Chapter III

Small and Medium Enterprise Clusters: Marketing and Communication Management

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Abstract

Small and medium enterprise clusters can get consistent benefits from a specific joint marketing and communication strategy. This chapter intends to identify, describe, and interpret motivations and factors that influence a cluster-collective promotion strategy. It also identifies and describes possible operational tools that can be adopted by cluster metamanagement organizations with a specific focus on collective brands introduction and management.
Introduction

International economic environment has been living a constant economic, social, political, technical, and technological evolution. Apart from country-specific factors, global competition rules and dynamics have become harder and particularly selective for small and medium enterprises. Global hypercompetition has brought upon the business arena a massive group of new competitors from countries (e.g., the Asiatic ones) that exploit their social, economic, and regulatory differences and, thus, lower wages and the cost of labor, social costs, and the like, and impose price-competition dynamics that are difficult for firms in other countries to compete with.

This becomes particularly evident in traditional labor-intensive manufacturing sectors such as textiles, garments, and footwear, which suffer particularly from enlarged competition. In these sectors, product imitation (e.g., product and packaging counterfeiting) is easier. This kind of unfair competition, made through an illegal appropriation of the firms’ brand names, extensively damages them.

Markets also have changed. Consumers change, and their desires and behaviors evolve, which changes their buying patterns. They have easier access to goods produced in other countries, and production places become far from the consumption ones. The growing amount of information and selection alternatives, always more accessible (often directly from producers through the Internet) and tailor-made, have made consumers more and more proactive, informed, and demanding.

Firms have to live in this environment and must adapt to it. They have to respond to these changes by revisiting their value chains and the sources of their specific competitive advantages. This means that they have to check and critically analyze processes, logics, and places of implementation for each operation in a metanational perspective (Doz, Santos & Williamson, 2001). Firms have to decide which role to play in their international game—leader, partner, satellite firm, or independent marginal player—and make their corporate and product strategies fit this role. For those who aim to become or confirm themselves as leaders or partners and also for those who want to survive in a more competitive scenario as satellite firms or independent marginal players, the word is the same: innovation.

The need for innovation requires firms to operate mainly upon two areas (Zanni & Labory, 2002):

1. Productive technologies and products by investing in R&D, new cost reducing or quality improving technologies, design, materials, lines, and processes.
2. Internal and international marketing strategies, specifically:
   • Their communication strategy, choosing a distinctive strategic positioning and building a strong, recognizable brand and corporate image;
   • Their distribution strategy through better control of networks and channels.

Investments in order to get improvements in these fields are not sustainable for small and medium-sized enterprises, mostly those regarding marketing strategies, because of commercial barriers that are difficult to overcome. Specific resources and competences are needed. Big firms already have them, or, if not, they can acquire them. The situation is different for small and medium-sized firms.
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