

The role of communications in tomorrow's world
Generating value and cultural change
The social responsibility of communication
for the relaunch of the country

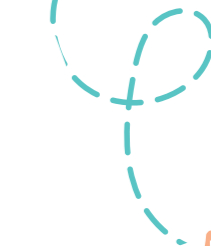


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CHAPTER 1

Mission, goals and activities of the 2020-2021 WPP/ The European House - Ambrosetti Advisory Board

1.1 THE ADVISORY BOARD AND OTHER PLAYERS IN THIS INITIATIVE

This position paper gathers and summarizes the observations and findings of the ninth year of activity of the WPP | The European House – Ambrosetti Advisory Board, created in 2012 with the goal of providing concrete and informed answers to some of the major challenges facing companies and government and institutions and, at the same time, provide a new perspective on the **role of the communications sector for the nation's growth and competitiveness**.

The project enjoys the support of the Advisory Board that includes some of the leading individuals in the world of communications and Italian business, all selected for their experience and expertise in the areas under examination and their ability to be authoritative, high-profile opinion leaders in their specific areas.

Given the extraordinary conjuncture of events this year, the activities of the ninth Advisory Board span the years 2020 and 2021.

The members of the Advisory Board are:

MASSIMO BEDUSCHI

Italy Chairman, WPP

VALERIO DE MOLLI

Managing Partner & CEO, The European House - Ambrosetti

MAXIMO IBARRA

CEO & General Manager, Engineering

CAMILLA LUNELLI

Communications and External Relations Director, Cantine Ferrari

SIMONA MAGGINI

Italy Country Manager, WPP

FRANCESCO MUTTI

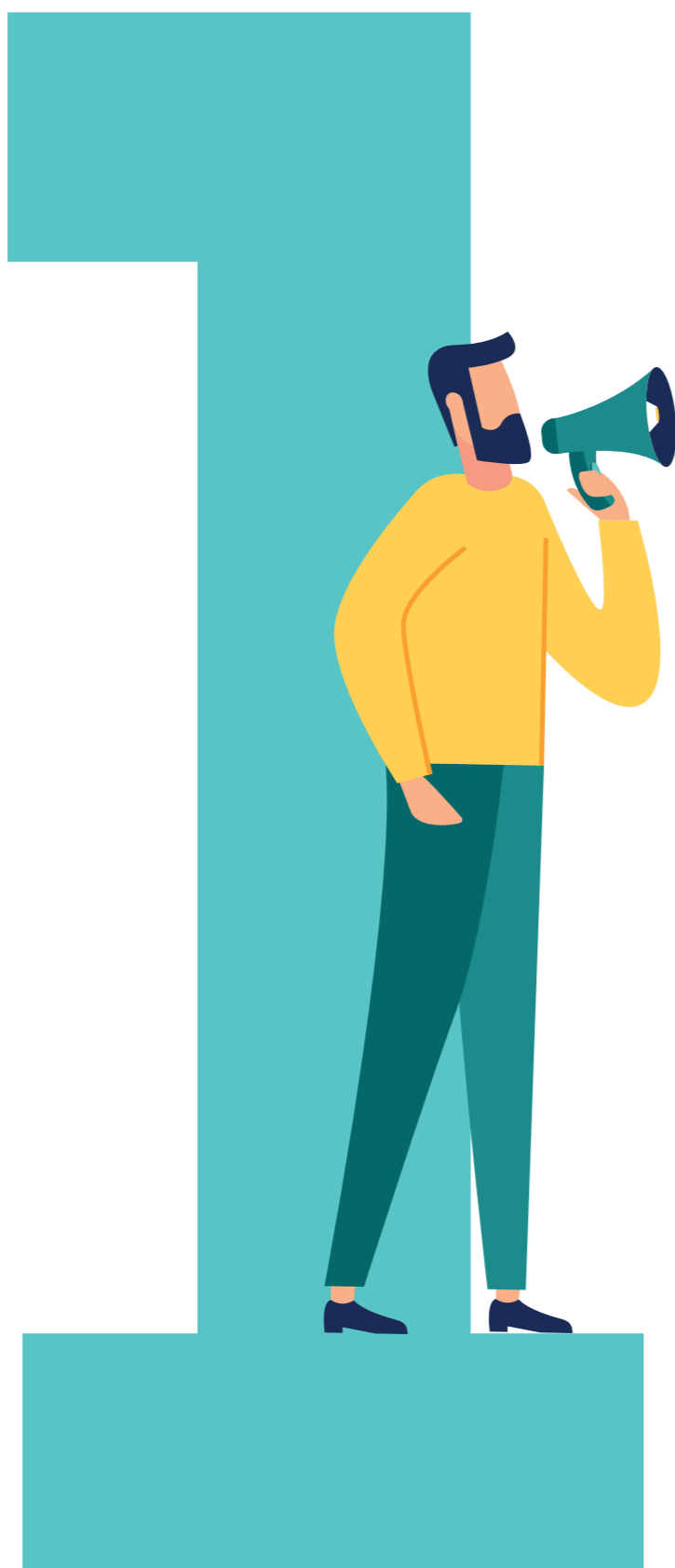
CEO, Mutti Group; President, Centromarca

MONICA POGGIO

CEO, Bayer Italy

MARCO TRAVAGLIA

President & CEO, Nestlé Italy and Malta



The Advisory Board is an open structure and each meeting draws on the contributions of outside experts who are asked to participate depending on the specific questions to be examined at each meeting. Our thanks for the contributions given during the course of the year also go to:

- STEFANO BOERI**,
President, Triennale Milano
- JAMES M. BRADBURNE**,
General Director, Pinacoteca di Brera
- ALFONSO MARÍA DASTIS QUECEDO**,
Spanish Ambassador to Italy
- BILL EMMOTT**,
Author and journalist; former Editor in chief,
The Economist
- CARLO FERRO**,
President, Italian Trade Agency
- ANTONIO MARAZZA**,
General Manager, Landor&Fitch
- RICCARDO ILLY**,
President, Polo del Gusto
- GIUSEPPE SEVERGNINI**,
Author and journalist
- WOUTER VAN BERGEN**,
Journalist, De Telegraaf

The initiative and position paper are overseen by The European House – Ambrosetti/WPP Working Group, comprised of:

- RICCARDO MARIA BARCHIESI**,
Consultant, Scenarios and Strategy
Area – Project Leader
- ARIANNA LANDI**,
Consultant, Scenarios and Intelligence
Area – Project Coordinator
- LUCA CELOTTO**,
Analyst, Scenarios and Intelligence Area
- FILIPPO MALINVERNO**,
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- SERGIO IMBONATI**,
Practice Leader, Corporate & Financial
Communication, Hill+Knowlton Strategies
- PAOLA MAFFEZZONI**,
PR & Marketing Director - Italy, WPP
- VALERIA CASATI**,
Project Secretariat
- CLARA PAVESI**,
Project Secretariat
- ALICE VERTEMATI**,
Project Secretariat

1.2 MISSION, CONCEPT AND GOALS OF THE INITIATIVE

The mission of “**The Role of Communications in Tomorrow’s World – Generating Value and Cultural Change**” initiative is:

Engaging decision-makers and the business’ community in high-level reflection regarding the main trends and changes that affect Italy, to be able to guide in an informed way the investment decisions and strategies of those operating in the communications sector, and generate value, employment and growth.

Each year the advisory board examines both a number of specific themes for the relaunching of

competitiveness in the communications sector, as well as major national issues that directly and/or indirectly impact on the performance of communications firms.

From this standpoint, it represents a platform for **developing strong messages of change and ideas for the Italian growth** aimed at institutions, companies, consumers and, above all, communications firms.

In its previous eight years, the advisory board examined a number of priority issues for Italy and its economy.

In undertaking its study and analysis, the Working Group not only carried out its own independent research into specific issues, but also availed itself of the invaluable information contained in other proprietary and non-proprietary documents, listed briefly below:

1. “2021 Economy and Finance Document”, Italian Ministry of Economy and Finance, 2021;
2. “National Recovery and Resilience Plan. #NextgenerationItalia”, Italian government, 2021;
3. “Global Attractiveness Index 2021” report, The European House – Ambrosetti, 2021;
4. “The data economy in Italy and the role of the cloud for the digital transition” report, The European House – Ambrosetti, 2021;
5. “Proposals for a nation that seeks equity and equal opportunities for women in the labor market” report, Ambrosetti Club 2021;
6. “Being Italian” as a strategic tool for economic growth and promotion of Italy on an international scale” report, The European House – Ambrosetti, 2018;
7. “Redesigning Italy. Governance Proposals for Changing Italy” report, Ambrosetti Club 2021;
8. “Relaunching Italy. The 8 proposals of The European House – Ambrosetti Club” report, Ambrosetti Club 2020.

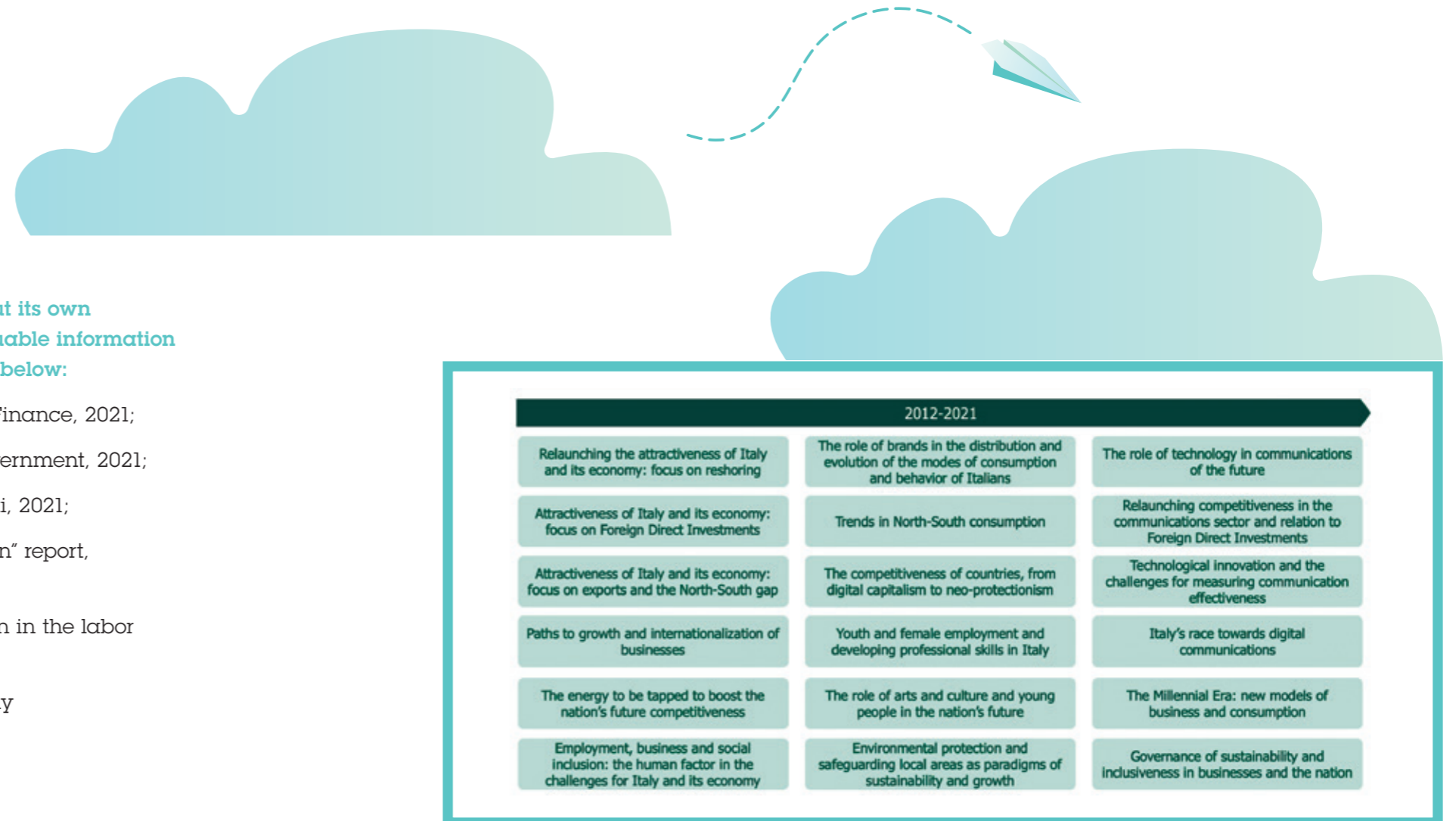


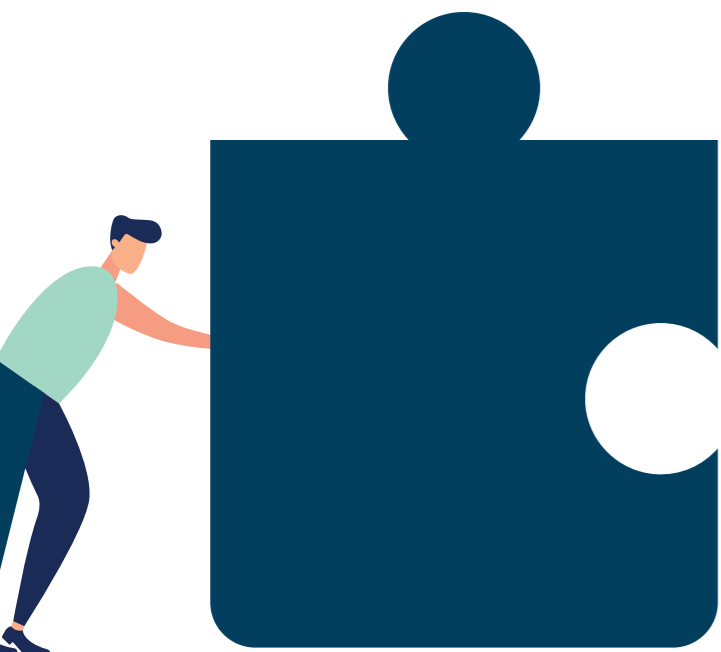
Figure 1.1. Themes examined by the WPP/ The European House – Ambrosetti Advisory Board in the past.
Source: The European House – Ambrosetti data elaboration, 2021

This year's theme was developed as follows:
The social responsibility of communications in relaunching Italy

Like the rest of the world, for almost two years Italy has been facing a particularly challenging time during which economic and social problems have been exacerbated by the public health emergency connected with the **COVID-19 pandemic**.

However, over the last few months, the country has experienced a strong phase of restarting and recovery of the economy and in 2021 it is expected a **GDP growth (+6%)** which is second in Europe, behind only Spain. Industrial production has also shown significant signs of recovery. In July 2021, it was 7% higher than July 2020, the highest increment among the European "Big-5". Within this context of recovery, it is important to stress the unique opportunity offered by the National Recovery and Resilience Plan to Italy.

In fact, over the next five years, Italy has available an investment plan worth **€235.12 billion**, the highest amount among all European countries: about three times the amount that Spain allocated, five times that of France and more than seven times the German one.



Despite this, **Italy's image too often suffers** within public discussion, both national and international.

It is a tendency that is not limited solely to the media, but it's also extremely common within certain institutional discourses and which is also seen as a structural aspect within the social fabric of the nation itself.

The difficult political and healthcare decisions which had to be made over the last two years seem to have undermined from the inside by the already-unstable credibility of the managerial and governmental class, spreading skepticism and lack of faith among the population which has become profoundly divided into what could be described, metaphorically, as "agnostics and believers".

This significantly impacts on the overall image of Italy and its economy and risks to position the country negatively within the international geopolitical scene and reducing its economic attractiveness.

Therefore, on one hand, as described above, Italy is experiencing a positive phase of growth and trust, on the other it is just as important to take action on those mechanisms which, as we have seen, negatively influence the **messages and international perception** concerning Italy.

As a result, **the strategic management and the communication of its image** become fundamental aspects in fostering the social and economic development of the nation.

Growing international competition in attracting (human and financial) capital means countries must take on a range of aspects (e.g., quality of the public administration, infrastructure, healthcare and education services, tax rate, etc.).

In this context, **international rankings** have taken on increasing weight thanks to their ability

to synthesize, which gives media visibility and, ultimately, the ability to influence the localization choices of companies and people.

Nonetheless, there are many, clear, inconsistencies in the way surveys are conducted and the descriptive capacity of these rankings, and yet they continue to have a key role in creating the perceived positioning of Global Economies. In this regard, Italy is one of the countries in the world with the broadest **negative discrepancy between internal perception and external perception**, i.e., between the image Italians have of their country and the image of Italy abroad.

Given these considerations, the starting point for examination must necessarily be a correct assessment of the areas of excellence of Italy's economic and social system and careful management of the country's weak points, both real and perceived.

Concerning the latter, it must be stressed that Italy has **nine structural problems** which, for some time, have undermined growth and the perception that Italians have of their country: illiteracy, low digitalization, low productivity, low number of college graduates (including STEM), poverty and unemployment, stagnant consumption, small company size, political instability and bureaucracy, and a slow judicial system.

Virtually all these problems can be taken on and solved through the "once in a generation opportunity" offered by the NRRP resources.

But also here, efforts must be made regarding a **communications campaign and a shared vision of the nation's image** abroad that is able to have an incisive impact on Italy's ability to capitalize on all the positive effects on the economy and society resulting from the investments made through the Plan. Towards this, it could be useful to look at what a number of other world economies have done, starting with Spain for tourism



or Singapore for high added value investment. These and other themes are examined by the 2020/2021 Advisory Board in this position paper. Clearly emerging from its observations are the implications that development and communications governance has for the nation as a whole.

In addition – through the two editions (2020 and 2021) of the pamphlet **Why Italy is definitely alive & kicking** and the **Final Forum of November 19, 2021** – the initiative continues to give voice to a number of the most interesting entrepreneurial case studies, examples of Italian success stories and excellence, with the goal of showing international markets how Italy is able to produce value, reinvent markets, construct new business models and propose successful products and services.

In the previous eight years and at the digital Forum of November 6, 2020, the Advisory Board focused on the various examples of excellence, entrepreneurship and innovation listed below.



Figure 1.2. Why Italy is definitely alive and kicking: the Best Cases from previous years.
 Source: The European House – Ambrosetti data elaboration, 2021

The companies featured in the 2021 “Why Italy is Definitely Alive and Kicking” have been selected on the basis of the economic, environmental and social impact of their activity and their contribution to the development and evolution of the local areas and communities in which they operate. Specifically, they have been divided into two groups of companies:

A. Major companies and multinational investors:

Successful and established Italian and international companies that have distinguished themselves for their ability to generate positive economic, social and environmental impact, thus guaranteeing local growth.

B. Companies with high potential:

Smaller Italian and international companies that stand out for the significant social-environmental relevance of their economic activity and/or innovative nature of their business and the projects in which they are involved.

These companies are not necessarily the best in their sectors, nor are they the only cases of success in Italy, but their strategic, investment and communications choices bear witness to the strength of Italy which today, more than ever, is called upon to “work as a team” so that the efforts of a few can be an impetus in safeguarding many, not only businesses, but also individuals and communities.

These ten companies take their place alongside the more than ninety honored in past years. In our view, their stories represent useful resources and suggestions to continue in the building of a more equitable and successful nation.

On this challenge depends the future of generations to come, but also the attractiveness of Italy today.



Figure 1.3. Why Italy is definitely alive and kicking: the Best Cases for 2021.
 Source: The European House – Ambrosetti data elaboration, 2021

1.3. PLAN FOR 2020/21



The activities of the WPP Advisory Board involve four meetings, a digital forum to study and position the initiative, held on November 6, 2020, a high-level international forum (Milan,

November 19, 2021) and a number of small one-to-one meetings for in-depth discussion with national and international experts on the issues under examination.



Figure 1.4. Scheduled 2020/2021 activities of the WPP | The European House – Ambrosetti Advisory Board.
 Source: The European House – Ambrosetti data elaboration, 2021

The working group identified **three priority themes to study** that were developed during the following meetings of the Advisory Board (2nd, 3rd and 4th) that formed the starting point for elaborating an overall, comprehensive view, not only of the current social-economic situation in Italy, but also of the role the various players (policy makers, businesses, communications sector operators, etc.) can play in a more inclusive and sustainable recovery for the nation, through more attentive and realistic activities that aim at understanding all the variables involved. The themes were examined across-the-board during the three meetings and benefited not only from the contribution of all the project advisors, but also from the participation of external experts who provided more specific information about the issues being studied:

- **Why is it fundamental, today, to focus on communications in support of relaunching Italy and guaranteeing the country more effective international positioning?** (Milan, February 4, 2021), with special guests Stefano Boeri (President, Triennale Milano), James M. Bradburne (General Director, Pinacoteca di Brera), Bill Emmott (Author and journalist; former Editor in chief,

The Economist), Riccardo Illy (President, Polo del Gusto) and Giuseppe Severgnini (Author and journalist).

- **What should the goal of communications be in relaunching Italy?** (Milan, April 28, 2021), with special guest Antonio Marazza (General Manager, Landor&Fitch).
- **How should effective communications be built to relaunch the nation's positioning?** (Milan, July 21, 2021), with special guests Wouter van Bergen (Journalist, De Telegraaf), Alfonso María Dastis Quecedo (Spanish Ambassador to Italy) and Carlo Ferro (President, Italian Trade Agency).

The main findings were presented and discussed in the tenth forum entitled **"The Role of Communications in Tomorrow's World – Generating Value and Cultural Change"** (Milan, November 19, 2021).

This forum has become a regular opportunity to discuss strategic issues affecting the future of the nation, thus becoming a key point of reference for all major players in the Italian communications sector.

2 nd Advisory Board	3 rd Advisory Board	4 th Advisory Board
<p>WHY IS IT FUNDAMENTAL, TODAY, TO FOCUS ON COMMUNICATIONS IN SUPPORT OF RELAUNCHING ITALY AND GUARANTEEING THE COUNTRY A MORE EFFECTIVE INTERNATIONAL POSITIONING?</p> <ul style="list-style-type: none"> • Analyze the weak points of Italy's image and communications and mapping the false myths • Examine both the internal and external perception of Italy in media, government and institution, and business communications • Identify the nation's value-creating assets (e.g., Made in Italy, cultural heritage, etc.) 	<p>WHAT SHOULD THE GOAL OF COMMUNICATIONS BE IN RELAUNCHING ITALY?</p> <ul style="list-style-type: none"> • Measure the overall value of Made in Italy and its major supply chains using a model that combines all key aspects (e.g., contribution to added value, exports, image capital, etc.) • Analyze other assets and value-creating aspects to be communicated 	<p>HOW SHOULD EFFECTIVE COMMUNICATIONS BE BUILT TO RELAUNCH THE NATION'S POSITIONING?</p> <ul style="list-style-type: none"> • Identify corrective measures for the weak points and false myths connected to Italy and its image • Analyze the contribution of the media, government and institutions, and business in the communications framework of other countries • Identify specific initiatives to work on regarding communications in Italy

Figure 1.5. Themes examined by the WPP | The European House – Ambrosetti Advisory Board
 Source: The European House – Ambrosetti data elaboration, 2021



CHAPTER 2

The role of communications in relaunching Italy

2.1 THE ROLE OF COMMUNICATIONS IN RELAUNCHING ITALY

The major upheavals of the last two years, first and foremost the COVID-19 public health emergency and related events, have brought to light the key role played by **communications**. Having captured the bulk of public and private debate - in Italy and the world as a whole - the pandemic has been a unique stress test for communications. The crisis has confirmed how fundamental communications is as a **driver for growth** and resilience, but also how important it is to be able to manage communications correctly to avert potential negative effects.

To take on the question of **social responsibility** of communications in relaunching the nation, it is necessary to examine and analyze communications as a means of transformation and advancement of the national social-economic framework, the role played by Italy within the international geopolitical context

(identifying challenges and guidelines for an effective narration of the "Italy" brand) and the contribution of the strategic Made in Italy supply chains to the image capital of the nation and its economy.

This chapter discusses **why**, today, it is fundamentally important to work with communications to support the relaunching of the nation and guaranteeing Italy a more effective international positioning.

For this reason, a number of illustrative examples are provided showing the effects that wrong communications can have, both generally and, specifically, for a country such as Italy which already has a number of problems in terms of image, perception (both within the country and abroad), media, government, institution, and business communications.



2.2 BECAUSE WRONG COMMUNICATIONS CAN BE PENALIZING

To understand why the wrong type of communications can have **negative consequences**, let's look at a number of salient facts from recent years. From a political standpoint, one of the most significant events - at least from the standpoint of media coverage - was that of the **assault on Capitol Hill** on January 6, 2021, which called into question American democracy in the eyes of the entire world. This event could be considered a result of the not-too-indirect remarks given by Donald Trump during the protests just prior to the assault.

Just outside the White House, the outgoing President had, in fact, fed the discontent of the crowd about the alleged vote "theft" in the American presidential elections, stating angrily: "we will never give up, we will never concede", concluding with "we're going to walk down to the Capitol, and I'll be there with you"¹. To trigger unforeseeable consequences, even just a short, official comment without the provocative expressions and tones in Trump's remarks can be enough.

When on March 12, 2020, the president of the European Central Bank, Christine Lagarde, speaking about the strategies to counteract the economic crisis caused by COVID-19, stated that it was not the task of the ECB to **keep the spread under control** and that there were other tools and actors to manage

those issues², it is hard to believe that she intended provoking the largest daily loss in the Italian stock market (-17% on the Milan stock exchange), blowing up the earnings on Italian bonds (from 1.22% on 10-year bonds to a peak of 1.88% by the end of the conference), then the 10-year BTP-Bund spread (of 60 basis points) and, in a chain reaction, the bonds in all the other southern European countries.

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America's Friends and Foes Express Horror as Capitol Attack 'Shakes the World'
New York Times, 6 gennaio 2021

Maga mob's Capitol invasion makes Trump's assault on democracy literal
Guardian, 7 gennaio 2021

U.S. role as democracy's champion battered by assault on Capitol
Reuters, 8 gennaio 2021

Figure 2.1. Newspaper articles about the Capitol Hill assault on January 6, 2021.
Source: *The European House - Ambrosetti elaboration of The New York Times, The Guardian and Reuters data, 2021*

¹ "We will never give up, we will never concede. Our country has had enough. We will not take it anymore and that's what this is all about. [...] We're going to walk down to the Capitol, and I'll be there with you. Because you'll never take back our country with weakness. You have to show strength and you have to be strong"

² "We are not here to close spreads, there are other tools and other actors to deal with these issues".

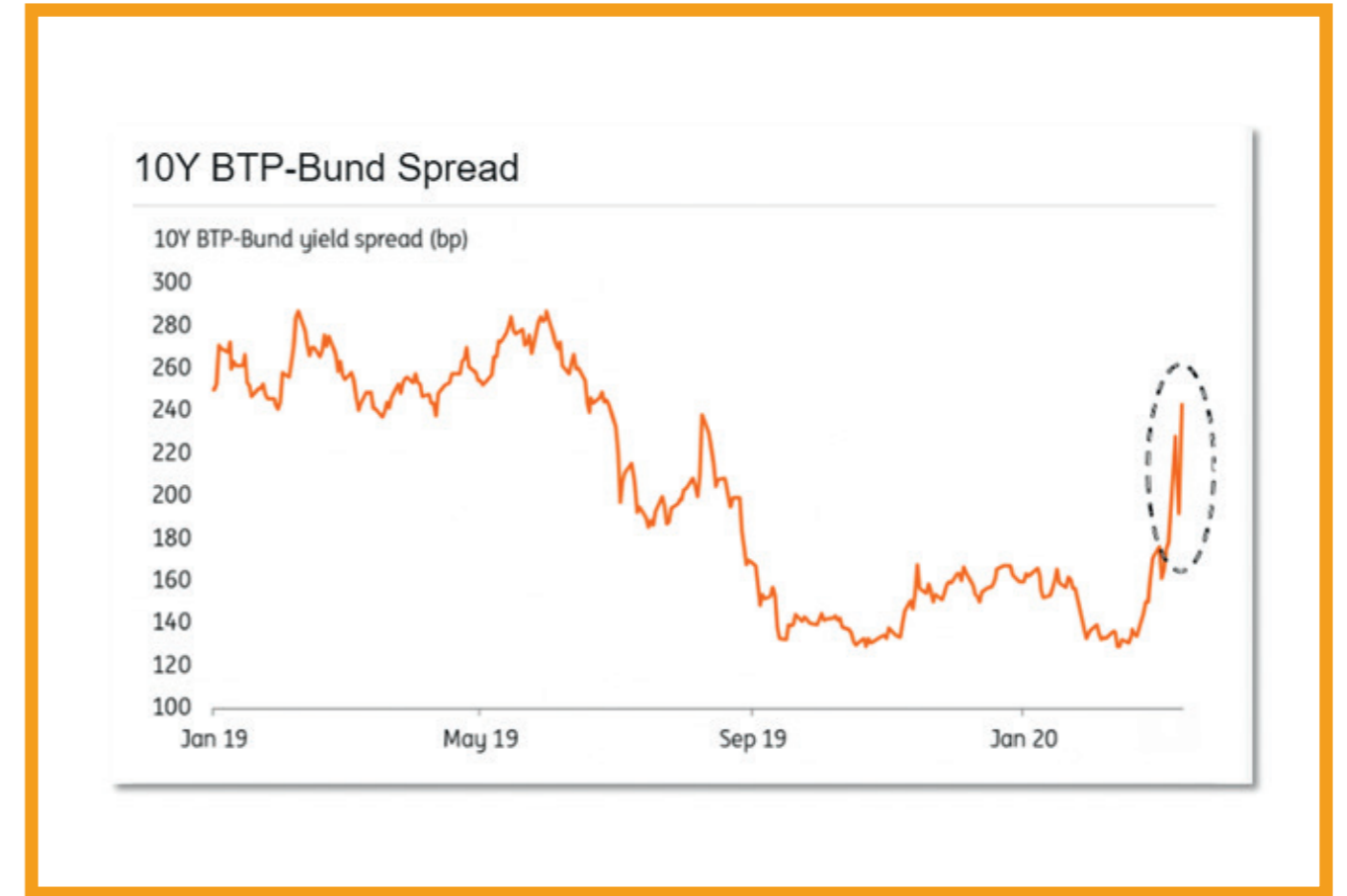


Figure 2.2. Trend in the 10-year BTP and Bund spread (basis points), January 2019-March 2020.
Source: *The European House - Ambrosetti elaboration based on a number of sources, 2021*

When communications becomes a tool of political propaganda, also opening the way to "fake news", we must be aware that, sooner or later, the moment arrives when the reality of facts must be faced and the population made aware of them. From this standpoint, the **pro-Brexit** campaign must be considered to have been built on numerous of promises that led to a choice that will have major consequences for Britons and the country and its economy.

One of the most glaring unfulfilled promises (and also with the greatest social ramifications) is that related to the "£350 million pounds" the National Health Service (NHS) would have had available on leaving the European Union. In fact, only

hours following the results of the referendum, Brexit leader Nigel Farage made a rapid about-face regarding one of the issues that had been decisive in the "leave" victory³.

³ "Nigel Farage Admits NHS Claims Were A Mistake", *Good Morning Britain - ITV*, June 24, 2016





Figure 2.3. Newspaper articles about the pro-Brexit campaign.
 Source: The European House – Ambrosetti elaboration of The Independent, Huffington Post, The Guardian and NBC data, 2021

The effect is that, while in June 2016 the Brexit referendum showed a "leave" prevalence of 51.89% of the votes, observation of the opinion of Britons about the vote in the months that followed showed that those convinced that it was the right decision continued to diminish, reaching an all-time minimum of 45% in January 2021 (rising again slightly to 47% in February). This **change of opinion** regarding one of the most important votes in the modern-day history of the United Kingdom (and the European Union) is especially evident among

the "leavers" whose support continues to decline:

- 42% thinks that Brexit will be good for employment (vs. 57% in 2017, -15 p.p.), while 9% thinks it will be detrimental for jobs (vs. 4% in 2017, +5 p.p.);
- 48% thinks the British economy will do better (vs. 57% in 2017, -9 p.p.), while 11% thinks it will be worse (vs. 7% in 2017, +3 p.p.);
- for 63%, Brexit will result in lower immigration (vs. 72% in 2017, -9 p.p.).

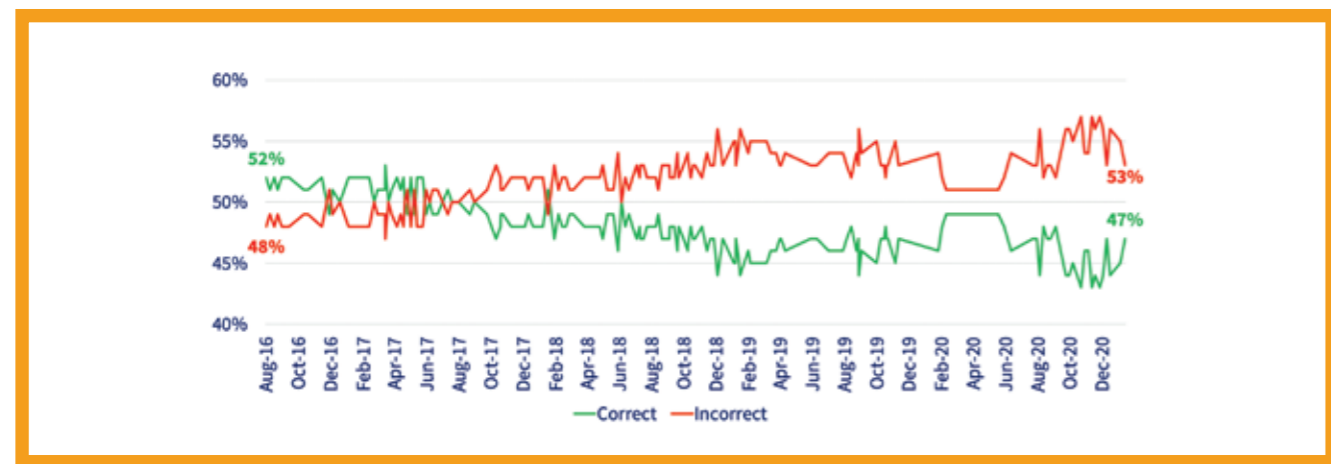


Figure 2.4. Breakdown of support or non-support for Brexit by Britons (%), 2016-2021.
 Source: The European House – Ambrosetti elaboration of YouGov data, 2021

The views of the population are clearly connected to perceptions regarding the social-economic situation. Observing the most authoritative economic forecasts, even prior to the outbreak of the pandemic which hit the United Kingdom particularly hard, the UK Office for Budget Responsibility (OBR) estimated for 2030 a **GDP 5.8 percentage points** lower than the scenario without Brexit. More recent events have also had a tangible impact on British citizens and workers, first-and-foremost

connected to the crisis involving truck drivers and haulers. The stringent immigration regulations introduced following Brexit are among the primary reasons behind the lack of manpower in the transport sector which has created a crisis in the supply chain throughout the United Kingdom and generated a cascading fall in supply and increase in prices for British consumers (not only gasoline, but also food products)⁵.

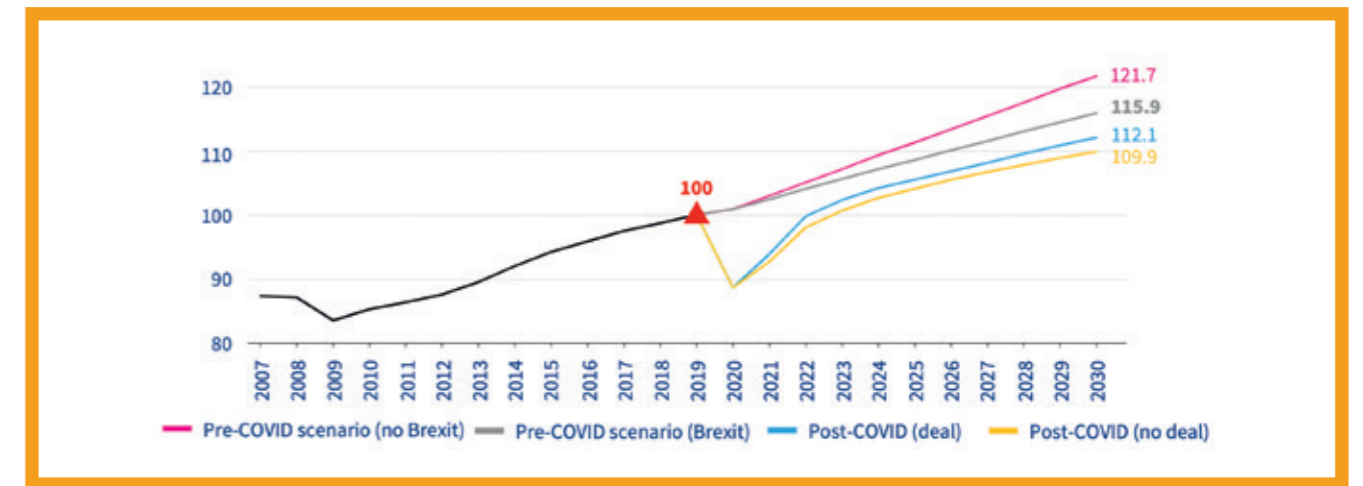


Figure 2.5. Real GDP of the United Kingdom under various scenarios (2019=100), 2007-2030E.
 Source: The European House – Ambrosetti elaboration of UK Office for Budget Responsibility and Bloomberg data, 2021

Of course, Italy is not immune from examples of "deleterious" messages. Italy has always had - and understandably - the reputation of being a **politically unstable country** and the latest government crisis certainly contributed to reinforcing this view on the international scene⁶. For example, since 1990 in Italy, there have

been 5 reforms of the electoral law, 21 governments (with >40 parties alternating in power) and 13 different prime ministers. In Germany, during the same period, there was only 1 reform of the electoral law, 8 governments (with 4 parties alternating in power) and 3 different chancellors⁷.

⁴ In 2020, British GDP fell by -9.8%, more than in Italy (-8.9%), France (-8.0%), Germany (-4.6%) and the US (-3.4%). Source: The European House – Ambrosetti elaboration of International Monetary Fund data, 2021.

⁵ "Boris Johnson's Brexit choices are making Britain's fuel and food shortages worse", CNN Business, September 29, 2021

⁶ "Italy's Government Enters a Crisis in Middle of Pandemic", The New York Times, January 13, 2021; "Political turmoil for Italy comes at the worst possible time", Deutsche Welle, January 13, 2021; "Matteo Renzi crashes Italy's government in mid-pandemic", The Economist, January 16, 2021

⁷ A more detailed discussion can be found in: "Redesigning Italy. Governance Proposals for Changing Italy", Ambrosetti Club, 2021

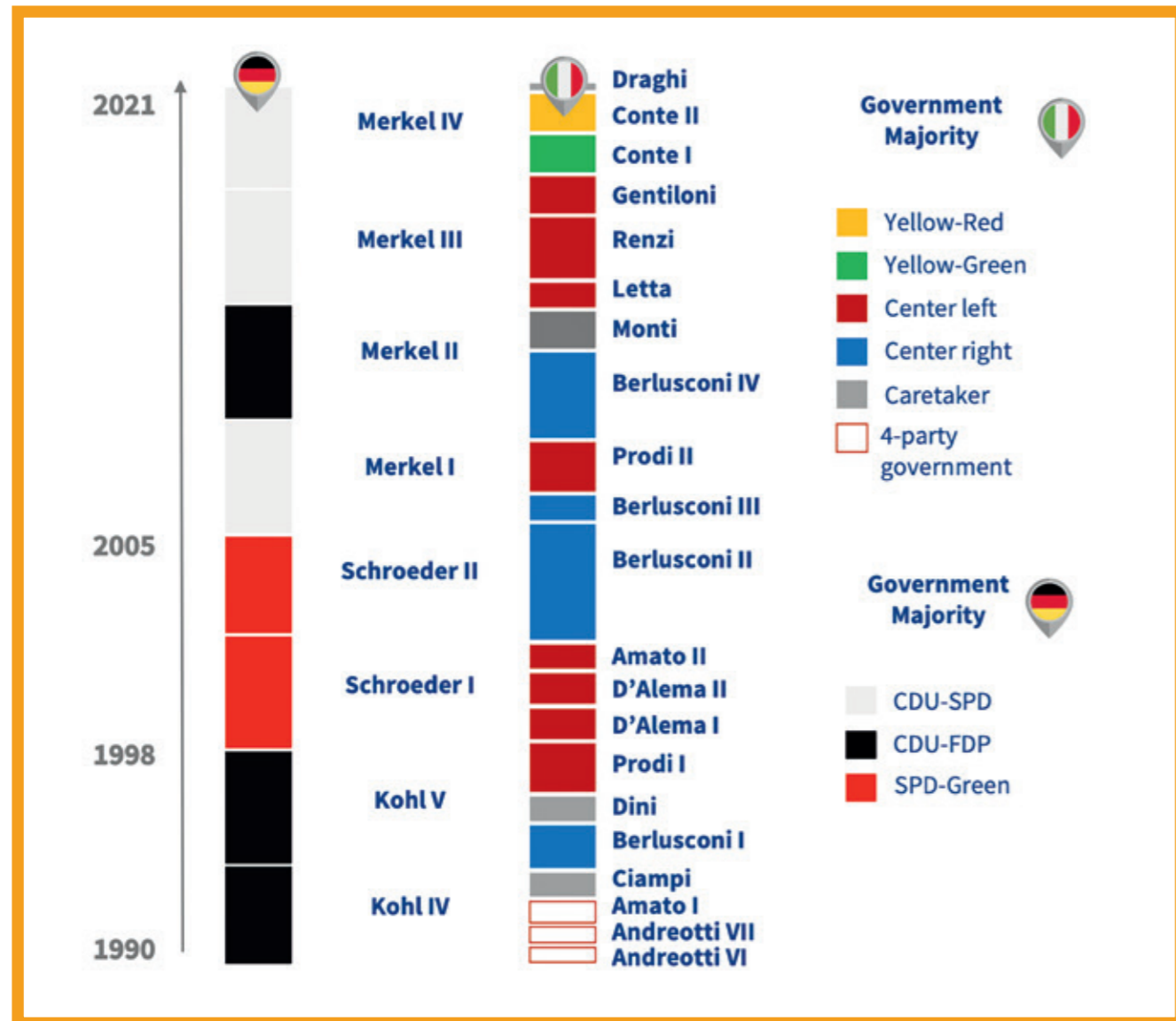


Figure 2.6. Governments in Germany and Italy from 1990 to 2021.
 Source: *The European House – Ambrosetti elaboration based on a number of sources, 2021.*

In addition to affecting its image, these events have had a significant impact on Italy's economy. For example, regarding the fall of the "Conte II" government, in the period between the first murmurs of crisis, the resignations of Ministers Teresa Bellanova and Elena Bonetti (January 13, 2021) and the height of the crisis (January 22, 2021), there was an increase of 23 basis points in the spread (the 10-year BTP/Bund differential rose from 102 to 125 basis points), which resulted in significant economic consequences. The increase in the **spread**

(tied to securities on the secondary market) lead to the issuing of securities with higher yield, in other words, an increase in the cost of public debt. It is estimated that an increase of +0.15 p.p. generates €1.5 million in higher interest payments per year for every billion of new debt issued, with a consequent devaluation in the securities in circulation. In two weeks, the price of BTPs fell by -1.1% (5-year), -1.5% (7-year), -1.8% (10-year) and up to -4.8% (30-year), for an overall estimated loss of about **€25 billion**.



Figure 2.7. 10-year Italian BTP/Bund spread, January 2021.
 Source: *The European House – Ambrosetti elaboration of Milano Finanza data, 2021*

2.2.1 BECAUSE TODAY, MORE THAN EVER, BAD COMMUNICATIONS CAN HAVE NEGATIVE EFFECTS

As seen in the cases noted above, communications has a major social responsibility. This concept, already valid prior to the COVID-19 pandemic, is even more evident in this historic moment in which the negative consequences can directly impact **public health**.

Personal Protective Equipment (PPE), distancing and vaccines are perhaps three of the key factors in combating spreading of the virus. Therefore, it is fundamental that communications contribute to correctly promoting and providing information about these good practices. Unfortunately, in recent months, this has not always occurred.

Looking at the major media outlets and social networks, the widespread of poor communications can be noted that has also fed misinformation about vaccines, among other things. With regard to this phenomenon, in 2020 the term "infodemic" was coined, the definition of which is the "circulation of an excessive quantity of information, sometimes not accurately examined, which makes it difficult to evaluate

a given argument due to the difficulty of finding reliable sources".⁸ For example, a translation error of an article in Spanish in the Pais newspaper led to the circulation of the news of a nurse found positive to the virus after having been vaccinated when, in reality, the vaccine had been administered by - not to - the nurse. Similarly, information circulated about people who tested positive immediately after having received the first dose of the vaccine, without noting that for it to be effective, a second dose (following a period that varies according to the type of vaccine, but generally not less than four weeks) is required. In addition, as noted by the public health office (ASL) involved, it is possible that when the pre-vaccine swab is taken (which must be negative), the virus can already be incubating. In addition to these cases are "clickbait"⁹ headlines. For example, even if in the Report article (Figure 2.8) it is noted that Pfizer was able to solve the problem attaining an effectiveness level of 75%, the related tweet (which is often the only information retained by the user) only called into question the quality of the vaccines and the pharmaceutical industry which, instead, are playing a key role in fighting the pandemic.

⁸ Source: Treccani

⁹ Article headlines and other content written to attract attention and induce users to click on the link, while often skewing the actual content.

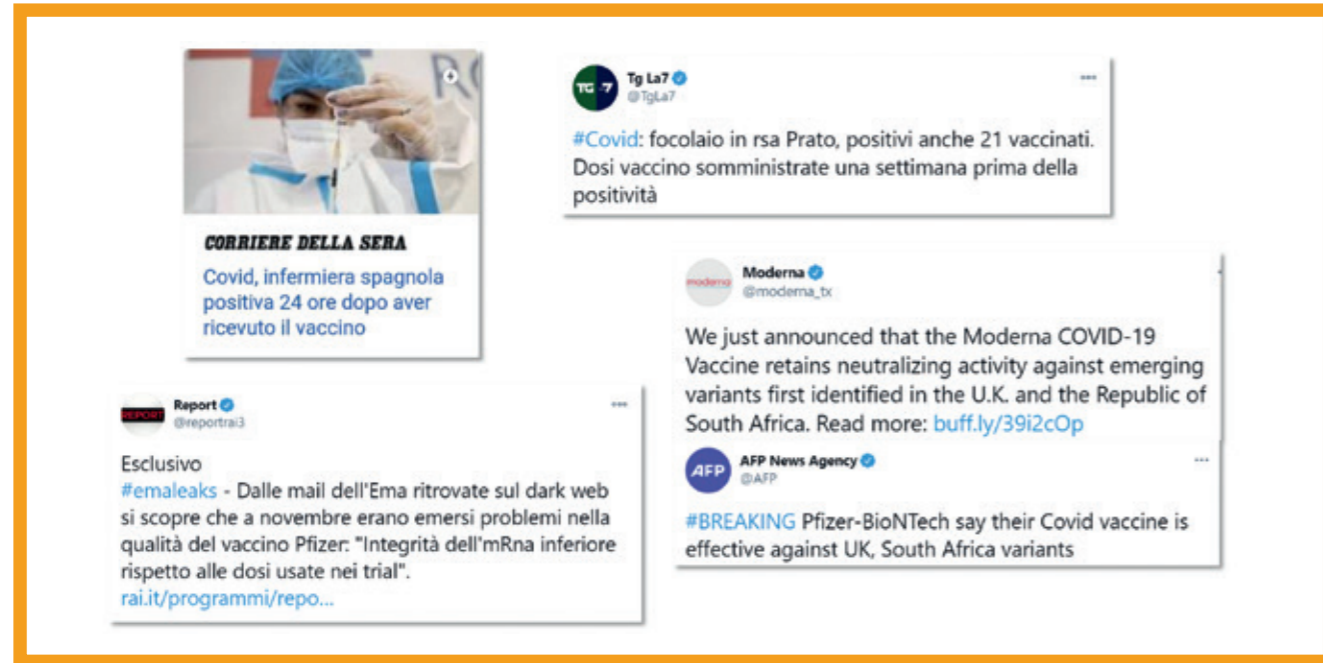


Figure 2.8. Tweets and article headlines relating to the COVID-19 vaccine.
 Source: The European House – Ambrosetti elaboration based on a number of sources, 2021.

Looking across the Atlantic, note should be taken of the results of the strong **“no-mask” campaign** championed by Donald Trump in the closing months of his presidency.¹⁰ As of February 1, 2021, just a few days following the inauguration of incoming President Biden, the United States was the second country in the world (among those with more than 10 million inhabitants) in terms of the ratio of COVID-19

cases to population: 78,000 per million inhabitants. The responsibility of communications involves not only channeled content, but clearly also the **way** it is spread. An emblematic case is the news leak about the “lockdown” of Lombardy in March 2020. On that occasion, unclear in-house management of the information by public entities (which let leak the imminent decision regarding the first “lockdown”), together with the failure of communications channels (which immediately relayed news without having all the details required and without considering the possible consequences), led to a mass exodus from Lombardy and, more specifically, crowds and masses of people (without any type of protection) in Milan’s major train stations.

It is very likely that the virus would have spread anyway through the rest of the country, but, on a micro level, better communications would certainly have avoided some contagion.



Figure 2.9. Milan Central station (left), Milan Porta Garibaldi station (upper right) and an article in La Repubblica (lower right).
 Source: The European House – Ambrosetti elaboration based on a number of sources, 2021.

2.3 BECAUSE THE WRONG COMMUNICATIONS CAN REINFORCE THE “FALSE MYTHS” ABOUT A COUNTRY

To understand the central role communications can have in relaunching the nation, we must broaden our perspective beyond the current situation and focus analysis on the Italian context. This is made necessary by the awareness that wrong communications can contribute to **reinforcing the “false myths”** traditionally attributed to Italy. It is undeniable that the country has its endogenous problems, and that not talking about them could be detrimental. But at the same time, it might be more productive to highlight the more important aspects and stimulate initiatives and suggestions for improvement around those. From this standpoint, it could be said that it is a problem of communications per se, that treating each issue in the same way ends up distracting attention from the priority issues.

Another reason the communications aspect must be taken on lies in the fact that, traditionally, Italy has always been talked about in terms of **stereotypes**. Some emblematic

examples are offered by the covers of the German weekly magazine, Der Spiegel, one of the most influential periodicals in Europe, according to The Economist:¹¹

- cover from July 1977, showing a pistol on a plate of spaghetti and with the title: “Italian Holiday: kidnapping, extortion, armed robbery” (covering the violence during the “Years of Lead”);
- cover from July 2011, with then-Prime Minister Berlusconi who was sinking “the most beautiful country in the world”, as a general critique of his government, but also specifically in reference to the Ruby trial;
- cover from June 2018 which, a few days after the birth of the first Conte government, featured a noose-shaped strand of spaghetti with the title “Ciao Amore! How Italy is self-destructing - and bringing Europe down with it”.

¹⁰ “Trump says he won’t wear face mask”, CBS, April 4, 2020; “In his own words, Trump on the Coronavirus and Masks”, The New York Times, October 2, 2020; “Trump, downplaying virus, has mocked wearing masks for months”, ABC, October 3, 2020

¹¹ “His country’s mirror”, The Economist, November 16, 2002



Figure 2.10. Covers of *Der Spiegel*.
Source: *The European House – Ambrosetti elaboration based on a number of sources, 2021*

What has just been described is certainly not something limited to the German press, but actually an **approach that is widespread** not only in the rest of the European press, but also among some government and institutions leaders. For example, the repeated, strongly moralistic comments by Dutch Prime Minister Mark Rutte about Italy which lives off others and “must learn to go it alone” struck a chord.¹²

Again in the Netherlands, in May 2020, as part of its discussion about European aid to combat the economic consequences of the pandemic, Elsevier Weekblad ran the headline: “Not one cent more to southern Europe” and, to back this up, its cover showed workers in northern Europe hard at work to pay for the holidays of southern Europeans.¹³

In recent months, opposition to the Recovery Fund - especially the unsecured loans, given the unreliability and wastefulness of Italy - was also heard from Austrian Chancellor Sebastian Kurz who, in October 2021, was forced to resign from office when faced with charges of abetting corruption.

Another aspect of this is the term “PIGS” (acronym for Portugal, Italy, Greece and Spain that became “PIIGS” with the addition of Ireland), which was coined in the late-1990s by the British press to indicate the countries of southern Europe with financial deficits, clearly playing on the English meaning of “pigs”.¹⁴

It is a perception not totally connected to the facts. Along with Germany, Italy is the country with the lowest deficit/GDP ratio over the period 2011-2019 among the European Big-5. If we look at the average for 2011-2019, Italy’s ratio is -2.6%, lower than Germany’s (0.7%), and just slightly lower than the EU-28 average (-2.4%), but higher than that of France (-3.7%), the United Kingdom (-4.6%) and Spain (-5.7%).

But among other things, Italy is also the no. 4 net contributor to the European Union budget with a positive contribution of €6.7 billion, behind Germany (17.2), the United Kingdom (9.8) and France (7.4), as well as the second manufacturing power in the EU with €247 billion in added value in 2018, second only to Germany (650)¹⁵.

¹² “Cara Italia, impara a farcela da sola”, *Corriere della Sera*, July 3, 2020

¹³ *Elsevier Weekblad*, May 30, 2020

¹⁴ The countries involved have criticized the term “PIGS” more than once (in national newspapers, such as *El Mundo*, or through representatives of government and institutions, such as the Portuguese Minister for the Economy and Innovation Manuel Pinho), maintaining that it is derogatory and racist. This led major publications (e.g., *The Guardian* and *The Financial Times*) and banking institutions (e.g., Barclays Capital) to ban its use.

¹⁵ Source: *The European House – Ambrosetti elaboration of Eurostat data, 2021*.

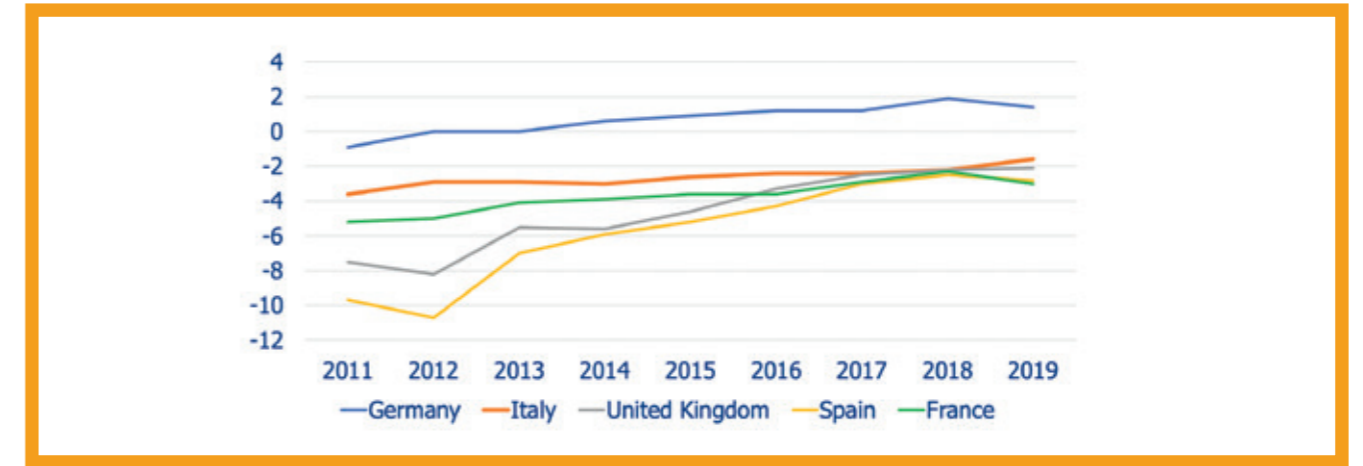


Figure 2.11. Deficit/GDP ratio in the EU Big-5 and EU-28 (%), 2011-2019.
Source: *The European House – Ambrosetti elaboration of Eurostat data, 2021*.

Despite this, a survey conducted as part of a study of Italian-German relations showed that only 41% of Italians believe Italy is a net contributor to the EU budget, and this percentage drops to 5% among Germans (in fact, 71% believe Italy is a net beneficiary).¹⁶

Also with regard to economic credibility, Italy is known for its numerous banking crises (for example, that of Monte dei Paschi di Siena, Carige, small regional banks and Veneto area banks), but other countries have also experienced similar situations.

For example, Deutsche Bank, which in 2015 was fined \$2.5 billion by US and British authorities for the Libor scandal (for manipulation of base interest rates) and in 2017 €550 million for money-laundering, and it continues to receive warnings from domestic and foreign authorities to intensify its anti-money-laundering controls.¹⁷

In 2020, the Federal Financial Supervisory Authority (BaFin, the German Consob) found itself at the center of the Wirecard scandal for

regulatory failure involving the listed German e-payments company that declared bankruptcy due to a shortfall of €1.9 billion (resulting in €3.2 billion in damages to banks and investors).¹⁸

In recent years, ABN AMRO and Ing (two of the top three credit institutions in the Netherlands) and Danske Bank (Denmark’s largest bank) were involved and later fined for international money-laundering activities.¹⁹

Another example of **distorted perception** involves the issue of sustainability. In the same study regarding Italian-German relations, a survey revealed that 71% of Italians believe that Germany has attained its goals of share of renewable energy to final consumption (in fact, they have not been reached, although nearly), and that 74% of Italians and 80% of Germans believe Italy has not attained its goals (when actually they have been exceeded).²⁰

Like all countries, Italy has its strong points and weak points. What characterizes the way Italy is spoken about seems to be a **lack of balance**

¹⁶ Friedrich-Ebert-Stiftung, *Fragile Freundschaft. Eine Meinungsumfrage zu den deutsch-italienischen Beziehungen*, 2021

¹⁷ “Fed Warned Deutsche Bank Over Anti-Money-Laundering Backsliding”, *The Wall Street Journal*, May 30, 2021

¹⁸ “Dal crack Wirecard all’inchiesta N26: il pugno duro della Consob tedesca”, *Il Sole 24 Ore*, August 23, 2021

¹⁹ “Abn Amro patteggiata per 480 million euro in caso riciclaggio”, *Reuters*, April 19, 2021

²⁰ Friedrich-Ebert-Stiftung, *op. cit.*

and intellectual honesty. In fact, even in the praise for Italy, the stereotypes never disappear and there is a strong regional bias.

Emblematic is the case of Le Figaro which dedicated a special issue to Sicily and its beauty, but adding, out of context, that it is "the land in which the Mafia practices crime and extortion according to the rules of an

impenetrable code of honor".

Or the case of EasyJet and Lonely Planet which in their respective pages promoting Calabria, speak of a region that "suffers from a clear lack of tourists due to its history of Mafia activity", and where in the "hinterland, the long story of poverty, Mafia activity and emigration have contributed to shaping its unique culture".

2.4 BECAUSE ITALY HAS A PROBLEM OF DOMESTIC SELF-PERCEPTION

It would be wrong to attribute all the blame to foreign sources when the **prejudices are also fed by the behavior of domestic communications**, as can be seen in the selection of articles in Figure 2.12.

"destroying the European Union", and that "all this German arrogance is particularly tragic, not just now, but now above all"²¹. In an attempt to discover the origins of this phenomenon, German historian Klaus Bergdolt (professor at Cologne University), in his book that examines German prejudice towards Italy, states: "Italy has always had a figurative role in the public discourse of advanced countries: an example of vice and instability, simultaneously a warning and an alibi, that allows other societies to accept rigorous rules of behavior, but also provides an excuse for their own shortcomings."²² Among the main causes, which are still applicable, the author identifies **Italian amorality** (that emerges as soon as they

talk about their country abroad), but also **German moralizing** (the Protestant ethic, in particular, which combines social status, economic success and Divine Grace, and has in Italy - Roman Catholic and poor - the most suitable antagonist). In addition to the aspects raised by Bergdolt, there is also Italy's late unification compared with the other modern states, which certainly slowed the molding of a solid and shared national identity and fostered a sense of dualism and regionalism.



Figure 2.12. Newspaper articles.
Source: The European House - Ambrosetti elaboration of Libero, la Repubblica, Affari Italiani and Gazzetta del Mezzogiorno data, 2021

It should be noted that, including abroad, there are those who recognize the gravity of this situation. One example worth note is that of Thomas Fricke, who, in a long article in Der Spiegel about Eurobonds, underscored that "Germany has a distorted view of Italy", a view that will end up

²¹ "Deutschland fatales Zerbild von Italien", *Der Spiegel*, April 24, 2020. The editorial arrived at a time when other German publications were stating that in Italy "the Mafia is a solid presence on a national level and is just waiting for a new wave of money from Brussels" and, also for this reason, the EU should "carefully monitor how Italians spend European aid". ("Frau Merkel, bleiben Sie standhaft!", *Die Welt*, April 8, 2020)

²² Klaus Bergdolt, *Kriminell, korrupt, katholisch*, 2018

Insight - An example of promoting communications about Italy: the Ferrari Press Award

An interesting initiative is that of the Ferrari Press Award, "The Italian Art of Living", which evaluates from among a selected roster of international publications the article which best promotes Made in Italy and the Italian lifestyle and living. The Cantine Ferrari, a long-standing ambassador of the Italian Art of Living around the world, created this award - which has also been applauded by the Italian Foreign Office - to focus on what is positive about Italy that can be communicated abroad in terms of the arts and culture, creativity, artisanship and the link between local areas and their wine and culinary traditions.

Source: The European House - Ambrosetti elaboration of Cantine Ferrari data, 2021.

The phenomenon of amorality towards Italy is readily seen in public and private comments, as well as in the Italian press.

But perhaps the latter is no longer the main and only point-of-reference for the foreign press which speaks (badly) of Italy, backed by the increasing role of **social media** in passing on breaking news in real time. In fact, it is within social media that one of the most recent "Italian ills" has begun to spread, that of tribalism: the phenomenon in which reactions and comments about events are no longer balanced and moderate, but increasingly often polarized and aggressive.

This new scenario only complicates the situation. Today, a piece of local news published via social media rapidly becomes global news, thus aggravating the effect of negative image and self-flagellation.

Proof of this inability for proper self-evaluation is the fact that Italy is the third-worst country in the world in terms of the **gap between internal and external reputation** (-10.2) - in other words, between the image Italians have of their

country and the image of Italy abroad - ahead only of Brazil (-12.0) and South Africa (-11.8). As can be seen from the findings of the Reputation Institute, while the international image is fairly positive (73.8/100, even better than Germany), the domestic perception is significantly more negative (63.6).



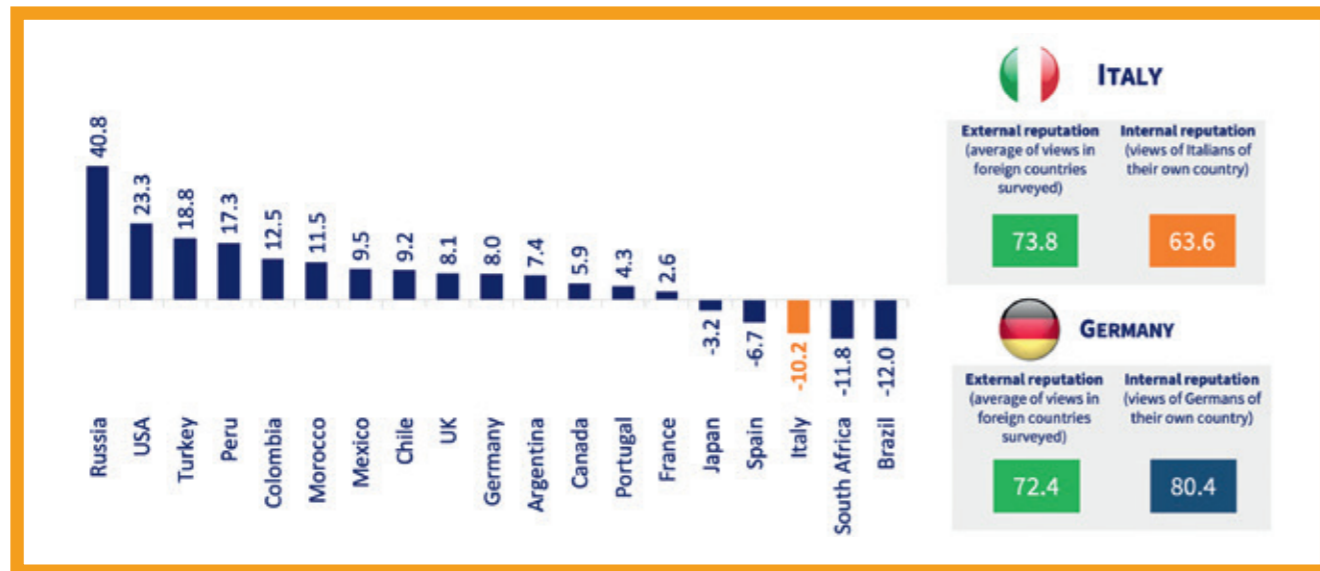


Figure 2.13. Gap between internal and external reputation in a number of countries (absolute values), 2017.
 Source: The European House – Ambrosetti elaboration of Reputation Institute (Country RepTrak Pulse) data, 2021

While already nearly 100 years ago Carlo Emilio Gadda spoke of the **“damned Italian scourge of self-denigration”**, i.e., “the widespread tendency to deprecate ourselves, the country in which we were born, the current government

(irrespective of who is in power), past history and inevitable daily annoyances”, it is now clear that this has become a deeply-rooted tendency in our culture²³ which, however, must be handled and changed quickly.

²³ “Carlo Emilio Gadda, *Giornale di guerra e prigionia*



Insight – Measuring attractiveness: the Global Attractiveness Index

A fundamental element in promoting the social and economic development of a country is its capacity to strategically manage and communicate a pro-business image.

Growing international competition in attracting (human and financial) capital means countries must take on a range of aspects (for example, quality of the public administration, infrastructure, healthcare and education services, taxation rate, etc.). In this context, international rankings have taken on increasing weight in terms of their ability to synthesize, which gives media visibility and, ultimately, the ability to influence the localization choices of companies and people.

Italy occupies a key position in some of the most important economic and social aspects, often ranking first within European and international contexts (for more details, see below). Nonetheless, there are numerous international competitiveness rankings that enormously penalize Italy’s positioning. The European House – Ambrosetti has identified over 600 indices and has built a detailed database of 150 global rankings that include competitiveness indices, indices built for specific areas and regionally-based indices. In 2021, the World Bank decided to discontinue definitively the publication of the Doing Business Report (the most-accredited index on an international level because of its ability to orient investment), due to recognition of the non-scientific nature of its report which had been noted a number of times by The European House - Ambrosetti.

Starting in 2015, The European House – Ambrosetti launched the Global Attractiveness Index initiative, its goal being to make available to Italian and international decision-makers an innovative index that could provide a representative assessment of country attractiveness, both internal (ability to retain resources already present) and external (ability to attract new resources) and, therefore, provide reliable information for pro-business strategies. The Global Attractiveness Index is replicable (thanks to the use of Key Performance Indicators compiled annually), impartial (based on objective quantitative variables mapped from global databases), solid (based on a small number of proxy indicators which are as independent as possible) and significant (with focus on output, not input).

In the Global Attractiveness Index 2021, Italy is ranked 20th, the result of a loss of 8 places in the KPI regarding FDI, but with an overall score that is improving: 61.32 in 2021 compared with 59.50 in 2020. The sign of a country under pressure, constantly threatened by the greater speed of others, but still very resilient. In fact, over the last five years, Italy’s performance has been positive, moving up five positions compared with the 2017 ranking and reducing the gap with a number of peer European countries (-3.93 with Germany and -4.29 with France). Specifically, Italian quality is high in terms of a combination of factors that could be defined as “sustainable dynamism”, while no country that precedes Italy in the Positioning Index (PI) has, simultaneously, equilibrium at medium and high levels of the three aspects collateral to positioning (dynamism, sustainability and growth expectations).

Source: The European House – Ambrosetti data elaboration, 2021.

CHAPTER 3

The priorities for supporting the growth of a “Future-Ready” Italy

3.1 THE PRIORITIES FOR SUPPORTING THE GROWTH OF A “FUTURE-READY” ITALY

This chapter identifies the **priority areas** for action in the recovery and re-starting of Italy in the post-COVID scenario and the potential contribution offered by the **National Recovery and Resilience Plan** (NRRP). Before focusing attention on the areas of intervention to make the nation ready for the

future - i.e., those structural factors that impact on the potential for recovery and relaunching - it is useful to note a number of reasons why Italy is “**Alive and Kicking**” that can be utilized and taken into consideration in providing a correct understanding and explanation.

3.2 THE REASONS WHY ITALY IS “ALIVE AND KICKING”

According to the WPP|The European House – Ambrosetti Advisory Board, there is solid evidence for being able to say that Italy is “alive and kicking”:

1. It is no. 1 in the European Union for number of **manufacturing SMEs** (376,000 in 2018), nearly double that of France (201,000) and Germany (201,000), and nearly double that of Spain (171,000) and the United Kingdom (136,000) combined;
2. As of 2020, it was in the top-5 countries worldwide with a **manufacturing surplus** over \$100 billion, and it was the no.2 country in the EU and seventh in the world in terms of manufacturing added value;
3. According to the 2017 Trade Performance Index, in eight sectors out of fourteen it was in the top three places in terms of **competitiveness** and had four of the top ten super-specialized provinces in Europe;

4. It is no.1 in the European Union for number of citations per researcher (average of 17.5 over the period 1996-2019) and, over the last 20 years, no.1 in the world for number of scientific publications;
5. It is no.1 in the European Union for **recycled waste** as a percentage of total waste (79% in 2018 vs. the EU average of 39%) and third among the major countries in the Eurozone for lower greenhouse gas emissions per euro of added value generated;
6. It generates €64.1 billion in **agrifood** added value (2019), three times that of the French and Spanish automotive sectors and more than double the French, German and UK aerospace sectors taken together;
7. It is no.1 in the world for number of **UNESCO** World Heritage Sites (a total of 58 as of 2021) and no. 1 in the European Union for number of nights spent in hotels by foreign tourists (65 million in 2020);
8. It is no. 1 in the European Union for the level of **health** of the population (quality of life, life expectancy at birth, etc.) and for pharmaceutical production (\$34 billion produced in 2017);
9. Between 2011 and 2019 the **deficit/GDP ratio** decreased by -2.6%, compared with -3.7% in France, -4.6% in the United Kingdom and -5.7% in Spain;
10. The net wealth of Italian families is among the highest in the world, equivalent to 8.4 times disposable income in 2017, i.e. 37% higher than that of German families, equal to 6.1 times their income.

Even during the COVID-19 pandemic, once again Italy demonstrated its solidity, spirit of **solidarity** and sense of **responsibility** towards the common good. This was seen, for example, in the €182 million in donations raised in March 2020 by the Emergency Preparedness Agency to handle the crisis, as well as the network of **volunteers**, such as the Red Cross and AUSER volunteers, mobilized to assist the Italians. A significant contribution in handling

the crisis was also provided by **services** to the community: medical and public health services and pharmacies, local public transport (despite the 70% reduction in circulation), large-scale food distribution, logistics, banks and network infrastructure (despite the increase in the volume of traffic, +46.5% on fixed network and +21% on mobile devices between February and March 2020) proved their resilience during the various periods of lockdown.¹

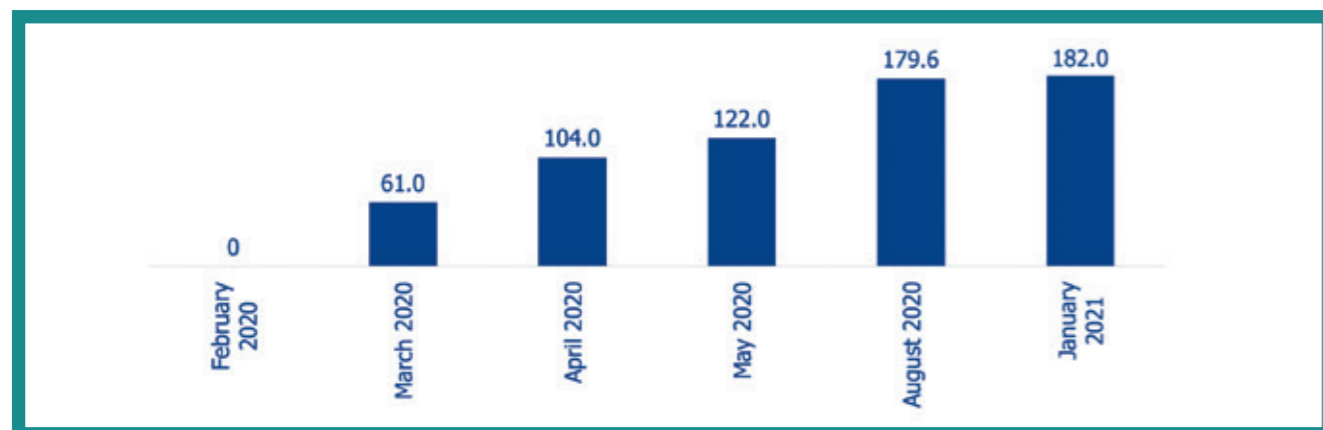


Figure 3.1. Donations raised by the Emergency Preparedness Agency to handle the COVID crisis in Italy* (mln €, cumulative values), February 2020-January 2021**. (*) Emergency Preparedness Agency funds for the purchase of personal protective equipment and sanitary equipment, and for families of healthcare workers who lost their lives during the fight against COVID. (**) Most recent figures available.
Source: The European House – Ambrosetti elaboration of Emergency Preparedness Agency data, 2021

¹ Source: The European House – Ambrosetti elaboration of TIM and AGCOM data, 2021

Within this context, the **Public Administration** also made a contribution. Traditionally, the Italian P.A. has shown itself limited in being able to interact with the public through digital means. In fact, before the emergency, Italy was next-to-last in the EU for share of the public interacting with the P.A. online (only 23% of the population, compared with the EU average of 55% - more than double).

Despite this, in the phase immediately following the spread of the pandemic and the introduction of the lockdown, the Italian P.A. was able to adapt quickly to the new working conditions and as early as beginning of April 2020, over 70% of employees in regional government offices were in “flexible” working mode.²

The nation’s **industrial fabric** also unfurled its full potential by reconverting in an amazingly short time to produce personal protective equipment (from zero masks a day to over 1.4 million in the span of just one month), but also more advanced equipment to serve the community as a whole.³

The resilience of Italy’s productive fabric unquestionably contributed to the excellent recovery of the economic indicators seen in recent months.

In the first six months of 2021, exports settled at €250.1 billion (+5.6% compared with the €236.8 billion in the first six months of 2019), while in July 2021 the industrial production index was 104.7 (seasonally adjusted to 2015=100), higher than the 104.6 registered in January 2020.

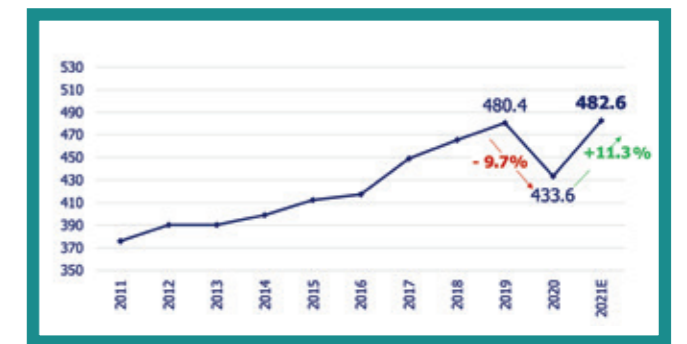


Figure 3.2. Exports (bln €) 2011-2021E.
Source: The European House – Ambrosetti elaboration of ISTAT and SACE data, 2021

And finally, the resilience of the productive fabric is also seen in the **trust capital** given Italian companies during the crisis. In fact, their reputation level rose from 70.6 (out of 100) in January 2020 to 73.7 in December 2020.

If the spectrum is broadened to include the entire country and its economy, in 2020 Italy was in fourth place in terms of reputation among G8 countries, led only by Canada, Japan and Spain.⁴

It is also thanks to this series of reasons that, according to the September findings of the Ambrosetti Club Economic Indicator, the expectations of businessmen for the business environment, employment and investment over the next six months are at an all-time high.

² Source: The European House – Ambrosetti elaboration of the Ministry of Public Administration data, 2020

³ Source: The European House – Ambrosetti elaboration of Invitalia data, 2021.

⁴ Source: The European House – Ambrosetti elaboration of The RepTrak Company data, 2021

Insight – Made in Italy successes in 2021

In 2021, there was multiple evidence that Italy is “Alive and Kicking” and in a number of areas, some examples of which are given here:

Sports: Italy won the Prada Cup (after 20 years), the European championships in men’s football (after 53 years and on penalties on England’s home turf), men’s and women’s volleyball (the latter in Serbia) and women’s cricket. In tennis, after having won the Queen’s Club Championship in London for the first time, it reached (also for the first time), the men’s final in Wimbledon. In Tokyo, it achieved an all-time record of 40 Olympic medals (with historic “firsts” in track and field) and 69 medals in the Paralympics. In cycling it won the Paris-Roubaix (after 22 years), the individual time trial in the men’s world championships and the women’s road race, as well as 8 medals in the bowls world championships.

Media: Italy’s Maneskin won the Eurovision Song Contest and the country was the protagonist of Disney’s latest Pixar film, Luca (set in the Cinque Terre of Liguria and inspired by Sicilian legend of Colapesce). It also attained second place worldwide for number of followers (117.2 million) on the famed social platform TikTok with Khaby Lame.

Agrifood: According to Coldiretti, Italy will reach an all-time record of €52 billion in exports in 2021; consumption in France of mozzarella has exceeded that of French camembert; Ferrari Trento has become the official toast of Formula 1 (for the next three seasons); and Italy also won the world pastry championship.

Source: The European House – Ambrosetti elaboration based on a number of sources, 2021.

3.3 STRUCTURAL PROBLEMS ITALY MUST SOLVE TO BE “FUTURE-READY”

On one hand, as seen above, the pandemic has brought to light the resilience and reactive capacity of Italy and its economy, especially in difficult times. However, on the other, it has made it even more urgent to take action in

a number of **priority areas** which, currently, prevent Italy from being a “Future-Ready” nation. The WPP|The European House – Ambrosetti Advisory Board has identified at least nine of these.



1. Functional illiteracy. Italy is one of the OECD countries with the highest share of the adult population without a high school education - 28% of those between the ages of 25 and 34 (vs. the OECD average of 15%) and 72% of those aged 55-65 (vs. the OECD average of 35%) - and is fourth among OECD countries for adults who have problems correctly understanding information (28% of the adult population).

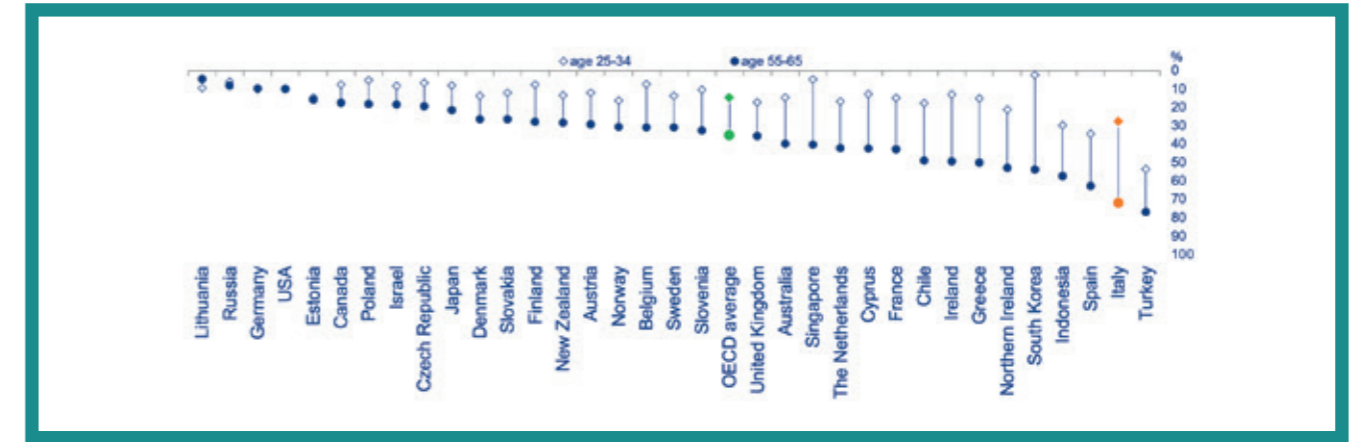


Figure 3.3. Share of population without a high school education (% by age bracket), 2016. Source: The European House – Ambrosetti elaboration of OECD-PIAAC (2016 edition) data, 2021

2. Low digitalization. Italy is ranked 25th in the EU in terms of digitalization of the country according to the European Commission’s Digital Economy and Society Index (DESI), and the main indicators for Ultra Broadband connection rank Italy below the European average (30% Fixed Very High Capacity Networks coverage of Italian families vs. the EU average of 44%, and 13.4% ultra-fast broadband take-up of Italian families vs. the 25.9% EU average).

This lag proved especially significant during the last year when distance learning was used widely. According to an IPSOS survey, nearly 1 youth out of 3 in Italy said at least one classmate did not attend school during the period of distance learning and the lack of an Internet connection was the no. 1 obstacle.

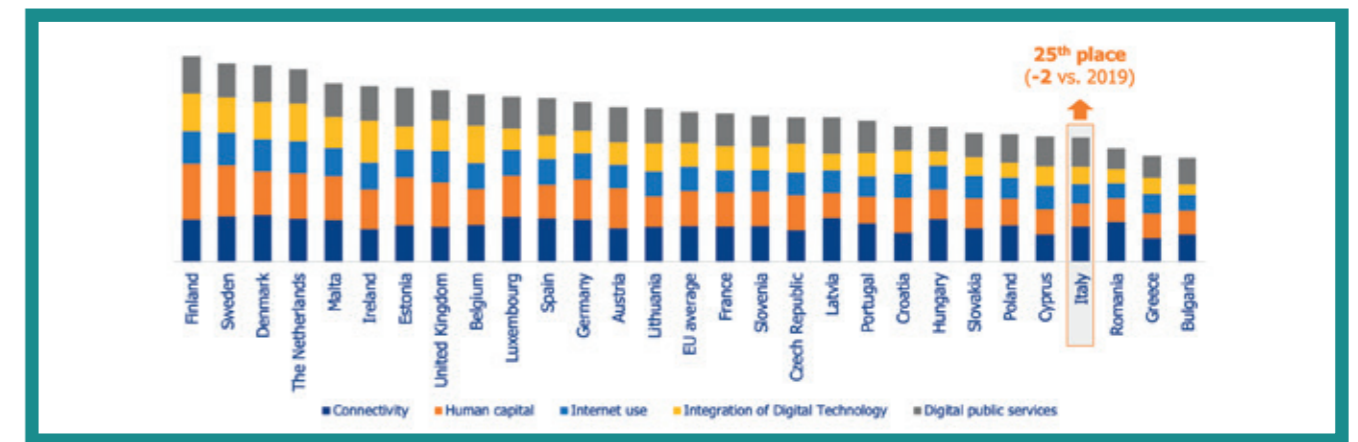


Figure 3.4. Digital Economy and Society Index (DESI) in EU-28 countries (0=minimum, 100=maximum), 2020. Source: The European House – Ambrosetti elaboration of European Commission data, 2021

3. Low productivity. In terms of per capita GDP, Italian productivity has been stagnant for years and has yet to return to the levels of twenty years ago.

From this standpoint, one of the main impediments to long-term, sustainable growth of the Italian economy can be found in the low level of multi-factor productivity (MFP). This involves the residual component of growth not due to variation in work and capital efficacy, but rather managerial method, digitalization, regulatory structure and positive spillover within the economic context.

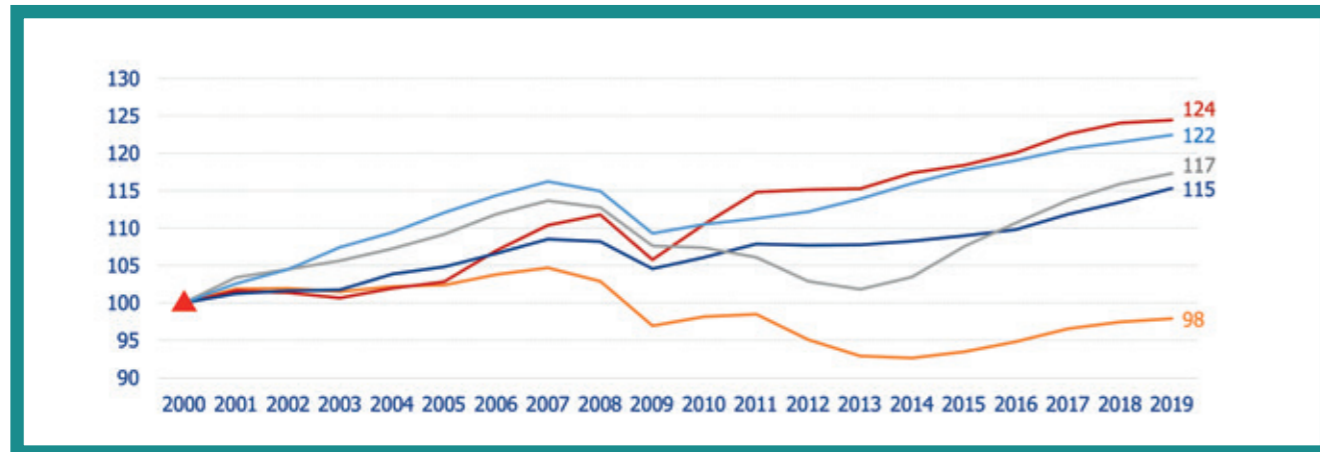


Figure 3.5. Trend in per capita GDP in the European Big-5 countries (base year 2000=100), 2000-2019. Source: *The European House – Ambrosetti elaboration of OECD data, 2021*

4. Low level of university and STEM (Science, Technology, Engineering and Mathematics) graduates. Italy is one of the lowest-ranking European countries for share of university graduates in technical-scientific fields (13.5 per 1,000 inhabitants aged 20-29, compared with the EU-28 average of 19.1) and this leads to greater difficulty for recent graduates in finding employment (in Italy, 53.7% of those who have graduated in the last 3 years have a job, compared with the EU average of 75.7%).



Figure 3.6. STEM graduates in European countries (per 1,000 inhabitants aged 20-29), 2018. Source: *The European House – Ambrosetti elaboration of EUROSTAT data, 2021*

5. Poverty and female and youth unemployment.⁵ In terms of social welfare, Italy is one of the European countries with the highest share of people at-risk of poverty (25.6% compared with 21.4% in the EU-27) and the COVID-19 crisis has increased the number of Italian families in poverty to the highest level ever (5.6 million people, 9.4% of the population). In addition, the emergency has intensified a number of issues

for the weakest components of the job market. The drop in female employment was not only greater than for males (-2.5% vs. -1.5%), but also compared with the drop in France and Germany (-0.4% and -0.1%, respectively) and the EU average (-1.2%). In addition, the decrease in the employment rate (for the same period in 2019) was greater for those aged 15-34 (between -2.6% in the second quarter and -2.2% in the fourth) compared with those aged 35-49 (from -1.5% to -0.8%) and those aged 50-64 (between -0.4% and +0.2%). Also from a European standpoint, among the Big-4 countries, in 2020, Italy was second only to Spain in terms of the reduction in those employed in the 15-34 age bracket (-5.1% compared with 2019, vs. the EU average of -3.0%).



Figure 3.7. Share of population at-risk of poverty or social exclusion (% total), 2019. Source: *The European House – Ambrosetti elaboration of Eurostat data, 2021*

6. Stagnant consumption. Private consumption in Italy has not yet returned to pre-crisis levels, and in 13 years approx. €600 billion have been lost (cumulative value of lack of private consumption compared with 2007 value).

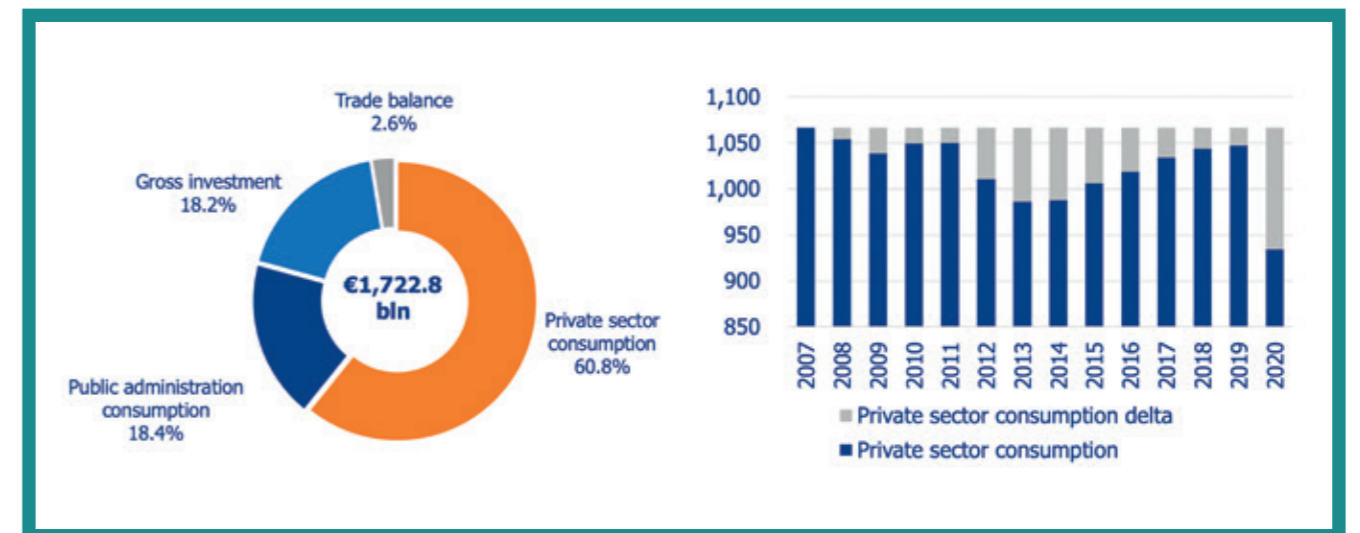


Figure 3.8. Breakdown of GDP (% and absolute value, left graph), 2019; consumption trend in Italy and gap compared with 2007 (bln €, right graph), 2007-2020. Source: *The European House – Ambrosetti elaboration of ISTAT data, 2021*

⁵ A more detailed discussion can be found in: "G20 Business Advisory Board on Female Empowerment", Ambrosetti Club, 2021; "2021 Report", "Welfare, Italia" Think Tank, 2021

7. Small company size. The structure of Italy's productive fabric conceals a structural weakness that impacts on its ability to compete on foreign markets and generate margins. An indication of the financial weakness of small-sized companies can be seen in the impact analysis of **EBITDA on turnover** of Italian companies by revenue class. Smaller companies are, on average, able to generate a value that is 2.5 percentage points below that generated by companies with more than 500 employees.

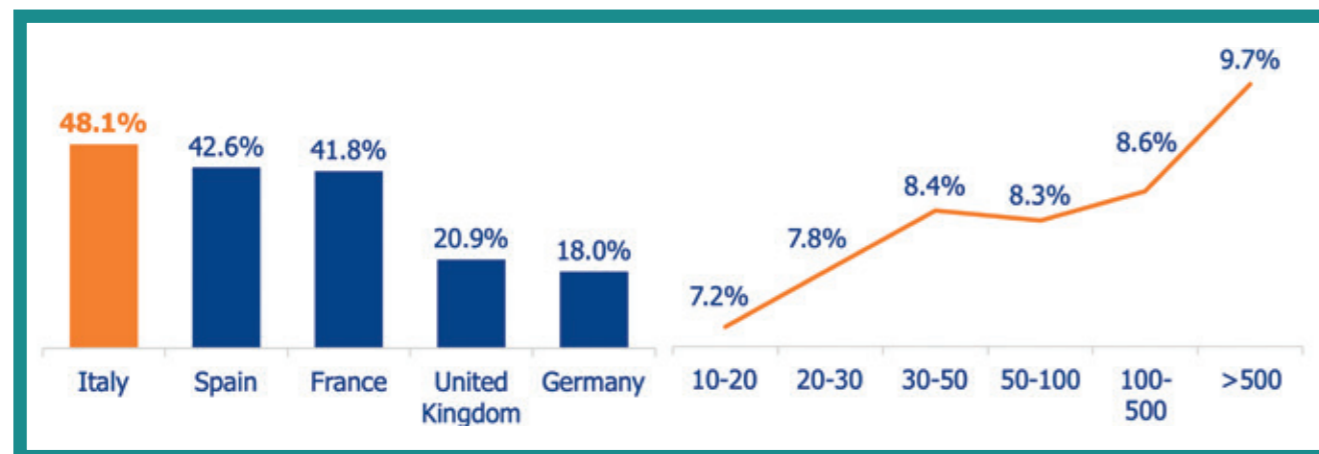


Figure 3.9. Contribution to total turnover of companies with a turnover up to €200 mln (%), 2015; EBITDA of Italian companies by turnover class (% turnover, right graph), 2016.
Source: *The European House – Ambrosetti elaboration of AIDA and Eurostat data, 2021*

8. Ungovernability and bureaucracy.⁶ As already discussed in Chapter 2, Italy is a politically unstable country. In addition to this, there are further problems involving the country's governance, including the conflict between national and regional government (currently, nearly a third of the cases before the Constitutional Court involve distribution of powers), the imbalance between legislative and executive power (nearly 80% of the laws approved during the 18th legislature were initiated by the executive branch) and fragmentation of the P.A. (which has created a hybrid and complex form of multi-level governance) and of bureaucracy (the cost of the productive system deriving from the management of relations with the P.A. is €57.2 billion, which rises to €100 billion if non-payments from the P.A. are included). With improved governance, Italy could aim for multi-factor productivity (MFP) equal to that of Germany (0.68 percentage points), that is, a contribution to average GDP growth of total productivity of 1.44, instead of 0.55. In this scenario, in 2030, Italy's GDP would be €119 billion higher than without a change (baseline), the equivalent of an increase of 7.1%, i.e., per capita GDP of €28,192 instead of the current €26,211.



Figure 3.10. Balance of power between national and regional government: comparison of Italy and France.
Source: *The European House – Ambrosetti elaboration based on a number of sources, 2021*.

⁶ A more detailed discussion can be found in: "Redesigning Italy. Governance Proposals for Changing Italy", Ambrosetti Club, 2021

9. Slowness in the judicial system.⁷ On a European level, for the fifth consecutive year, Italy has ranked no.1 for number of first-level cases pending per 100 inhabitants. At the close of 2019, Italy had 3.72 pending cases per 100 inhabitants, slightly lower (-1.9%) than the 3.79 at the end of 2018, thus confirming the lowering trend begun in 2014. However, although this trend is positive for Italy, the amount is 2.5 times higher than the European average which is 1.47 cases per 100 inhabitants. In this context, the Italian Disposition Time remains the second-highest in Europe at 532 days (compared with the EU average of 258 days).



Figure 3.11. Disposition Time (DT) for civil and commercial cases in first-level litigation in European countries (days), 2019.
Note: Disposition Time is the relationship between pending and resolved cases, multiplied by 365. This indicator provides information regarding how a judicial system is able to handle its case flow and measures, in days, the time required on average to resolve a case at a constant work load.
Source: *The European House – Ambrosetti elaboration of EU Justice Scoreboard data, 2021*

3.4 THE CONTRIBUTION OF THE NRRP IN RELAUNCHING ITALY

One of the key tools that could contribute to making Italy ready for the future is **Next Generation EU**, a series of financing measures and channels whose primary component is the Recovery and Resilience Facility (RRF).

The purpose of the RRF is to allocate aid (€338 billion) and loans (€385.8 billion) to member countries - in addition to REACT-EU (€50.6 billion) and other financing - for a total of €806.9 billion.⁸

Financing for Next Generation EU will be backed by European bonds guaranteed by the European Union, thus confirming the course delineated by this European tool for temporary support to counteract the risk of unemployment in an emergency (SURE) as part of the process of European fiscal integration.⁹

To draw on these resources, member countries had to prepare a detailed plan of reforms and investment - the Recovery and Resilience Plan

⁷ Ibid.

⁸ At current prices, or €750 billion at 2018 prices

⁹ A more detailed discussion can be found in: "A (potential) impetus for relaunching the nation", Next Generation EU Observatory - Ambrosetti Club, 2021

(RRP) - in which at least **37%** of the total financial funding is earmarked for energy transition and **20%** to digital initiatives.

Considering the total funding channeled through the Recovery and Resilience Facility, Italy is the **no.1 beneficiary country** of this tool, with a total of €191.5 billion comprised of aid (€68.9 billion) and loans (€122.6 billion). In comparison, this sum is 2.7 times the amount requested by Spain, 4.8 times the amount

requested by France and 7.4 times the amount requested by Germany. In addition to the **€191.5 billion** are also the €30.6 billion of the National Complementary Fund (with mechanisms comparable to those of the European funds, but without reporting obligations to the EU Commission) and €13 billion through REACT -EU.

The *figure* below clearly shows how Italy is the primary beneficiary of the entire Next Generation framework.

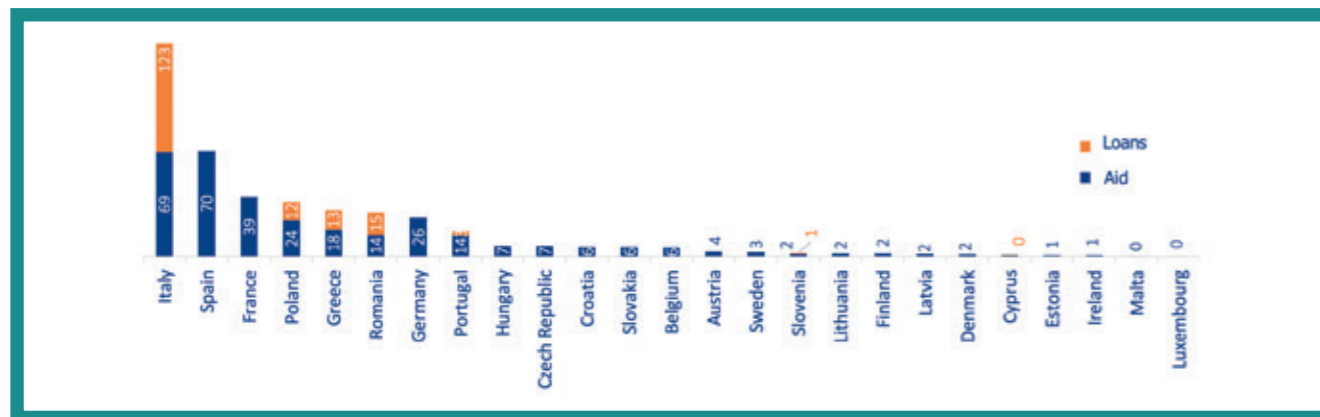


Figure 3.12. Aid and loans to member countries (bln € in current prices). Source: *The European House – Ambrosetti elaboration of European Commission data, 2021*

To explain the seeming contradiction of why certain states have not activated the loan option provided for in the RRF, it should be noted that whether acceding to the European channel is economically favorable or not depends on the interest rate paid by each state.¹⁰

Despite the fact that interest rates are very low throughout Europe, the rates available through the NGEU are higher than those countries such as Germany and France have access to.

Italy received official approval from the European Commission for its National Recovery and Resilience Plan (**NRRP**) on June 22, 2021.

Specifically, it is based on **six missions**: Digitalization, Innovation, Competitiveness,

Culture and Tourism; Green Revolution and Ecological Transition; Infrastructure for Sustainable Mobility; Education and Research; Inclusion and Cohesion; and Health.

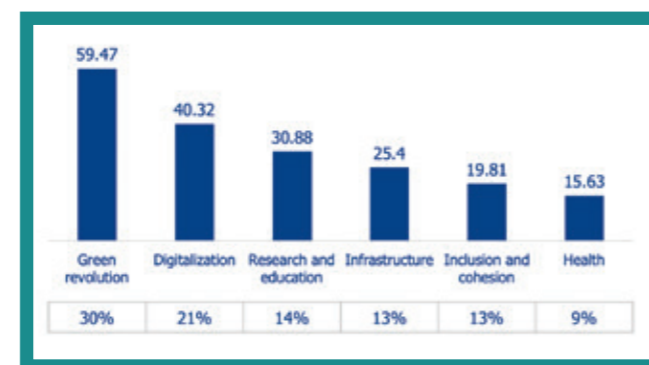


Figure 3.13. Breakdown of the NRRP by mission, in order of funding (bln € and %). Note: REACT-EU and Complementary Fund not included Source: *The European House – Ambrosetti elaboration of National Recovery and Resilience Plan data, 2021*

In implementing the six missions, the various entities must adhere to further **principles** that span all initiatives financed by the Plan: green transition and DNSH (37.5% of total funding), digital transition (25.1%), gender equality, youth and geographical disparities (40%).

This last strategic area is considered fundamental to improving geographical cohesion, aiding economic growth and overcoming deeply-embedded inequalities often accentuated by the pandemic.

Despite the undeniable importance of the funds allocated through the NRRP, the medium/long-term structural impact of the **reform plan** as a whole contained in the NRRP should not be ignored. In fact, the NRRP investment areas are accompanied by three types of reform: horizontal, enabling and sectoral, for a total of 63 reforms to be implemented over the course of the Plan. The two horizontal reforms consist of innovations in the legislation that generate benefits for all of the Plan's missions and involve areas in which Italy is affected by major gaps with its European competitors:

the Public Administration and judicial system. The fourteen enabling reforms could also be considered context-related, i.e., initiatives designed to guarantee implementation of the Plan and remove administrative, regulatory and procedural obstacles that characterize the Italy and its economy. The 47 sectoral reforms, on the other hand, are contained in the individual missions, i.e., initiatives to introduce more efficient regulatory and procedural approaches in specific sectoral contexts.

The NRRP is a **historic opportunity** for the country to create the most ambitious relaunching in the history of the Republic of Italy (even including the Marshall Plan), that must absolutely not be wasted. The WPP|The European House – Ambrosetti Advisory Board therefore posed the question of how the NRRP takes on the structural problems of Italy and its economy (discussed in section 3.2). Emerging from its analysis is how Italy's nine structural problems have been faced, especially in missions 1 (Digitalization), 4 (Education and Research) and 5 (Inclusion and Cohesion) and in the horizontal reforms (P.A., Judiciary, Competition).

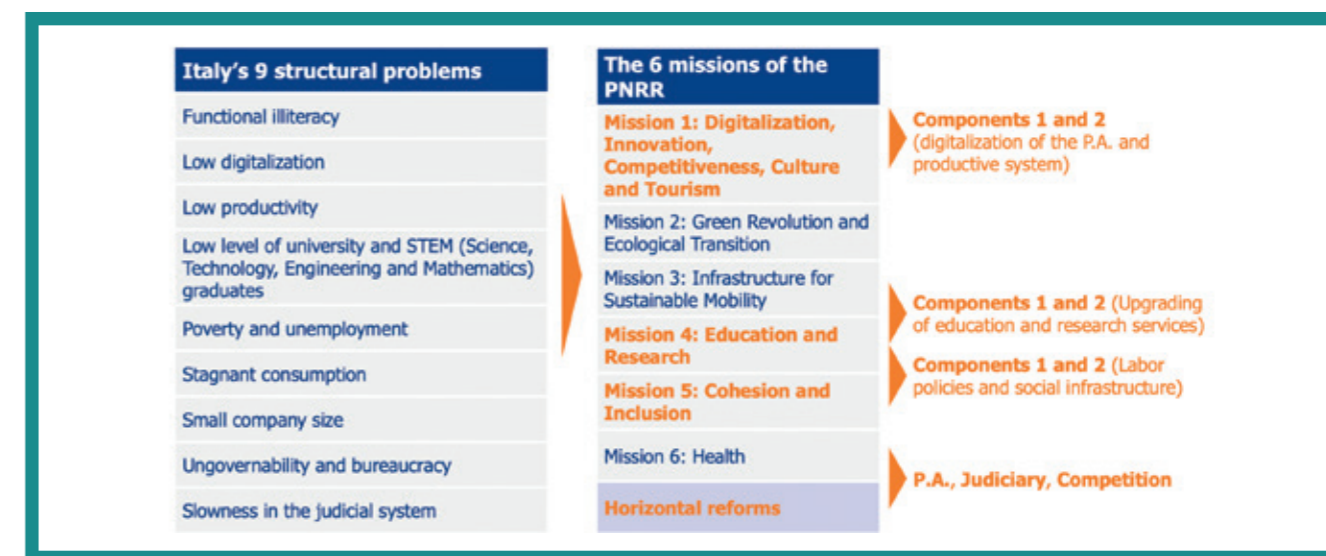


Figure 3.12. Relationship between Italy's 9 structural problems and NRRP missions and reforms. Source: *The European House – Ambrosetti data elaboration, 2021*

¹¹ In terms of RRF regulations, RRF assessment must guarantee that each individual measure (i.e., each reform and each investment) included in the Plan conforms to the principle of "do no significant harm" (DNSH)

¹² National Recovery and Resilience Plan timetable

¹³ The total amount of the NRRP for Italy - €235 billion (14.2% of Italian GDP in 2020) - is greater than that received from the Marshall Plan, which was \$130 billion at current prices (8.3% of Italian GDP in 1948).

Starting from the impact assessments contained in the official NRRP document, three scenarios for implementing the Plan were developed by projecting the trend of a number of macroeconomic variables:

- α **Future-Ready** scenario that corresponds to the full implementation of all investments and all horizontal reforms (P.A., judiciary, competition) provided for in the NRRP;
- α **Future-Partly-Ready** scenario in which the reforms and investments aimed at taking on the nine priority areas identified by the WPP|The European House – Ambrosetti Advisory Board are not realized;
 - o specifically, in this scenario, Components 1 and 2 of Mission 1 (digitalization of the P.A. and productive system), Components 1 and 2 of Mission 4 (upgrading of education and research services), Components 1 and 2 of Mission 5 (labor and social infrastructure policies) and the horizontal reforms (P.A., judiciary, competition) are not implemented;
- α **tendential scenario** in which the pre-NRRP forecasted trend is maintained.

According to these hypotheses, only the Future-Ready scenario would make it possible to soon return to pre-COVID GDP levels (between 2022 and 2023). Over the long term (2030), full implementation of the NRRP could contribute to GDP levels that are 5.7% higher compared to the tendential scenario (€1.902 billion in 2015 constant prices vs. €1.799 billion), while this gap would decrease to 1.3% if we are unable to intervene in the country's structural problems (Partly-Ready scenario).

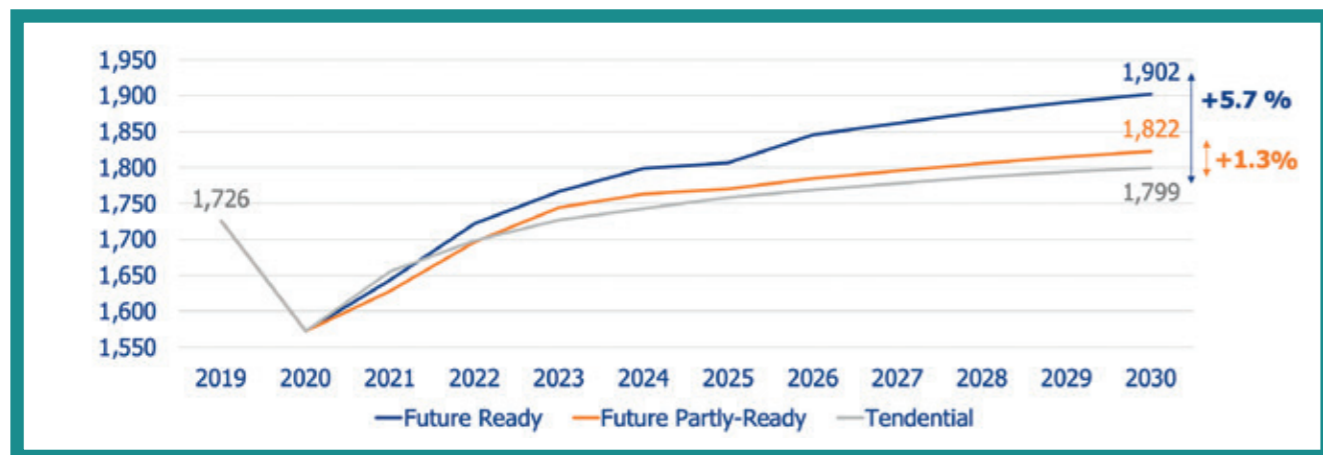


Figure 3.15. Trend in Italian real GDP (bln €, 2015 constant prices), 2019-2030E.
Source: The European House – Ambrosetti elaboration of National Recovery and Resilience Plan data, 2021

This level of recovery would also be capable of generating significant improvement in labor **productivity** in Italy which, historically, has been stagnant.

Assuming a constant labor force stock over the next ten years with 2010=100 (and considering that in 2019 the value was 98.7), the increase in GDP due to full implementation of the NRRP could lead to a level of labor productivity in 2030 of 111.2 (compared with 106.5 in the Partly-Ready scenario and 105.2 in the tendential).

In terms of household **consumption** which has also been stagnant since the 2008 crisis, full implementation of the NRRP would have a positive impact, returning consumption to pre-COVID levels (between 2023 and 2024) and achieving levels that are higher by 6.9% by 2030, compared with the tendential scenario. Again here, failing to act on Italy's priority

areas would mean remaining virtually enmired in the past (+1.3% in the Partly-Ready scenario compared with the tendential scenario).

In terms of **employment**, the European Commission estimates that full implementation of NRRP measures will be capable of creating 240,000 additional jobs in Italy by 2026.¹⁴

If this increase is applied to the number of those employed in the 15-64 age bracket (22.2 million in 2020), the employment rate could increase by about 0.6 percentage points (with the reference population remaining constant, i.e., 38.3 million), to reach 58.7% in 2026.

However, this slight increase would not be sufficient to raise Italy from the next-to-last position in the EU in terms of the employment rate (keeping the employment rate of the other countries constant in relation to the 2020 level).



Figure 3.16. Trend in Italian real GDP (bln €, 2015 constant prices), 2019-2030E.
Source: The European House – Ambrosetti elaboration of National Recovery and Resilience Plan data, 2021

¹⁴ This estimate does not consider the impact of the reforms. Source: Commission Staff Working Document: Analysis of the recovery and resilience plan of Italy

In terms of the other priority areas, it should be noted that the NRRP goals for **digitalization** are in line with the 2030 targets of the EU Digital Compass.

The Plan affects key aspects of the social-economic system, such as connectivity for the public, businesses and the P.A., modernization of the P.A. and promotion of cultural heritage and tourism.

The majority of projects related to the country's digitalization are contained in Mission 1, "Digitalization, Innovation, Competitiveness, Culture and Tourism", for which €40.3 billion have been allocated, i.e., 21.2% of the total (the second-highest amount after that assigned to Mission 2 for the green transition).

Looking beyond Mission 1, the NRRP assigns 25% of total resources - €59 billion - to the **digital transition**. In fact, digitalization

involves not only the projects in Mission 1, but also the "transversal" projects which, although they involve other missions, come under the general heading of the digital transition.

Despite the fact that the major investments in digitalization and innovation are contained in Mission 1, digitalization represents a transversal necessity.

Among the major European countries (Germany, Spain and France), Italy is the one that allocates, in terms of absolute value, the highest amount to the digital transition, while it is in third place (after Germany and Spain) in terms of this value in relation to total Plan funding.

These measures are a priority given how Italy lags behind: fourth-to-last in the Digital Economy and Society Index (DESI) and last place in terms of Human Capital.

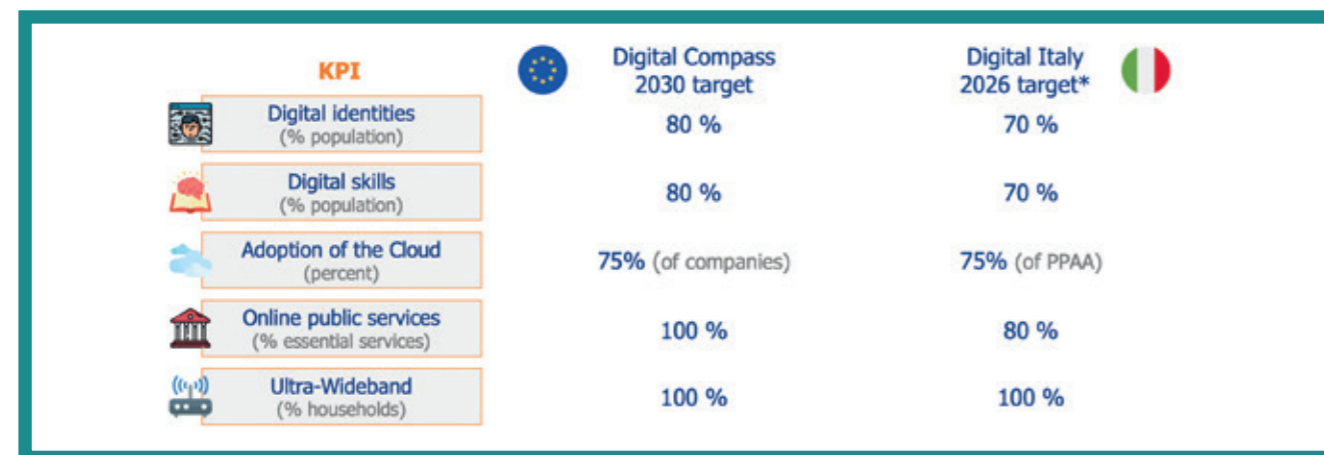


Figure 3.17. Goals of the Digital Compass 2030 and Digital Italy 2026.

Source: The European House – Ambrosetti elaboration based on the presentation of Italian Minister for Technological Innovation and Digital Transition Vittorio Colao to the State-Regions Conference on April 14, 2021, 2021

Finally, in terms of the **judiciary**, the measures contained in the NRRP should generate a 40% reduction in Disposition Time for civil cases and 25% for penal cases, although this might not be sufficient to shift Italy from the no.1 position in Europe for Disposition Time in the three levels of

judgment. From the estimates outlined, it can be seen that the NRRP is a "sliding door" for the future of Italy and shows how any type of scenario that falls short of the results expected from the "Future-Ready" scenario will prevent the country from making a net and definitive

leap forward that will deprive it of its future prospects and, in fact, increase its debt load.

Therefore, understanding the conditions that enable the Plan's efficient implementation is fundamental. Among the key points is unquestionably the **implementation capacity** of the Public Administration, judiciary and competition rules.

The NRRP reforms connected to these areas will not only impact on a number of macroeconomic variables, but also on the ability itself to implement the NRRP and, therefore, the overall effects of the Plan's missions. For example, analyzing the

most recent European economic planning cycle (2014-2020), it can be seen that Italy was one of the European countries least-able to make full use of the European resources available to it. In that period, Italy utilized only 50.8% of its available resources, 15.3 p.p. less than France (66.1%) and 11.1 p.p. less than Germany (61.9%).

As has also been noted by a number of institutional representatives, this inefficiency is a source of major preoccupation among European institutions, even more so considering the fact that the NRRP resources are higher and with a shorter implementation period (by 2026) compared with traditional lines of European financing.



Figure 3.18. Use of European regional development funds (ratio of use to available resources), 2014-2020. Source: The European House – Ambrosetti elaboration of OpenCoesione data, 2021

¹⁵ For example, see the remarks by Carlo Corazza, European Parliament Liaison Office Head in Italy ("Italia finalino di coda in capacità di spesa fondi comunitari: su quali leve intervenire per invertire la rotta e non perdere occasione Recovery?", Centro Studi Enti Locali, May 6, 2021), Ruth Paserman, Director, DG for Employment, Social Affairs and Inclusion of the European Commission ("Quale modello di welfare nel PNRR", Think Tank "Welfare, Italia", 2021), and Andrea Cozzolino, Member of the European Parliament in charge of European funds ("PNRR, Cozzolino: enorme flusso di risorse pubbliche verso Italia e Sud", La Stampa, October 6, 2021)

CHAPTER 4

The role of communications in tomorrow's world/ Generating value and cultural change

4.1 THE STRATEGIC VISION FOR RELAUNCHING ITALY

Before identifying and describing the proposals regarding the role of communications in supporting the relaunching of Italy, it is important to define **a clear and successful strategic vision** that can accompany the country in choosing and implementing guidelines.

In fact, relaunching Italy implies the definition of a **medium/long-term vision built on values of what it means to "be Italian"**, to be able to transcend the current emergency and prepare the country for the challenges of the future.

The previous chapter highlighted the ten reasons for which Italy is "alive and kicking" and it is precisely from these that it is important to build a national vision. It is also important to remember that Italy is, today, a **"cultural superpower"** that is associated - including on an international level - with tangible and intangible aspects connected with the "art of good living" (food, tourism, fashion, etc.).



Figure 4.1. Terms most-frequently associated with Italy abroad.
Source: *The European House* – Ambrosetti elaboration of Google Trends data, 2021

In addition, Italy is a global leader in many other areas that are less-known abroad, but on which communications can have an important impact so they can be fully recognized. Specifically, Italy is:

- the no.2 country in the world for value of **machinery and automation exports** (second to Germany);
- the no.1 producer of **ceramic tiles** in Europe (85% of revenues from exports);
- the no.3 country in the world for **helicopter** exports;
- among the leaders in Europe in the **fashion sector**, generating 1/3 of added value in the sector in the EU (4 times that of France and 3 times that of Germany);
- no.2 in the world for trade surplus and no.1 in Europe for value of exports in the **furnishings** sector;
- the no.1 country in the world for **make-up** production (55% of the global market);
- the no.1 country in the world for **yacht** production, with over 40% of global orders.

But why are these distinctive areas of expertise not sufficiently promoted?

The starting point lies in Italy's complexity which is reflected in the frequent difficulties experienced by the Made in Italy brands in communicating their unique features in the most culturally distant markets and populations.

To quantify this attitude (and how it has changed over time) regarding the perception of Italy and its brands, it is useful to look at the results of the **BrandAsset Valuator**, a WPP proprietary methodology, that is the most

extensive multi-brand study in the world: 30,000 brands studied, of which 500 are global brands, with findings on 48 brand attributes and over a period of more than 25 years.

The study found that in 2011, Italians perceived the **country brand to be in good health**, with a high level of "strength" (differentiation and relevance) and "stature" (esteem and familiarity). However, in 2019, Italians suffered a **drop in self-esteem** due to less confidence in performance, in leadership ability and reliability (already low), despite an increase in the self-perception of quality and good health.



Figure 4.2. BrandAsset Valuator of Italy (from the perception of Italians), 2011-2019. Source: The European House – Ambrosetti elaboration of WPP data, 2021

Examining the perception of the Italy brand abroad, there are clear discrepancies. For example, in the case of the perception in **France**, there is a consolidated sense of low esteem (low leadership ability, quality, reliability), also accompanied in recent years by a drop in familiarity.

In other words, the French are seeing less of Italians and, therefore, know them less. In terms of **Germany**, the Germans see Italians as perhaps less innovative than in the past, but more mature, cool and approachable. An interesting statistic involves the fact that Germans consider Italians more leaders than

Italians consider themselves, but at a lower premium and quality. In the **United States**, Americans seem to know and esteem the Italy brand, but the worsening of different attributes (including leadership, creativity and social responsibility), especially among younger people, is causing a vertical drop in differentiation and relevance, compared with 2011.

Analysis of perception in **China** shows a certain fuzziness. Italy is seen by the Chinese as a country which, in general, is solid and friendly, but higher-performing and decidedly less-glamorous than Italians believe themselves to be, resulting in a drop in strength and stature.

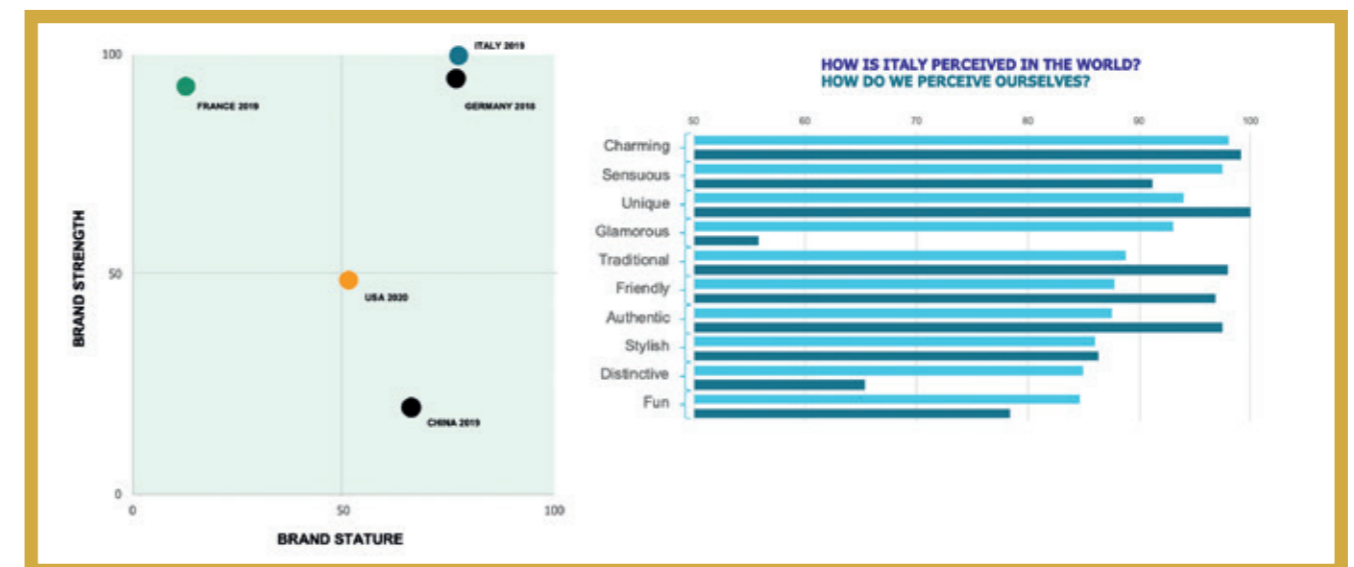


Figure 4.3. BrandAsset Valuator of Italy (as seen from abroad), 2011-2019. Source: The European House – Ambrosetti elaboration of WPP data, 2021

Overall, these differences in perception implicate the necessity to manage the stereotypes connected with Italy. Are a lust for life, glamor and sensuousness, style and beauty still valid attributes to describe the country abroad, for a global audience undergoing transformation? The effort to be made is that of talking about Italy in a **balanced** way, that is, avoiding, on one hand, the clichés about the Italian character (sometimes fed by Italian brands) and, on the other, the sophistication Italians normally attribute themselves (and which often results in being incomprehensible). Given the myriad distinctive qualities to be found in Italy, **originality** is a route that could be successful, if taken on with the

right communications strategy and vision by communicating its uniqueness in a way that is comprehensible and not banal.

An **inclusive strategic vision** proposal for Italy developed by the WPP|The European House – Ambrosetti Advisory Board, and one capable of enriching the vast majority of Italian sectors, is the following: "To be THE country of reference in developing excellences to allow the world to live better." This vision was born of the idea to capitalize on the culture and values of excellence of Italy's quality of life and make these the lifeblood that provides **competitiveness** to the vast majority of activities in Italy that are still virtually unknown and unfamiliar to those abroad.

4.2 THE PROPOSALS FOR THE ROLE OF COMMUNICATIONS IN CONTRIBUTING TO RELAUNCHING ITALY

In light of the country vision proposed, the WPP|The European House – Ambrosetti Advisory Board has identified **four proposals** for the communications sector to reinforce

the image and brand of Italy and support its relaunching, including economically.

Specifically, these proposals are:

1. **Invest sufficiently in communications to guarantee a critical mass with an impact.**
2. From the earliest grades, **create awareness-raising activities** about the importance of **correct communications**, including what is communicated about one's own **country**.
3. Foster **greater collaboration** among players involved in promoting tourism in the country to overcome fragmentation and communicate a more modern and inclusive **vision of the Italy brand**.
4. Capitalize on the NRRP as a **"once in a generation opportunity"** for Italy by underscoring the importance of the contribution of the entire social-economic fabric, including through **special communications campaigns**.

4.2.1 INVEST SUFFICIENTLY IN COMMUNICATIONS TO GUARANTEE A CRITICAL MASS WITH AN IMPACT.

This is the moment to take action regarding communications to relaunch the country, starting from the positive news that makes it possible to speak about Italy with optimism. For example, in 2020 Italy was the **no.2 country** in the G8 with the lowest drop in exports and the no.1 country in terms of the best start in 2021 (+3% compared with 2019).

Now, as global trade is getting underway once again (already above pre-COVID levels, with estimates of +8.9% in 2021 and +6.4% in 2022), as mentioned earlier, a key question for Italy is perception, both internal and external. Therefore,

it is important to work in parallel on two channels using **targeted communications campaigns** - including with international reach - that are planned and supported by the public sector in conjunction with private sector communications players and the nation's key sectors for international promotion.

An important area for investment in promoting the country, especially internationally, are **digital channels**, which are absolutely necessary for reaching all countries throughout the world and also gaining commercial access to certain markets (e.g., China).

Insight – Switzerland's international communications strategy

Switzerland has developed a four-year strategic plan to define the key and distinctive elements of the communications strategy to promote the country abroad. Specifically, the country's communications strategy was structured to be in synergy with its **foreign policy strategy** and it identified four priority themes and three priority geographical areas. The goal of its international communications is based on guidelines to promote Switzerland's image abroad. The government has officially recognized that **international communications contributes to promoting a positive and differentiated perception** of the country and it provides support to interests abroad through public relations tools.

Therefore, over the period 2021-2024, Switzerland's international communications will concentrate on innovation, the economy, Swiss-European relations, finance and sustainability.

Switzerland has selected these areas because it believes they are able to improve Switzerland's image as a nation that is innovative, competitive, solid and responsible, with a high quality of life and an interesting economic marketplace.

The campaigns, which combine a range of communications initiatives and branding aimed at reinforcing the Swiss brand, have been created through collaboration between **public and private sector partners** that have an equal impact on the perception of Switzerland and include the specific sectors of politics, the economy, education, research and innovation, tourism, sports and culture.

Source: The European House – Ambrosetti elaboration of the Swiss government's "International Communications Strategy 2021-2024", 2021.

These investments can also have positive and significant spin-offs on Italy's foreign policy by contributing to increasing the country's "diplomatic power" and attracting **foreign direct investment** for activities with **high added value** which would have the potential of making a significant impact in terms of innovation and profitability and thus make a greater contribution to developing regional value chains. This contribution is extremely important if we consider that the average FDI flows into Italy for the last three years were lower than those going to France and Spain, and half of those to Germany.

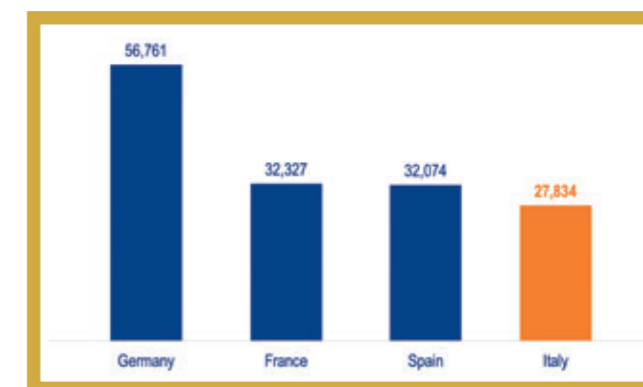


Figure 4.4. Foreign Direct Investment in major EU countries (mln \$), average 2017-2019. Source: The European House – Ambrosetti elaboration of UNCTAD data, 2020

In addition, good communications can also influence reshoring policies that have returned to the center of attention of Italian businesses abroad and government and institutions following the reconfiguration of value chains due to difficulties during COVID-19 and, in recent months, with the increase in the cost of raw materials.

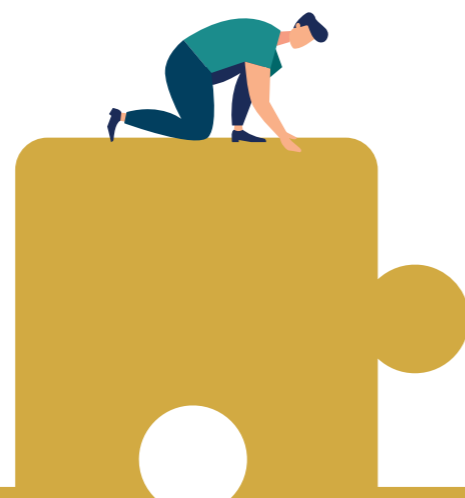
In fact, the COVID-19 crisis has highlighted the weakness caused by dependence on a small number of (often distant) suppliers and the use of corporate models designed to minimize warehoused merchandise as part of a “fast production” approach.

These production policies, meant to minimize costs, have shown themselves to be vulnerable when a link in the supply chain breaks.

It is reasonable to think, therefore, that we will see the **spread of logistical hubs on a regional level**

to create flexible and adaptable supply chains. Communications must give a fundamental contribution to this by **promoting** local economic and fiscal opportunities (in the broadest sense),¹ Italian know-how and the nation’s credibility in the eyes of investors.

However, all this must be supported by major modernization initiatives and development of other assets that make a country attractive (first-and-foremost, infrastructure).



Insight – The communications “rules” for promoting a geographic area abroad: the Dutch example

Among the branding campaigns that have made the greatest contribution to transforming and promoting a geographical area, “**I amsterdam**” must certainly be mentioned, the project of the capital of the Netherlands launched in 2004 to counteract the city’s decline. The goal of the campaign, which was accompanied by major structural initiatives, was to change popular perception of Amsterdam to have it become an ideal place to live and work.

Among the various initiatives, the city undertook major investment in the creation of economic clusters and ecosystems (e.g., “valleys”), not just in high-tech, but across a range of sectors, thus succeeding in transforming itself into an area attractive to **foreign talent and young companies**.

Overall, the success of Amsterdam and the Netherlands in attracting foreign investment can be traced to three factors: an advantageous tax system, the presence of Internet nodes to guarantee high connectivity and cultural openness (to new opportunities, languages, etc.).

Source: The European House – Ambrosetti elaboration of Dutch Government data, 2021.

¹ The Special Economic Zones (SEZ) - the areas within which companies already operating or recently settled - can take advantage of tax breaks or simplified of bureaucratic red tape, are just an example.

4.2.2 FROM THE EARLIEST GRADES, CREATE AWARENESS-RAISING ACTIVITIES ABOUT THE IMPORTANCE OF CORRECT COMMUNICATIONS, INCLUDING WHAT IS COMMUNICATED ABOUT ONE’S OWN COUNTRY.

The commitment to promote a correct image of Italy (in an era in which social networks are constantly exposing us to information sources which we ourselves could be the authors), is entrusted not only to communications firms and strategic government planning, but is also something that falls into the sphere of responsibility of each of us.

For this, we must conceive of cultural responses designed to provide a description of Italy that is “**lucid and affectionate**”, for example, through **communications education** initiatives, first-and-foremost for the younger generations, starting during the school years, to make them aware of the value of “being Italian”. Thinking about the motives for being Italian means embarking on a profound process of discovering their strengths and weaknesses and transforming them into a means for change and growth, both personal and social.

At the same time, there is also an aspect connected to communications in a more specific sense, which requires **training about communications and how to communicate**. One of the key points to consider is certainly

that of the new means of communication, such as social media, that have profoundly changed the ways of communicating. Added to this is the need to spread greater awareness, both among companies and government and institutions, about the relevance of communications as a necessary tool for development, competitiveness and correct positioning.

But, as already noted, communications involves both form and content. These two aspects require important action to also educate and instruct the younger generations.

For this, we propose to introduce from the earliest grades, an educational process for Italian children involving **teaching and awareness-raising** about the importance of “knowing how to communicate” and selecting the right information to do this. At the same time, we suggest that a broad-based, long-term communications campaign be created that utilizes a number of channels (TV, print media, radio, social media, etc.) and covers the negative effects of bad communications based on languages and fake news that contribute to worsening the self-perception and image of Italy abroad.

4.2.3 FOSTER GREATER COLLABORATION AMONG PLAYERS INVOLVED IN PROMOTING TOURISM IN THE COUNTRY TO OVERCOME FRAGMENTATION AND COMMUNICATE A MORE MODERN AND INCLUSIVE VISION OF THE ITALY BRAND.

A third area involves the **ability to create a systemic approach**, an area in which Italy has always been active to boost the efficacy of the efforts of all players involved and guarantee “a unified product” abroad. Reform of the coordination of foreign trade has created order in the relations among the various players and has made things simpler (also thanks to a

single portal which is fundamental, above all, for newcomer companies), but there is still room for improvement. For example, while with the regions it has been possible to create export agreements, this has not been the case with tourism.

For this, we suggest that **Spain** be used as a case study, *described in the box below*.

Insight – Promotion of the tourism sector in Spain

As in Italy, tourism in Spain is also a strategic sector for competitiveness, not just from an economic and employment standpoint, but also in terms of the international projection and positioning of the country brand because it is a “calling card” and therefore a driving force for further growth. According to the most recent data, it generates about 12% of GDP, also thanks to the contribution of 84 million international tourists (in 2019).

To respond to the paralysis in the sector caused by the pandemic, in 2020, **Tourism Espana** adopted a strategy aimed at assuring that companies in the tourist sector were prepared to receive tourists and guarantee their security through **22 good practice guidelines** prepared with the Spanish Tourism Quality Institute and using the “Safe Tourism” seal for companies adhering to the good practices, as well as the “Travel Safe” informational website.

In 2021, the strategy was aimed at spreading the security standards for Spanish tourism on an international level, while in terms of demand, the goal was that of maintaining Spain’s reputation as a tourism destination and the emotional ties between tourists and the country through a number of high-impact campaigns (e.g., “Spain Awaits You”, see below, and then, with the lightening of restrictions, “Back to Spain”, “Back to Canary Island” and “You Deserve the Balearic Islands”).

In May 2021, the “**You Deserve Spain**” campaign was launched to respond to the demand for domestic tourism seen in the principal and secondary markets. It utilized strategies aimed at identifying the travel experience with positive emotional feelings. The markets, selected on the basis of a range of criteria (tourist expenditure, reasons for travel, flight searches, vaccination, airline capacity) were Germany, Belgium, Italy, Poland, the United Kingdom, the Netherlands and Sweden, to which were connected demand segments and types of destinations (e.g., sun and sea, nature and inland areas, urban areas).

The Strategic Marketing Plan 2021-2024 was developed around a positioning study which made it possible to define strong and weak points, as well as Spain’s international positioning opportunities and risks.

- Its strong points include competitive leadership, natural and cultural resources, know-how, beaches and climate, and the airport network and connectivity.
- The weak points include the predominance of sun and beaches, an image of standardization and low connectivity and positioning in distant markets.
- Opportunities include the rapid recovery of nearby markets, transformation of the sector, positioning as a nature and cultural destination, development of an image of a secure destination, and increase in the market share of distant markets.
- The risks are connected to uncertainty of how the pandemic will evolve, new tourist behaviors, promotion of tourism in the markets of origin, late recovery in distant markets, and strengthening of emerging competitor destinations.



This way, the short-term strategy foresees the recovery of quality demand in which Spain is well-positioned, with an eye on the United Kingdom. In the medium-term, the goal is to identify and attract **profitable tourism** that contributes to the social sustainability (through distribution of tourist flows, combating the depopulation of rural areas, regeneration and revitalization, etc.), environmental sustainability (associated with the Spain brand) and economic sustainability (promotion of a product with high added value and tourists with high average expenditure) of the destination.

Among the most powerful promotion tools are **agreements with the airline companies** to support air connectivity, and joint advertising initiatives and marketing support in their respective markets.

One of the cornerstones of the strategy is improvement in the **tourism knowledge and “intelligence” model**, using indicators, data and information in real time to predict scenarios and behavior.

It is based on analysis and attention to international demand and its predictive behavior, carried out using the Covid Monitor and dynamic panels that collate statistical information about tourism from various sources.

Spain’s branding strategy, which uses advanced digital tools for territorial inclusiveness, is producing results, also because it has been able to **overcome the traditional complexity and fragmentation of the system** (similar to Italy’s). In fact, regional tourist bodies have adhered to the Spain brand because they understood that promoting the Spain brand overall creates benefits for all regional brands.

Source: The European House - Ambrosetti elaboration of Spanish government data, 2021.

4.2.4 CAPITALIZE ON THE NRRP AS A “ONCE IN A GENERATION OPPORTUNITY” FOR ITALY BY UNDERSCORING THE IMPORTANCE OF THE CONTRIBUTION OF THE ENTIRE SOCIAL-ECONOMIC FABRIC, INCLUDING THROUGH SPECIAL COMMUNICATIONS CAMPAIGNS.

One of the key instruments that could contribute to the recovery and relaunching of Italy is **Next Generation EU**, the €750 billion financial support package approved by the European Commission. Italy is the major beneficiary of the EU funds and, according to the National Recovery and Resilience Plan (NRRP) submitted by the Italian government to the European Commission in May 2020, the total amount will be about **€191.5 billion**, to be used for investments and reforms between 2021 and 2026.²

It is a historic opportunity for Italy to effect the **most ambitious relaunching in the history** of the Republic of Italy (after the Marshall Plan) that must absolutely not be wasted. From the standpoint of communications, a **narrative**

must be adopted that transmits the inevitability and uniqueness of this moment (there will be no second chance), that highlights why Italy is able to accomplish it (Italian history is filled with examples which demonstrate that in certain complicated circumstances and conditions, Italians rise to the occasion), and that imagines an **end scenario**: what Italy will be like in 2026 (when the implementation period of the NRRP will have concluded) if the opportunity offered by Next Generation EU is taken advantage of fully?

And if we take a longer view - given that the goal is to trigger a structural change in the country's development prospects - what will Italy be like in **2050** (nearly 25 years after the NRRP has ended)? For those born in 2026, at

age 25, what Italy will they have before them? An Italy that is “future ready”, that was able to take advantage of the opportunity offered by Next Generation EU, or an Italy that was not able to overcome its structural problem?

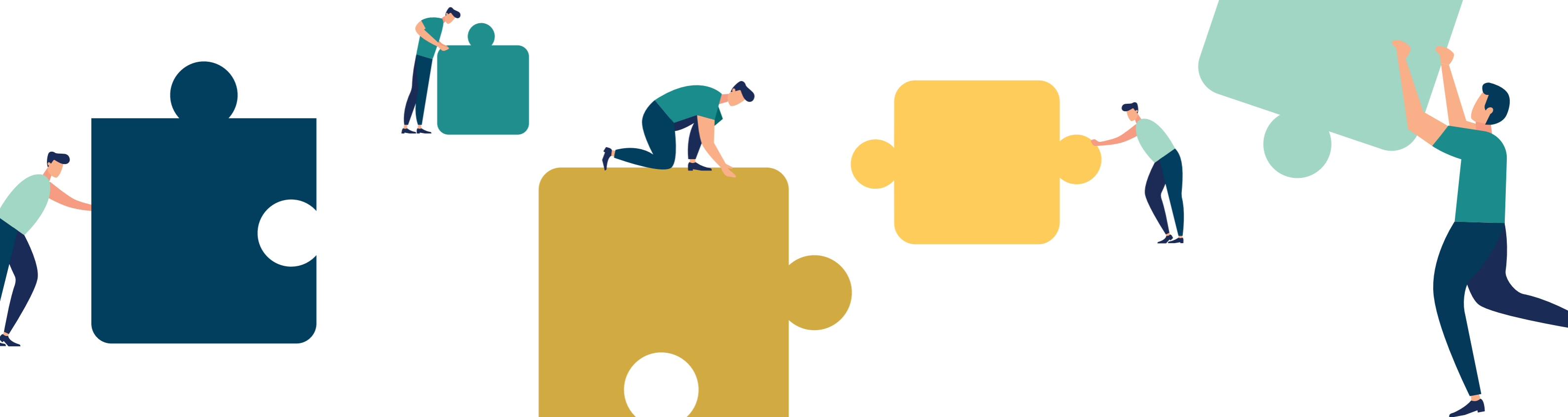
Or would they find themselves in another country to build their own future, away from an Italy still tormented by a lack of prospects for young people?

To build this narrative, but more generally to understand where to focus this vision of Italy, the voices of the younger generation must be heard: how do they see the structural problems of Italy (including aging)?

How do they see Italy in this historic juncture?

How would they like to see it in the near future?

To be able to communicate to government and institutions, businesses and the public the importance of grasping the opportunity offered by the NRRP, we suggest that a **special communications campaign** with the guideline questions posed above be created, capable of impacting and “reaching the hearts” of key stakeholders.



² For additional information: Ambrosetti Club study - “A (potential) impetus for relaunching the nation”, Next Generation EU Observatory, 2021



The European House

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