on the profitability of competition, rather than on simple customer satisfaction⁵; 2. market policies based on innovation and competitive pricing, to stimulate uncertain and unstable customers to purchase⁶; 3. and finally, performance metrics even with very short timeframes⁷.

Market-driven management therefore highlights new purchasing behaviour, which emphasises competitive customer value, in which final demand tends not to position itself at the end of the transaction chain, with a marginal, passive position that can be conditioned in its choices by limited marketing investments. On the other hand, demand is in a ‘circular relationship’ with trade and manufacturers, expressing new purchasing models based on non-loyal behaviour, which joins the well-known loyalty mechanisms⁸.

In ‘market-based’ organisations, the corporate culture obliges all corporate functions (manufacturing, sales, planning and control, marketing and finance) to do better than competitors and to look forward, with an ‘outside-in’ approach based on the supply of goods whose value is higher than that of the competition and on the ‘time-based’ acquisition of knowledge from the market⁹.

Corporate management with a market-driven orientation is therefore characterised by:

- a cultural dimension, with standards and values (corporate responsibility) consistent with the complexity and transparency of the global markets¹⁰;
- an analytical dimension based on constant monitoring of the competition system and sustained by pull/push corporate communications flows¹¹;
- and finally, an operating dimension where time is the critical factor of success to manage a profitable variability of demand\textsuperscript{12}.

3. Global Markets and Market-Driven Management

Globalisation and new competitive boundaries force businesses to adopt a new “competitive market-oriented management philosophy” (market-driven management), in which ‘competitive customer value management’ predominates, i.e. sales to unstable customer aggregates (demand bubble) and direct, continuous benchmarking with competitors\textsuperscript{13}.

In fact, the ‘market-driven’ management of firms operating with a global economic view is characterised by:
- activities that are organised on the markets (in other words with direct reference to the competition first and then to demand), rather than focused on ‘customer satisfaction’ of demand segments (whose role is subordinate to the competitive approach);
- market policies based on continuous innovation, to meet changing, unstable demand;
- and, finally, new metrics to assess the key factors of competition (particularly intangible) that determine corporate performance.

Market-driven management becomes crucially important for the development of firms operating on open markets, where the competitive approach starts from the bottom up, to “force” the intersection of supply and demand, simultaneously generating transactions and communications flows (push/pull communication)\textsuperscript{14}.

‘Market-based’ organisations focus strongly on communications and are permeable to information; they assume that all corporate functions (manufacturing, sales, planning and control, marketing and finance) are aware of the behaviour of the competition, anticipate demand expectations, and finally, are determined to propose solutions that go beyond the roles of individual functions and the physical spaces of natural competition\textsuperscript{15}.

Market-driven management therefore favours an ‘outside-in’ vision, based on: the identification of products with a higher value than that of the competition to provoke the intersection with demand; the creation of temporary maximum value, designing and offering goods to specific demand “bubbles”; and finally, the ‘time-based’ acquisition of useful market knowledge.

‘Market-driven’ corporate management is therefore defined by: a cultural dimension, with behaviour standards and value (corporate responsibility) that are consistent with the complexity and transparency of global markets; an analytical dimension based on continuous monitoring of the competition system based on modern corporate economics in a state of instability; and, finally, action, where time is the vital factor (time-based competition), in a logic of corporate management oriented to the changeable relationship between demand and supply.
4. Global Managerial Economics, Market-Driven Management and Corporate Intangible Assets

Global managerial economics interact with numerous competition spaces, characterised by varying competition intensity, and ‘market-driven’ corporate management is therefore referred to a complex system of environments, defined by specific competitive conditions, which can typically be summarised as:

- **scarcity of supply** (D>S), dominated by monopolistic market forms, with managerial economics focused on price competition and on local markets;

- **demand and supply in dynamic balance** (D=S), in other words markets with a static oligopoly and **controlled competition**, where the managerial economics reveal widespread internationalisation and non-price competition policies (typically using advertising and sales promotion);

- **over-supply** (D<S), referred to markets with a dynamic oligopoly, in which the managerial economics emphasises the central role of intangible assets (corporate intangible assets and product intangible assets), the globalisation of the markets and the critical role of continuous innovation for intermediate demand and final demand.

The globalisation of the markets reveals a radical rethinking of the long-term development philosophy of large leading companies, which tend to offset the growth of supply volumes (supply-driven management) with a priority focus on the competition and satisfying demand (market-driven management).

Weak market orientation may even undermine a firm’s competitive strength due to: an excess of decision-making centralisation; growing insensitivity to opportunities in local markets; a ‘bureaucratic’ implementation of corporate strategies at a local level; damage to the brand image; deteriorating brand equity.

Globalisation, in particular, makes it necessary to abandon the competitive reference to a closed domain, coinciding with particular physical or administrative contexts (a product category, a country, a region, a geographical area, etc.).

In global markets, the traditional competition models, focused on the simple expansion of selling volumes of specific products in defined geographical areas, are overturned, and development policies favour ‘customer satisfaction’ with a strong competitive sensitivity, which ‘opens up’ the product classes and stimulates the search for innovative combinations of supply vacuums and unsatisfied demand needs.

In fact, competition in global markets defines a multi-dimensional space, with the result that a specific geographical environment may entail the simultaneous presence of very different ‘competitors’.

Moreover, competitive conduct is further revolutionised because it has to predict: saturated markets and very volatile demand; ‘time-based competition’; and finally, communications processes that condition sales and manufacturing. In this situation, the logic of competition becomes ‘Community First, Business Second’, in other words ‘first you sell, then you produce’, overturning traditional behaviour (typical of non-saturated markets, with a slow imitation process, where communication follows manufacturing and sales) summed up in the model ‘Business First,
Community Second’, or ‘first you produce, then you sell’. In other words, a new competitive approach that reverses the hierarchical order between ‘customer satisfaction’ and manufacturing: goods are only produced when the level and intensity of selling opportunities and the degree of satisfaction demanded by purchasers are known.

A purely physical conception of competition space is therefore primitive and limiting in relation to competition plans in which specific geographical contexts are made to express peculiar partial advantages (i.e. regarding manufacturing, marketing, R&D, etc.), to be coordinated in a vaster system of operativeness and profitability (market-space management).

The evolution in the structure of the competitive space is reflected in the drastic reduction in competitive action and reaction times.

The extension of the competitive fronts and the need for an information system that is consistent with shorter decision-making intervals generates very brief competitive horizons, referred to a wide range of items (products, prices, promotional activities, etc.), about which it is important to decide simultaneously and in real time, with a vast range of subjects.

Corporate development therefore presupposes innovative competitive space-time relations, which primarily regard:

- very short decision-making times, on the basis of ‘time-based’ competition, reducing the bureaucratic times of non-action;
- competitive spaces linked to a firm’s attraction and capacity to satisfy, therefore not conditioned by ‘physical’ geographical boundaries and by juridical constraints of the local management.

Very briefly, global markets oblige firms to confront each other within competitive boundaries in which:

1. space becomes a factor of competition (market-space competition), which is dynamic and unstable, due to the variability induced by continuous supply innovation and the growing selectiveness of demand;

2. competitive corporate conduct is dominated by complex spatial coordinates (market-space management), product intangible assets (which define global corporate management, typically comprising: design; brand, pre-sales service, after-sales services and corporate intangible assets (specifically regarding *global managerial economics* and referred to the corporate culture, corporate information system and brand equity), due to the presence of businesses operating in different geographical areas, with very varied products and dissimilar intangibility/tangibility ratios (which basically identify different situations of competitiveness, which can be defined very roughly as: *economies of scarcity; economies with controlled competition, with demand and supply in dynamic balance*; and finally, *economies with oversupply*).

In markets where competitive tension is high, in fact, lasting corporate development does not depend primarily on the volumes or characteristics of individual products (which are easily imitated in their tangible characteristics, and with *intangible supply factors* - intangible product assets – characterised by marked volatility of marketing expenses). In global oversupplied markets, a firm’s
success is conditioned rather by the intensity of the presence and the level of sophistication of corporate intangible assets, in other words, the peculiar managerial capabilities that regard the knowledge accumulated and the various channels that allow the acquisition of information that is vital for the company.

5. Market-Driven Management and the System of Corporate Intangible Assets in Global Managerial Economics

Corporate intangible assets that can be controlled by the company are linked to the creation and consolidation of a specific organisation culture, the design and management of the company information system, and finally the creation and development of a specific brand equity.

Individual intangible assets (brand equity, information system and corporate culture) actually make up a closely integrated ‘system’, in which each intangible component takes value from the others that it is connected to in various ways. What is more, the systematic evaluation of corporate intangible assets implies that the whole identified is not limited to the simple sum of its parts, but is also composed of the interaction that develops between them. In this way, the corporate culture, information system and brand equity, if they are considered as constituent elements of a system, attribute value to the business they belong to, not only autonomously but above all because a relationship exists between them. The structure described is represented in Figure 1, which illustrates the so-called system of corporate intangible assets.

The system of ‘corporate intangible assets’ made up of the corporate culture, information system and brand equity, has a number of key aspects:

- Individual intangible assets must be developed, by capital spending that specifically targets development;
- The intangibility that distinguishes intangible corporate assets certainly complicates their representation, but does not in any way exclude the need to evaluate the effectiveness of the investments dedicated to them;
- It takes time to develop intangible assets so it also takes time to appreciate the economic character of the management choices that address their development;
- Because they are part of a system, it is unthinkable to maintain individual assets, once they have been extracted from the context in and for which they have been developed, to insert them in different asset systems, for example as an effect of corporate mergers.

These considerations attribute a central role to the interrelations that develop between intangible assets and explain the foundations of the processes that govern a corporate system of intangible assets in the economy of a global business, without physical competitive conditioning and with the priority orientation to ‘competitive customer value’ (market-space management).

The ‘intangible assets’ indicated above make it possible to manage complex corporate structures (networks) so that, for example, a company can sustain the same corporate culture in different countries, but they cannot be transferred from
one firm to another because only the ‘tangible’ elements of the resources indicated can actually be transferred\textsuperscript{25}.

**Figure 1: System of Corporate Intangible Assets**

![System of Corporate Intangible Assets](source)


### 5.1 Market-Driven Management and Corporate Culture

The crucial nature of corporate culture is particularly evident today in large corporations. Larger businesses deal with globalisation according to a conception of competition space that goes beyond the confines of physicality and is enlarged by the exploitation of intangible potential (market-space competition)\textsuperscript{26}.

In this context of ‘open competitive space’, the corporate culture develops in the corporate organisation with pervasive operativeness, underlined and accelerated by the potential of the new communications networks such as: the Internet (i.e. a public, worldwide network with free access); Intranet (i.e. private corporate networks, only accessible to employees); Extranet (the extension of certain Intranet networks outside the company, to involve specific co-maker businesses).

In complex organisations designed to overcome the physical confines of competition (market-space management), the central nature of the corporate culture in the government of the system of internal, external and co-makership relations appears evident, because these relations are based on close and widespread interaction, which can be realised in real time and without physical space conditioning.

The globalisation of the markets and the success of a model of global managerial economics (overcoming the physical and geographical environment of operativeness and adopting a systematic view of the intangible assets) demands that
the *organisational culture* should evolve into a more complex *corporate culture*, highlighting the competitive goals and external development components.

In fact, a *corporate culture* acquires vaster connotations than a purely organisational culture, linked to the *personality of the corporation*, and tending to permeate every expression and manifestation of its life, both internally and in relation to the outside world.

Organisations that operate with complex market relationships have a ramified corporate culture, whose internal dimension interfaces with numerous other levels of responsibility to manage consensus (Figure 2), specifically regarding:

- **internal dimension** → employees
- **networking dimension** → co-makers and partners
- **integration dimension** → global markets
- **transparency** → shareholders & finance
- ‘Corporate Ethics’ → government and media
- ‘Brand Responsibility’ → intermediate and final demand.

**Figure 2: The Dimensions of the Corporate Culture**

The corporate culture therefore expresses the corporate identity (the personality of the business), in its relations with the outside world (customers, brokers, competition) and above all within the organisation, in relations with the many operating units of the network, divided by type of relationship (employees, co-makers, partners), disseminated in space but oriented to homogeneous (overcoming the specific nature of local conduct) and synchronous international behaviour (in other words with action/reaction times not dependant on geographical location).

In external relations in particular, the corporate identity makes a considerable contribution to its *image*, in other words an organisation’s differential competitive characteristics. On the basis of established relationships, customers, stockholders, financiers, suppliers, public authorities, distributors, competitors, etc., all play their part in determining the image, which they evaluate continuously in relation to their own perceptive and cognitive models. The image is the result of the re-
elaboration, by the main groups of interlocutors (key opinion makers), of a number of signals which, spread directly by the firm or coming from other sources (media, competitors, consumers, financiers, etc.), help to qualify the company profile with specific values.

In global managerial economics, internal to the organisation, the personality of the corporation is targeted at asserting a high level of identification, to achieve a strong alignment of objectives, interests and behaviour. This type of alignment expresses the firm’s guiding principles and rules of conduct, laying the bases for autonomous action to achieve common goals, without the typical connotations (social, formative, ethnic, religious, etc.) of the local structures, and configuring the change from ‘Product Management’ and ‘Country Management’ to ‘Key-People Management’, which focuses key resources on a small number of people, with profiles that are closely aligned to a global corporate mission and therefore liberated from static geographical classification.

5.2 Market-Driven Management and Corporate Information System

In firms that consider operating space as a competitive factor (market-space competition), the information system also identifies a crucial intangible asset, whose connotations emerge from the dominant culture in the organisation.

A vast, changing operating space presupposes the development of continuous proactive relationships, and to this end the information system represents the necessary vehicle for a critical assessment of the potential and limits that are revealed inside and outside a network set up to operate on the global markets. The process of managing communications flows on the basis of evolved information systems makes it possible to continuously acquire and spread information and data that interact with the sum of existing knowledge, inside complex and ramified organisational structures.

From the viewpoint of market-space management, the corporate culture becomes a central element in the definition of the information system as a tool to control internal and external communications flows, and as a result it establishes – beyond any geographical and administrative boundaries – the integration and adaptation lines which (in relation to a specific corporate identity, that is certainly unique and cannot be replicated) allow an organisation to be in harmony with the many environments it operates in.

The globalisation of markets and growing volatility of product preferences radically modify the rules of the competitive game: products with high marketing differentiation are only highly profitable for organisations with the knowledge and capabilities to intercept the variability of demand, and therefore to create continuous consumption niches (demand bubble), being the first to satisfy them (time-to-market) and achieving a consistent income and rapidly abandoning the demand bubble (time competition), when competitors-imitators arrive. In contexts that are intensely competitive, the information system acquires considerable significance in the management of so-called demand bubbles and the determination of prices oriented to the competition (competitive pricing).

In intensely competitive global markets, repetitive purchasing stability is often lacking and the presence of non-loyal behaviour is accentuated. In other words, a
state of discontinuity that must be controlled by the obsolescence of the supply and continuous product innovation, planned on the basis of customer readiness (monitored with new techniques and instruments such as competitive intelligence, data mining\textsuperscript{43}, fidelity cards, etc.), fragmenting existing demand and re-composing it in \textit{unstable purchaser groups} which react differently to the price but are always very open to information and communications.

Non-loyalty is expressed with a critical evaluation of the value of specific products, in relation to the supply system of specific points of sale at specific times. A purchasing decision may therefore change radically in time and/or space – or be slow to emerge, as the purchase is postponed – because it tends to optimise changing information on the differential value of the asset (brand benefit) combined with the specific advantage of the place of purchase (outlet benefit).

Non-loyalty questions the inertia mechanisms typical of loyalty (brands with established values, sold at a limited number of points of sale) and induces manufacturers and the trade to activate fidelity programmes, which target non-loyal demand with enticing proposals to build up a dynamic purchasing relationship (‘stop & go’) to be channelled into a system of real or virtual points of sale, however they are integrated in a ‘market-space competition’ logic.

Fidelity therefore exploits the advantages – profitable but volatile – typical of non-loyal relationships, and for this purpose it demands huge investments. Investments that the brand industry must focus on the information system and the development of intangible product factors (brand responsibility, product design, merchandising). The trade is required to spend constantly and heavily on the corporate information system to acquire up-to-date knowledge about the purchasing behaviour of final demand in the context of a very differentiated supply system (network)\textsuperscript{44}.

\section*{5.3 Market-Driven Management and Brand Equity}

Finally, brand equity constitutes a fundamental development factor in global managerial economics with strongly market-driven management.

Brand equity sums up the effects of the communication undertaken by a business to develop a brand’s market relations and it consequently also defines the competitive advantage that the company enjoys with market data for specific offers.

In a ‘market-space competition’ approach, brand equity can be exploited to overcome the physical scope of competitiveness from different angles, which in some cases favour the potential value of specific brands (for example, with Brand Extension and Brand Portfolio policies), whereas in others they focus on the strength of a brand for the development of the company as a whole (typically with franchising, licensing and cornering policies).

In fact, the boundaries of competition (market-space competition) may be extended on the basis of the brand equity of specific corporate supplies by recourse to the brand portfolio\textsuperscript{45}. In fact, the policy of extending the brand to different classes of product is a ‘natural’ strategy to expand their competitive space, adopted by companies that pursue corporate development by instilling value in specific intangible corporate assets earmarked to penetrate new areas of activity (categories of product).
Control of global competitive space may even be maintained by a network as a whole, i.e. independently of specific supplies and linked rather to a brand equity referred to a specific ‘corporate brand’. In this regard, typical tools may be franchising, licensing and cornering.

The spatial flexibility typical of franchising is further corroborated in global markets, in particular, and therefore instrumental to development. In fact the benefits of localisation and geographical exclusiveness drastically lose their importance, while certain intangible competitive factors become crucial, such as: signage recognition (and therefore the entity and continuity of promotional spending); the ramification and diversification of affiliates by type of offer (to manage the optimisation of quantities sold, unsold and unsellable); the consistency between the sign image and integrated communications strategy of affiliates, and finally the sophistication of the information and organisational coordination tools, particularly for the development of behaviour, values and corporate culture.

Corporate management focused on overcoming the physical constraints of competition may even be pursued with licensing, i.e. with the temporary transfer of the rights to use a trademark.

In the past, licensing was limited to the commercial exploitation of the best-known trademarks, to integrate the firm’s core activity with additional revenues.

As a matter of fact, licensing may be seen as an activity that instils value in the brand equity and above all as a tool to extend the competitive elements of a brand’s renown and image in sectors other than the company’s core business.

Finally, a company’s competitive space may also be expanded by recourse to cornering, i.e. when a retailer grants selling space (or more specifically, conditions) in favour of a manufacturer, developing synergetic action between the sign and the brand.

In its most traditional and widespread form, cornering allows distributors and manufacturers to expand their competitive boundaries. Cornering defines new competitive boundaries (market-space competition) between retailers and manufacturers even with more innovative forms, the so-called ‘virtual cornering’. These (albeit always envisaging a contract and negotiating ‘presence’ conditions, a guaranteed minimum, pro-quota commission on sales and contract periods with fixed and renewable deadlines) are extended in intangible competitive configurations – for example with the interactive assistance of multimedia kiosks, web windows, database mailings, etc. – outlining new relationships between industry and distribution, and new links between the sale of goods and pre-sale/after-sale services, and above all with enormous flows of push/pull communications.

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Notes


14 Market-driven management defines a market strategy that is specifically able to contrast national protectionist policies. For example, French and German retail chains often come up against the standards of nation-states to protect products that are Made in China; in spite of this, protectionist measures are actually weak – like those adopted (unsuccessfully) in Europe in the 1960s to combat the invasion of Japanese motorcycles – because they rely on ‘elementary competition’ models (based on the simple defence of national output, with no reference to differentials of competitive capability or the ability to meet demand). Cf. Silvio M. Brondoni, Ouverture de ‘Market-Driven Management and Global Markets–2’, Symphonya. Emerging Issues in Management (symphonya.unimib.it), n. 2, 2008.

15 Cf. Frederick E. Webster, Market-Driven Management e strategia aziendale nei mercati globali, Silvio M. Brondoni (ed.), Market-Driven Management e mercati globali, op. cit..
The brand, which represents the relationship that is created between supply and demand, is in a central position in relation to a complex system of information flows, some of which reach the company from demand – and more generally from the outside world – while others move from the company towards demand and the outside environment (corporate communications). The brand stands at the centre of this system of flows and develops because of them, constituting the fruit of a continuous process of action-reaction that links the corporate reality (resources, objectives, values, etc.) to the external context of the market and general environment. See Silvio M. Brondoni, Mauro Gatti, Margherita Corniani, Competizione globale, risorse immateriali e responsabilità sociale d’impresa, 25th AIDEA Convention, Novara, October 4-5, 2002.

Brand equity, the state of the brand relationship at a given time is the asset that originates from the system of internal and external information flows, and is linked to corporate performance in a competitive viewpoint. In competitive benchmarking, the business with a defined brand equity will emerge because it is endowed with specific (brand image) and well-known (brand renown) characteristics that put it in a privileged position in relation to other companies. Cf. Silvio M. Brondoni, Brand Policy and Brand Equity, Symphonya. Emerging Issues in Management (symphonya.unimib.it), n. 1, 2000-2001.

Where Italy is concerned, some recent examples of evolution imposed by the global markets and the conversion from a ‘closed’ environment to an open competitive context can be found in: the liberalisation of the opening hours of shopping centres (and more in general of commercial premises) which are already adopted all over Europe; the liberalisation of the product classes offered by the trade; a new culture of Summer holidays for manufacturing and retail companies, which are abandoning the general closure concentrated in August (adapting to the European standard of ‘staggered’ holidays).


Cf. Silvio M. Brondoni (ed.), Cultura di network performance e dinamiche competitive, op. cit..

For the brand equity, the only element that can be separated from a corporate context is the trademark. The trademark is the tangible, identifying aspect of a particular product, but it disregards the value of the relationship (brand) established with a particular market. Once it is given up, the trademark identifies a product managed by a different company: the new owner can only adapt relations with the market (brand) to its own specifications, consequently developing a new, different brand equity.

For the corporate information system, the ‘tangible’ element is the IT system. This comprises the instruments (hardware and software) and the architecture that controls them and can be replicated at will, but with no possibility of recreating the original intangible asset. The mere fact of being useful to the IT needs of a new business determines a different use of the same equipment and involves different people, generating a new information system.

Nor can the corporate culture be ‘separated’ from the business, not even by transferring the premises, the key figures, etc. although these are important vehicles of the principal cultural needs. Acquiring the offices of a company or hiring its human resources does not make it possible to
reproduce its culture. When they come into contact with a new internal and external environment, the same people will develop different forms and levels of understanding.


27 The organisational culture identifies the structure of organisational routines, in other words, the collective memory that contains solutions to specific problems of adaptation to the environment and internal integration which, in time, on the basis of experience and learning processes, have proved to be the most suitable to guarantee the firm’s survival and development. Once they have been memorised, the routines are used again to tackle problems with characteristics similar to those that the routines have already helped to solve.


30 In fiercely competitive economies, a company’s development in global markets entails very high financial requirements, with the result that cash flow and bank credits are not sufficient, and it becomes necessary to apply to the financial markets and brokers. Financial communication becomes fundamental and it highlights a corporate culture of transparency, because the information flows cannot be limited to direct, simple and occasional relationships, with a few interlocutors (banks and stockholders). Cf. Daniela M. Salvioni, Transparency Culture and Financial Communication, Symphonya. Emerging Issues in Management (symphonya.unimib.it), n. 2, 2002.


33 Cf. Silvio M. Brondoni, Network e cultura della concorrenza, in Silvio M. Brondoni (ed.), Cultura di network performance e dinamiche competitive, op. cit..


38 ‘Identifying the information system as an asset means recognising its contribution to the creation of the company’s results, its role in controlling the information flows that are the sap of this management. With reference to relations with brand equity, for example, the information system is expressed in the activation and governance of information flows from outside the company (for example demand, competitors, legislative system). But it is also the tool that allows its dissemination inside the company, making it possible to take decisions that are destined to direct outgoing information flows (corporate communications) and other incoming flows (gathering of specific information, competitive intelligence and market and marketing research). In this sense, a company’s information system is its capacity to acquire, process and spread an array of information flows designed to maintain and/or develop a definitive relationship between supply and demand (brand) and therefore a specific brand equity.’ See Silvio M. Brondoni, Mauro Gatti, Margherita Corniani, Competizione globale, risorse immateriali e responsabilità sociale d’impresa, op. cit..
The corporate culture thus defines the information system precisely, characterising it in relation to a precise corporate identity. For example, depending on the management model of the consensus of a specific enterprise, the information system may be more easily and freely accessible, or characterised by rigidly established possibilities for exploitation.


Franchising systems regard networks of companies in which a central structure (the franchiser) is linked to satellite organisations (franchisees) by economic-contract relationships of co-makership, in other words they have managerial autonomy as part of a specific group business project. Cf. Marisa Amoroso, Bernardino Quattrociocchi (eds.), *Le dinamiche evolutive del franchising in Italia: tra sviluppo locale e competizione internazionale*, Sinergie. Rapporti di ricerca, no. 28, May 2008.

Licensing (the granting of rights to use the trademark) is a management technique created and consolidated in the USA, based on the market strength of a brand, i.e. on the most elementary intangible product factor. This form of licensing is an international competitive policy that is more sophisticated than the sale of products under licence, a practice developed in the past – particularly by British companies with vast commercial ramifications in the British Empire – for tangible products, with the goal of developing manufacturing activities in partnership/co-makerships, in controlled and developing geographical areas. Cf. Silvio M. Brondoni (ed.), *Marketing Lexicon, CLUEB*, Bologna, 1999, pp. 187 and 372.

In this context, the right to use a trademark is granted to the largest number of users, even in very heterogeneous sectors not usually constrained by brand development aspects. Cf. Fabio Albanese, Merchandising and Licensing to Improve Brand Equity. The Coca-Cola Case, *Symphonia. Emerging Issues in Management (symphonya.unimib.it)*, n. 1, 2000-2001.