



Italy 2017, The Bespoke Reality

A SUMMARY OF THE FLAIR ITALY REPORT

GAME CHANGERS



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[The economy and consumption: to internalise the turbulence]

The year 2016 has been marked by a fluctuating, complex situation, hard for citizens to decode. There is a perception that the country's economic situation is tending towards improvement, but not so much as to truly improve the deep sentiment of the Italians, which is marked by extraordinary caution. In an uncertain, at times bewildering situation, regaining confidence, despite the presence of signs that are comforting in part, is truly difficult. As certified for us by Istat, what is contributing to a more positive view of the country's situation is primarily the economic climate, namely the perception of the state of the national economy, while the personal climate, i.e. the expectations and prospects of household's economy, remains essentially at a standstill. This is one of the first data to keep in mind, as it probably lies at the basis of a more general climate. It is a situation of deadlock, where things aren't getting better and, though not getting worse, a sense of insecurity and worry is created. A grey area prevails.

This general climate is joined by a sense of progressive impoverishment, of an increasing precariousness. In July 2016, a McKinsey report was made public which essentially systematised, summarised and confirmed, through a detailed mass of data, a perception which has become consolidated for everyone in the course of the downturn (though the warning signs had been there for a while), namely that the new generations will be worse off than the preceding ones. This isn't news, but rather the confirmation of a condition.

It is a phenomenon affecting all advanced economies (the McKinsey report analyses 25 countries). Between 65 and 70% of families find themselves, in 2014, in an income situation equal to or lower than in 2005.

Between 1993 and 2005, the total proportion of the population in this condition of steady or decreasing income was only 2%.

The combination of factors which has led to this situation makes a long and complex list. In general, we can at least mention:

- the **demographic trends**, especially European, which signal populations ageing and declining birth rates;
- the **progressive shift** in income distribution from capital to work. Eurostat highlights that in 1992, 59% of income compensated work. This figure falls to 51% in 2000, then rises by a few points in 2015 (but here for technical reasons; the recession lowered the GDP and the decline in wages was not proportionate). But in essence, the change in income shares has penalised work. In fact, an average yearly transfer is calculated of 6.5 GDP points shifting to income from capital. This also explains the shrinking of the middle class which we are witnessing;
- **technology** which, especially with robotics, but with the growth and specialisation of software in general, decreases the labour required, both on

the less specialised levels (the progressively robotised factory), and on the medium levels (especially striking the knowledge workers). Work diminishes and is specialised;

- the **fiscal policy of nations** which in some cases, such as Italy, reduces the available income for workers to an even more significant degree (this is the case, repeatedly deplored, of the so-called tax wedge in Italy).

Among the 25 countries considered, Italy stands out in a negative sense. In fact, it is the country that most feels the effects of the freezing or decline in income. While this phenomenon involves between 65 and 70 percent of the total population of the 25 countries analysed, in Italy it affects almost all of it: 97% of households.

Table 11: Comparing income 2014/2005

Percentage of households with unchanged or decreased incomes compared to 2015	Income before taxes	Income available
Average of 25 countries	65-70%	20-25%
Italy	97%	100%
USA	82%	<2%
UK	70%	60%
The Netherlands	70%	70%
France	63%	10%
Sweden	20%	<2%

But once the effects of Italy's fiscal and social policies are incorporated, the percentage rises to 100 percent. This is an additionally depressing factor which poses a clear systemic problem for our country; Italy is the only nation with this outcome, at least among the major countries.

Furthermore, the notion has grown in recent years that the downtrend is going to last a long time, right when the first signs of improvement, though weak, have instead appeared. Is this a problem of analysis, a contradiction? Maybe not. Simply, the fact that the improvements continue to regard Italy as a whole, without there being, as we have seen, a notable repercussion on the real living conditions of Italian families. With a negative outlook for employment.

In fact, many estimate a recovery, a growth in the purchasing power of families, but not a growth in consumption and especially not in employment. For this reason also, it is hard to ask the Italians to take an optimistic view. The downturn becomes a permanent condition, covering (at least) the span of a generation. The weak recovery in consumption is dominated by a cautious attitude. Growth is concentrated in the sector of durable and semi-durable goods. The population is once again buying cars (here growth is stronger), household appliances, etc., in part a reflection of the partial recovery (or, in other words, the arrested fall) of the real estate market, as well as the resumption in lending to families.

It seems clear that in this context of widespread caution, one can only try to stay

on the path of rationalising consumption. Focusing the attention primarily on savings, which is no longer dictated so much by the anticipation of a significant expense (replacing the car, furniture, household appliances, etc.) so much as by a generic concern for the future, maximised for those who have children or grandchildren.

But without too much anxiety: in fact, those who are savings-oriented without excessive sacrifice are once again the absolute majority, to the detriment of those who make savings an obsession. This indicator is interesting: the increase in savings is combined with a disenchanted and unruffled attitude. This is without doubt the result of the slight growth in the purchasing power of families. But perhaps it is at the same time an acceptance of reality and a search for a reconciled state of mind in an enduring state of difficulty.

[Food trends]

Even within an ongoing situation of economic downturn, consumption trends signal an increase in fashions and “niches” that are becoming a province of the masses.

A consumption style that aims at health and guaranteed quality is manifest above all in the boom of organic food.

Growing by 11% between 2010 and 2014, organic food has snowballed in recent times, with a 19% increase in 2015 and a 21% increase in the first half of 2016. The estimated turnover is around €3 billion and involves an increasingly high number of operators, estimated in 2015 at a total of over 55,000 companies. There is a highly significant share of families who are regular consumers of organic products, with 23% purchasing organic at least once a week.

Thus we are talking about massive growth which conceals many meanings, references, values. Health, to start with: products that are controlled, reliable, not processed. This is the most significant aspect. But others follow suit, such as taste. These are products that are liked more, precisely because they have that “genuine” component which we find less and less, or rather have lost completely, in industrial products. It is a *nostos*, a return, a nostalgia that is materialising. The whole theme of “slow food”, of zero kilometres, has a (vague but clear) anti-global value. Hence it is the affirmation of authenticity and of uniqueness. Its environmental significance is not secondary: shorter distance from producer to consumer and limited packaging have to do with reducing the impact on the environment. And finally a rediscovery of the territories close to us, of the countryside that has so much to offer. Here too perhaps with some interpretive straining, there is a clear flight in the face of a world that is becoming harder and harder to live in. In short, there is a lot of politics in all of this.

Final notation: organic food costs more, and yet it is becoming popular even during a period of intense economic downturn. But, as we have noted more than once, by means of controlling their everyday spending, the Italians have

sought to the utmost to reduce any negative impact on the quality they purchase.

The other big boom is that of ethnic food, which registers a doubling of consumption between 2007 and 2015. And growth continues, such that in the first six months of 2016 an additional increase of 8% is registered with respect to the same period of the previous year.

This certainly isn't a new phenomenon. But the desire to seek out and try new flavours and new cuisines seems to be increasingly transversal, not exclusively or almost exclusively concentrated in the young segment. The increasing presence of foreigners definitely favours the adoption of new culinary elements, but it is likely that the surge in the last year was helped not a little by Expo, which focused its proposal precisely on food.

A third trend is becoming truly significant. It is gluten-free food, which is growing more and more in terms of sales and customers. In fact, it is estimated that the total market will amount to over €4.5 billion in 2016. The primary increase regards bread and its substitutes, so sweets and pasta. The estimated growth year-on-year is around 20%. In this case also, this is a true boom. But are all the consumers of gluten-free products really affected by coeliac disease? A U.S. study shows they are not: those with coeliac disease are apparently slightly over 1.7 million, while the regular consumers of these products would appear to be at least 2.7 million. And it isn't only a U.S. phenomenon. From this we can infer there is a sort of excess of health-consciousness, that we decide to go on diets convinced they will be good for us, but based on disputable or even mistaken assumptions. In fact, medicine tells us that in those not affected by coeliac disease, a prolonged diet, besides being useless, may have dangerous effects. This is the first (mild) example of what we might call consumer self-regulation. In essence, the citizen decides how he should best behave also in the area of well-being and health, by browsing on the web, giving credence to testimonials and, not uncommonly, not paying heed to medicine and science. In short, a slice of reality is chosen, that which one prefers, and it is turned into a truth.

And finally the public following a special diet becomes quite vast, calculated at around 17 million people including those following one strictly for health reasons. But for many it is a DIY diet, decided on the basis of trends, word-of-mouth, suggestions from the web, sometimes miraculous hypotheses. In this case also, like the "non-coeliac", the consumer's choice, the citizen's choice, is (or is perceived to be) 'independent'. Each individual decides on his own norms and his own rules. Often ignoring the basic rules laid down by science. By now, for many, no longer automatically bearers of truth (or at least the closest possible approximation to truth).

[Politics]

With the election of Donald Trump to the White House, an attitude is asserted, long under the surface, that changes the general situation. Right after his election, our Minister of Economic Development gave an enlightening interview to national newspaper *La Repubblica*: “A stage has ended that had opened the morning after the Berlin wall came down. The project of the West, which many believed in, founded on the pillars of free trade, of liberal democracy, multiculturalism, multilateralism, has collided with the distrust of the middle class, which no longer believes in the message – openness equals progress – perceived today as a fairy tale that has become a nightmare.”

It therefore becomes hard to envisage a possible return to the rationales supporting the process of globalisation, not only as an inevitable phenomenon but also an inherently positive one, in the face of a public opinion that increasingly tends to close itself off to the openness implied by globalisation.

The widespread distrust toward this phenomenon essentially arises from two converging factors: on the one hand, the relative impoverishment of the West, caused by the shifting of wealth toward the new emerging countries; on the other, the increase, again in the West, of inequality.

This has created a bond between the excluded classes and the middle classes. Between those who are directly exposed to competition for labour, and the cost of labour, and those who instead thought they were spared from it because they were guaranteed by (or protected from) the competition in innovation that should have rewarded the advanced West. The problem is that this process has not been at all straightforward, and above all that the pockets of suffering which have been created have not been sufficiently managed via distribution mechanisms.

The election of Trump makes these phenomena clear, maximising the gap between the included and the non, creating a new right (assuming that the classic terms can still be used in the modern political space), paradoxically arrayed against the effects of the extension of the free market, protectionist, “social”. Light years away from the classic and neoliberal right. Maybe it is necessary to change paradigms.

The disintegration of politics, with the crisis in the didactic relationship between the ‘directors’ and the ‘directed’, the ungluing of the mediating forces and resulting progressive individualisation of choices and the sources on which they are based, the presence of non-hierarchical information stimuli, so that conflicting information has the same reliability status, lead to a gradual distancing of citizens from rational evaluation based on costs and benefits. Partly because it is no longer clear what they are. That is to say, the content of the stakes is no longer agreed upon, or accepted.

Another element becomes key: if the fall of the Berlin wall, globalisation and the victory of the markets were supposed to guarantee better living conditions for everyone, in both material terms and psychological and social ones, this has

not happened. The disappointment is deep and affects the “standard bearers” of these perspectives; that is to say, the ruling class, the oligarchies, who had bet on it. The Great Recession has shattered the illusions, and a large slice of Western and European citizens in particular have found themselves faced with a failure. Impoverished (by the downturn), isolated (the traditional bodies of consensus-building and needs representation no longer exist), attacked (on the outside, immigration and low-cost labour).

It is clear that at this point and under these conditions, it becomes hard to believe in the experts, who on the contrary are perceived as co-authors of the disaster. The elite has become a corrupt broadcaster, any affirmation coming from there is looked upon with suspicion.

Within this context, the Italians’ faith in Europe is at an all-time low. With Brexit things get even worse. And it seems that by now the foundation of the pact has been called into question. In fact, as we have said more than once, if the wind that is blowing is a protectionist, defensive, anti-global, sovereign wind, it is clear that Europe must confront the theme, unavoidable and extremely urgent, of rediscovering the reasons for union in a project that seems to be losing its substance and motivations. In essence, Europe has assured peace and openness, with free movement. Indisputably significant results, fundamental and always worth remembering (particularly peace), especially today when the breeding grounds of war and conflict have become so common. But if it has not actually failed, it has at least contributed very little to social well-being, fundamental for social unity. And the theme of economic growth and revising the austerity policies, along with deep disapproval of Europe’s behaviours in relation to the migrant emergency are at the centre of the Italians’ criticism.

But there are other consequences. “Post-truth”: Oxford Dictionary proclaims it word of the year. We are in the world of post-truth.

In post-democratic society, in its turn the offspring of post-modern society, the disappearance of the structures for organising consensus, for transmitting ideas, for selecting the ruling classes, has left a desert. “Olly olly oxen free”: each builds his own truth and his own reality. The proliferation of sources, the shockwave of the web and the social networks produce more and more ‘factoids’, in which we each more or less freely believe. The myth of fact-checking crumbles, partly because (back to the crisis of rational choice), the journalist checking them is part of the ‘system’ too and as such is suspect.

A key aspect is the so-called “haemophilia” of the web. The internet, as we have repeated to the point of tediousness, has not managed to become (except, once again, for elite segments) the promised *agorà*, the new democratic plaza. On the contrary, use of the web tends to intensify one’s own opinions, and on the web one goes in search of one’s counterparts. Often not weighing the reliability of the news the social networks convey, but rather giving credit to those which support one’s own convictions, regardless of their soundness.

This orientation, this tendency, is sharply highlighted in the Italian administrative elections. An in-depth look can be found [here](#).

The vote appears to be expressed primarily “against” change of any kind, with reference more to the national level than the local level. The Turin case is emblematic of this “anti-system” vote.

And it is striking that it was mainly the suburbs that decreed the defeat of the mayor, an ex-communist whose political experience was shaped in Mirafiori (Fiat industrial centre).

The same occurred in Rome. The phenomenon might be thought to be linked to the presence of 5-Star’s candidates: in a situation of clear distress in Turin and extreme distress in Roma, it could only be expected. But in reality that isn’t the case. In fact, if we look at Milan, where the competition was limited to the two candidates of the “classic” coalitions, the results are the same. The centre-right candidate, he too a manager and certainly devoid of populist elements, won in the outermost suburbs: Comasina, Quarto Oggiaro, Baggio, Corvetto...

In essence, in the three-pole situation that has been created from 2013 onwards, the choice of “the lesser evil”, the classic option of democracies with majoritarian systems (on which the theoretical mechanism of the runoff vote is based), increasingly gives way to a vote “against”. To a coalition of forces (and cultures) that are far from each other, united by *pars destruens*, by the objective of sending the enemy home. Which is also the fruit of a widespread state of rancour, anger, a feeling of abandonment.

If the mechanisms of democracy seem jammed, if the legitimacy of the rules seems tarnished, if the political class seems incompetent, if not corrupt, the solution seems quite simple: let’s entrust ourselves to a leader who solves our problems. The search for a leader is in fact a defensive reaction, defence from outside attacks, from internal deadlock, from the incompetence of the political class. But in this time of speed, of tweets and fading memory, leaders are chewed up and spat out, as we have seen in Italy in the case of all recent prime ministers.

Prime Minister Matteo Renzi grasps this need for simplification, for “directness” and seems to shed the armour typical of the centre-left, to seek that immediate, natural interaction that allows that bonding between people and leader. Without intermediaries and with a strong symbolic operation, that of “scrapping”. And in this he meets with vast and transversal consensus, symbolised by the success of the European elections. But that was a fleeting result. For several kinds of reasons. First of all, owing precisely to the absence of social classes of reference. Transversality does not coalesce into a shared project. Because it isn’t clear what social classes Renzi (and “his” PD – Democratic Party) tend to represent. There is no objective (as generic as you like, but not just negative like “scrapping”), like Berlusconi’s “liberal revolution”. Furthermore, we are living in fast times, in which the relationship with leaders ends much faster than it occurred in the beginning of the Nineties. Again, a serious communication error

like excessive optimism (a country that “can make it”) which, though perhaps necessary, seemed like straining by someone who doesn’t understand the Italians are suffering in reality under the axe of the economic downturn. Sparking an intense negative reaction.

Finally, in a paradox, for an inability to institutionalise the change, as prime minister, to exit the scrapping (against) and turn it into a process of institutional transformation (for). It’s true that some things – maybe many as some maintain – did get done (i.e. the reform of the Public Administration), but they weren’t able to become part of a general process that could be communicated in its entirety.

And he “paid the piper” in the hotly contested referendum, when the vote was expressed, once again, “against”, against a leader identified by many as an expression of the system.

The supporters of the “Yes” vote to the referendum were concentrated in the high age cohorts, among retirees and electors with low educational qualifications, but with higher consensus, though not majoritarian, among university graduates. This in essence is the classic profile of the PD electorate after losing the effect of the European elections, a profile which in turn reflects that of the Ulivo electorate and before the electorate of the DS and Margherita parties (all of them variants of a centre-left). With three important differences: a low presence among the middle classes, sign of the alienation of a segment that feels impoverished and in distress, a prevalence among devoted Catholics, an extremely low appeal among civil servants. This too is an indication of a change, now stabilised, in the area of reference.

Instead the vote against is a young, and popular vote: the peaks are among the unemployed and among workers. The regional differences themselves underline these aspects: the massive vote in the South against the referendum, with a markedly high voter turnout in those areas, confirms this interpretation.

It is the rift repeatedly highlighted between the people and the elite, which we have recently seen at work with the Brexit and in the U.S. elections. The social segments most struck by the downturn, the slices of the electorate disillusioned by the policy of the government, largely determined the referendum outcome. Though there were certainly rationales of substance, the aspects of economic distress and anger were key. It was a social vote, not just a political one.

All of the data, opinions and behaviours we have seen thus far tell us that interpreting the world seems to have become impossible. Owing to the mass of information that assails us, resulting in enormous difficulties in picking out the truth. And here too owing to the absence of intermediaries who can help us in this process, who can make it easier for us to understand what is important and what is not, what news is reliable and what instead is not, which interpretations are more sensible and which are instead of little use.

The absence of structures and centres of reference allowing for the formation of shared opinions, the distrust if not rejection of everything that comes from the elite and the ruling classes, the “presentification” or loss of memory and the loss

of the prioritising of events (if everything is present at the same time, losing its historic depth, then everything is equal), “over-communication” and background noise lead to a sort of restructuring of reality. In order to shrink it and make it comprehensible, to not find ourselves defenceless in this continuous revolution that surrounds us. When the points of reference slip away, in the absence of a recognised interpretive guideline, each tries to describe and organise reality as best he can.

[Communication: The political role of brands]

We know how “Attention Salience” is crucial in influencing and guiding the people’s process of choice. The ATL and BTL communication activities play a vital role in building and strengthening Attention Salience, helping to simplify the purchase decision-making process.

A recent trend in advertising communication: it disseminates values, visions of society, it helps simplify and make sense of the complexity of our daily life.

To simplify the history of the evolution of advertising communication, we can identify four phases:

- origin: the focus of communication was on the sale of the product or service, thus essentially based on rational and functional levers;
- evolution: the focus shifts from the product/service to the brand, so a functional lever is associated with a more intangible, more emotional lever;
- the brand tells stories, in which the functional lever is less important (or it is totally absent) and emotional engagement becomes the cornerstone; and finally
- advertising in which the brand conveys values, identities that can guide us in the complex reality in which we live. The brand plays a role that could be called “political”, it compensates for the lack of trust in political parties, trade unions, religious institutions... historically inclined to provide meaning, values and interpretation of reality.

Advertising tends to reflect society, to reflect the aspirations of the people, to inspire them. The Cannes Lions Festival is one of the primary opportunities for us to highlight the more significant trends in the panorama of world advertising. From the analysis of the winners of the 2016 Cannes Film Festival, it is possible to highlight these trends:

- The recognition of a reality, a world that is complicated, and of its problems and injustices: “[Make love, not scars - End Acid Salt](#)”, Glass, Film Gold Lion

- What are the possible strategies, solutions, tools, methods to cope with this complexity?
 1. 2016 was the year of “ME”, the cult of individuality, the power of one: this trend is represented well by the movie “[Underarmour - Rule yourself](#)”, craft Film Grand Prix, with the presence of the Testimonial Michael Phelps.
The positive implication of the focus on individuality is respect for the differences and uniqueness of each of us: Shiseido advertising “[high school girls](#)”, Film Gold Lion
 2. The reconsideration of “WE”, of sharing in response to an excessive individualism and more specifically to its negative sense of self-centeredness and lack of solidarity: “[Loterias del Estado - Justino](#)” Cyber Grand Prix, Film Gold Lion
 3. The use of the imagination to escape from reality (John Lewis - “[Monty’s Christmas](#),” Effectiveness Grand Prix)
 4. Transforming reality through technology: “[Harvey Nichols - Shoplifters](#)” Film Grand Prix

To highlight this new trend of advertising as a promoter of values and ways of life, we are going to analyse some concrete examples of recent Italian campaigns. We deliberately decided not to take CSR campaigns or campaigns sponsored by governmental or non-profit organisations into consideration.

- AN “UNTAGGABLE” REALITY: the #untaggable campaign, in support of the new Audi Q2, invites people to avoid the need to label, classify, rationally define every life experience. It invites thinking outside the box, because it is the only strategy for understanding the present.
- THE CONTRAST OF GENDER STEREOTYPES: in 2016, Mattel developed the campaign “Be all that you want”, in support of the Barbie brand. The campaign aims at fighting gender stereotypes, recognising the right of all girls to become what they want: a communication that leverages on the power of the female child’s imagination as a tool to overcome the barriers and discrimination in the workplace. Particularly interesting is the fact that it is the Barbie brand at the forefront of this emancipatory message, inverting the criticism which has been expressed by part of the feminist movement, accusing it of reproducing the stereotypes of gender discrimination.
- THE SEARCH OF MEANING THROUGH SIMPLICITY AND INDIVIDUALISM. The Skoda TV ad “Semplicemente” is a kind of *J’accuse* of contemporary society, the absence of values, its appearance-based shallowness and its social injustice. The solution proposed is a return to simplicity, and at the same time the answer is completely individualistic: “*I know who I am, I know what I can and what I can... I want.*” As we said before, a search for meaning that is no longer requested from trade unions, religion, political institutions... rather a meaning that is built by each person based on his desires.
- THE FREEDOM OF THE ‘EGO’: The Ikea campaign “Surprise yourself

every day”, in which we see several situations in which each individual can find the freedom to be and do what he/she wants inside his/her home (*“live in your way, feel free to do whatever you like... ”*), helps fight prejudice. But at the same time, it suggests rediscovery of the self, the ego, individuality as the only solution (*“... at your home you can be as you wish, and we will not tell anyone about it”*).

In reality, brands have a deep political significance. If decoding reality is increasingly difficult and, as stated, the interpretive guidelines no longer work, brands are expected to provide indications with strong values at their roots. Which means a deep loyalty, but one that can be withdrawn at any moment in the event of doubt.

A brand’s primary roles include that of simplifying a complex reality. The context in which we live, the reality that surrounds us, changes at an extremely rapid pace, but the way people think, emotionally connect and make their decisions develops much more slowly.

A brand, taken as an ensemble of experiences, knowledge, values and emotions, is a tool that helps us interpret this complexity, which simplifies our purchase process, which lets us exert less cognitive effort every time we need to choose a product or a service.

Understanding this trend is crucial for all the stakeholders in advertising communication. It is clear that it is becoming increasingly difficult for advertising to be remembered: advertising recall is showing a declining trend. The massive number of stimuli, the proliferation of different points of contact with brands, have a negative impact on our ability to concentrate. The multi-screen adds an extra element of difficulty: several studies have shown that our ability to remember TV commercials declines dramatically with multi-screen consumption. As a result, it becomes increasingly difficult for brands to be relevant to the consumer, build a connection with people and to make sure they pay attention to their advertising. Being able to understand the deeper needs of the people, including the need for new value-reference points, to create advertisements that reflect their values, to provide a vision of the world able to represent them, becomes one of the strategies for developing successful communication, that can capture the attention of consumers, involve them emotionally and potentially enhance the desirability of the brand.

[Media and new media: The digital economy, still a missed opportunity in Italy]

While internet penetration in Italy continues to grow mainly thanks to mobile consumption, certain significant barriers linked not only to infrastructures but also to audience behaviours seem to keep the country from significantly profiting from the opportunities connected to the digital economy.

In terms of infrastructures, Italy is catching up, but quite (too) slowly, such that access via mobile is still decisive, while the population's overall digital competence is still below expectations and needs.

Internet use is increasing, but slowly. According to Istat, in 2014 60% of the Italian population (age 6+) was online. But use is multi-faceted, with different levels of frequency: what is really growing is the "heavy users" segment, while significant parts of the population are still left behind.

The development of digital skills is crucial to avoid the increasing use of the internet leading to larger (rather than smaller) gaps between the different demographics of the Italian population, with ultimately only a minority actually being able to profit from the opportunities of the digital economy.

The fact that the internet is now primarily accessed via mobile has an impact on the consumption patterns developed by the Italian audience within the digital "ecosystem", with significant fallout for revenue-generating capacity.

While access via mobile has strongly sustained the growth of internet usage in Italy, it has not in reality been associated with digital habits advanced enough to drive revenues and business opportunities.

Italians spend 77.8% of their online time via mobile, and 88.6% of this time is spent using mobile apps (Source: Audiweb, November 2016). However, recent analyses from ComScore have shown that mobile consumption in Italy is concentrated on a limited number of apps and that multi-platform (desktop + mobile) usage is lower compared to other countries (US, UK, Spain).

Google and Facebook earn the biggest share of multi-platform traffic, while Italian mainstream news and information players (Gruppo Espresso and RCS Media Group) have a majority of the mobile-only audience.

On average, Italians have around 30 apps on their smartphone. Thirteen of the top 15 most used apps are from Facebook and Google, with a significant share for other players such as Amazon, Vodafone and IIMeteo (weather forecasting). It is a challenging market, and competition from other players to land on the consumer's screen is very intense.

Table 44: The main apps in terms of penetration

Top 25 most downloaded mobile apps (for smartphone/android)	Mobile app
Whats App (FACEBOOK)	93%
Google Play (GOOGLE)	93%
Google Search (GOOGLE)	78%
You Tube (GOOGLE)	70%
Facebook (FACEBOOK)	68%
Google Maps (GOOGLE)	64%
Facebook Messenger (FACEBOOK)	62%
Gmail (GOOGLE)	54%
Google Calendar (GOOGLE)	54%
Google Drive (GOOGLE)	39%
Instagram (FACEBOOK)	30%
Amazon Mobile	23%
Google + (GOOGLE)	20%
My Vodafone Italia	17%
Il Meteo previsioni	17%

The most recent data from Censis refers to a scenario in which the media habits of Italians are still highly dominated and defined by traditional “linear” TV consumption, while the new multi-platform and over-the-top TV offer, though in continuous expansion (with the arrival of Netflix in 2016), is still struggling to reach critical mass.

Radio remains strong, defending its broad diffusion among the population, while the printed press continues to lose readers, though the decline in 2016 was ultimately less dramatic compared to previous years.

Thus the Italian media scenario presents a situation in which, on the one hand, digital media continues to increase its share among older consumers though without really impacting media habits, and on the other hand, the press does not seem able to connect effectively with younger audiences, exacerbating the so-called “press divide” (less than 30% of press readers are under the age of 30).

Between 2008 and 2015, the Italian press lost 50% of its revenues, with advertising plummeting by 60%. Revenues from the digital offering are on the rise, but at a slow pace, such that 90% of global revenues are still represented by hardcopy revenues.

Our understanding is that in the new media ecosystem emerging from the digital transformation, the Italian press lacks a clear and effective positioning. And at the same time, its perception among the general public has become blurred, and less and less influential, thus weakening its ability to distinguish itself and successfully compete for the audience’s attention.

In terms of revenues, the media scenario in Italy remains fairly stable, with minimal changes in market shares. TV is still the most relevant media, while the online sector continues to grow but at a slower pace compared to the past.

[Conclusions: start from the foundation]

This year the interpretations were, from our different points of view and different specialisations, essentially similar and convergent.

In fact, they were found to revolve around the difficulty of governing the relationship with reality. A reality which citizens, and Italians especially, experience as an assault. Outside aggression, the fruit of external factors or at least perceived to be such. From being a fairy tale, globalisation has turned into a nightmare. The Europe that was supposed to lead us toward bright destinies proves essentially incapable of responding to the first emergencies, heavily divided and perceived as simply clinging to budgetary rules that penalise the Southern countries, Italy in particular. The economic downturn, caused by finance and encumbered by the difficulty of the banks, has led to a serious deterioration in the living conditions of a significant portion of Italians and has impoverished a slice of the middle class, also producing, as we have said in past years, a gradual questioning of the mechanisms of democracy. And again, the migratory flows that are generating increasingly nasty reactions, hard to control.

And external factors, first of all the matter of the difficulty politics is having in taking charge of the social distress. That, in essence, was the message sent by the referendum vote. The classes most threatened by the downturn, the segments of the middle class that are becoming impoverished, the outskirts, voted no. And they did so in part for political reasons, but above all to vent, to express an anguish which, as we have said, becomes bitterness when no collective handholds can be found, no common tools for the representation of dissent.

The Renzi experiment, in many ways characterised by dynamism and innovation and by courageous choices (such as, personal opinions aside, civil partnerships, an issue which had been languishing for years, and the Jobs Act, whose principles had long been backed by many respected Italian labour law scholars), runs ashore owing precisely to its incapacity to convey a sense of closeness and understanding of the problems. Its narrative jams, as we already saw last year, and isn't able to recover. Insisting that Italy is doing fine, insisting on its "points of excellence", in a very "American" style, is perceived not as an optimistic nudging to overcome the difficulties, not as confidence in a country that can make it, but as distance, as incapacity to understand the real conditions of the people, the citizens, the Italians.

An alternative still seems far off. Only the 5-Star Movement has the strength and the consensus to effectively compete for leadership of the country. But it is a strength that has not yet organised a sound political programme (one need only consider the wavering stances on the electoral law, from defence of the proportional system to support of the Italicum). And whose first tests in the Capital thus far are not promising. With behaviours not consonant with a force that really aims at governing.

And the centre-right is deeply and perhaps irreparably divided, in both tactical and strategic terms. Re-composition will be hard, if not impossible.

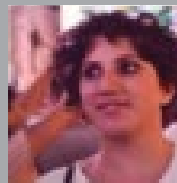
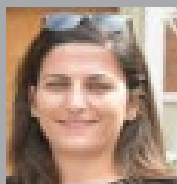
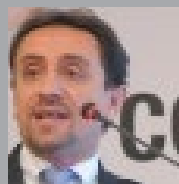
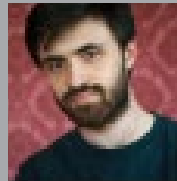
This complexity and this unravelling are reflected in the everyday lives of citizens. And, we have seen, they do not affect Italy alone.

To defend ourselves, to not succumb in this over-communicated, disjointed society, we must create a little (or big) bubble for ourselves, in which to make ourselves at home. Carving out the pieces of reality that most fit with our expectations and with our convictions, which most befit our lifestyle.

Denying, we have seen, even important aspects of reality and society, from science to the news, from social relations to religion. It is the phenomenon of individualisation that we have discussed to the point of tediousness, and of haemophilia, the search for one's counterpart and the denial of what is different. It is more a defensive than an adaptive strategy.

Brands are also affected by this strategy, playing an increasingly political and social role. A vehicles of values, points of reference, but also fellow travellers, friends or enemies. But always focused on freeing individual impulses, in a reality that is hard to label. It is a path of freedom on the one hand, but with, as said, the risk of the breaking of ties on the other. The challenge is keeping the two aspects together.

It is presumably a long-term path. The exits are rocky. For politics and the ruling class, the primary exit is that of taking charge of the suffering and distress. First of all, by reconsidering economic policies. Putting economic growth first, taking charge of the inequality and of the suffering. That is the first step.



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