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THE ROLE OF REPUTATION DRIVING THE SUSTAINABLE COMPETITIVE ADVANTAGE IN THE ERA OF AI

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Keywords: reputation, resources, sustainable competitive advantage, advertising, artificial intelligence.
Main field: strategic management, resources, sustainability of competitive advantage, advertising, artificial intelligence

Synopsis: In the era of innovation in which we live, where technological innovation is creating a new paradigm and changing the market's business model, the role of reputation is crucial to maintain a sustainable competitive advantage. The explosion of AI, in particular, is destabilizing companies that must adapt to new rules to maintain a sustainable competitive advantage in their market. The literature has shown how non-imitable or difficult-to-imitate resources represent a strategic lever for obtaining an SCA over time, helping companies to benefit from innovation in difficult times. Our analysis will focus on the role that reputation, as a crucial resource, plays in uncertain circumstances and how it influences a sustainable competitive advantage. Insights from the case of B2B Big Tech, whose business is based on AI-driven advertising, in Italy: this study will use the case of B2B Big Tech as an example to understand how much reputation, linked to innovation, AI, responsibility, and trust, influences companies' perception, affecting advertising revenues. After a literature review, analyzing which hard and soft variables reputation includes, the study delves into some soft variables, explored with qualitative research and in order to create a framework that represents a compass for companies to better orient themselves in directing resources, people and budgets in this new competitive context.

Following a review of the existing literature, the soft reputational variables mentioned but not analyzed as responsible for sustainable competitive advantage are identified and then explored with qualitative research.

The research focuses on the B2B case of Big Tech in Italy and aims to explore how reputation acts as an essential resource for Big Tech companies, focusing on its correlation with the market's propensity of companies to invest in advertising:

● define the soft factors/variables that make up the reputation and contribute to SCA

● analyze the perception of the main digital advertising companies in Italy analysing how soft reputation variables influence the propensity to buy advertising in general and advertising powered by AI

● share an approach and key recommendations with companies so they can protect and ensure sustainable competitive advantage.

The study will focus on an analysis of the B2B and advertising sector, through the Big Tech case, which will try to fill the gap in the literature on individual sectors but will allow future research to verify further results and stimulate further research on other sectors. The business cases studied in the literature refer to the B2C sector and to the reputation that the company has on the consumers of the products.

Introduction

Conceptual Framework and Research Contribution

This thesis aims to investigate in depth the critical role of reputation as a determinant of sustainable competitive advantage (SCA) in an era of profound digital transformation and pervasive adoption of Artificial Intelligence (AI).

The main **research question** guiding this study is the following: *In an era characterized by digital transformation and pervasive adoption of Artificial Intelligence (AI), what impact do soft reputational variables have on the sustainable competitive advantage (SCA) of Big Tech companies operating in the B2B advertising market in Italy? Specifically, how are stakeholder perceptions and trust dynamics evolving, influencing advertising investment propensity, considering current and future AI scenarios?*

The conceptual and structural architecture of the work is divided into **three distinct and interconnected parts**: a section dedicated to the theoretical analysis and definition of the conceptual framework, a section devoted to the exposition of the research methodology adopted and the empirical analysis and discussion of the results in the current scenario, and a section devoted to the discussion of the results in a future scenario, in light of the mature evolution of AI.

Theoretical Framework and Literature Review

The first chapter of the thesis is dedicated to a critical **review of the reputation literature**, with a specific focus on its strategic perspective. Starting from the broad synthesis by Ravasi et al. (2018), it is highlighted how the reputational variables traditionally analyzed in the literature, while influencing SCA, are insufficient to capture the complexity of the current and future context. In particular, the most cited and analyzed reputational variables in the literature are hard in nature. The chapter introduces and defines some "soft" reputation variables—such as the Comfort Zone, the Relationship, the Intercultural Dimension, Compliance, and Transparency—already explored in the literature but from different perspectives. This review proposes them as innovative elements for new reflections to be explored in subsequent chapters, in the evolutionary landscape of current technology and in a future in which AI will play a pervasive role. This literature review therefore highlights the need to further explore, through qualitative research, whether the identified soft variables can have a real impact on SCA, both now and in the future. The following chapters will be based on the case of the B2B sector of the so-called Big Tech (i.e. Google, Amazon, Netflix, Meta, Tik Tok) to carry out an empirical analysis that demonstrates the theory.

Research methodology

This dissertation adopts a **qualitative and exploratory research methodology**, based on in-depth interviews with twelve executive-level professionals working in the digital advertising industry in

Italy. This approach was chosen to describe and clarify the human experience in a rapidly evolving context, laying the foundation for future quantitative research. The selected sample represents approximately 60% of advertising investments in Italy, focusing on "Big Tech" companies in the B2B advertising market.

Empirical Analysis and Discussion of Results

The empirical section is divided into two distinct chapters that analyze different time periods:

Current Scenario (Chapter 2): Based on qualitative research, this chapter examines professionals' perceptions of the identified reputational variables and their impact on the propensity to purchase advertising in the current market. The results indicate that, in the present, variables "endogenous" to the company (such as strategic relationships, which incorporate the intercultural dimension and the comfort zone, transforming "human contact" into a "performing assistant") exert a more marked influence on reputation and SCA. "Exogenous" variables (compliance and transparency) are perceived as a basic requirement or an additional benefit, but not yet as distinctive drivers of competitive advantage.

Future Scenario (Chapter 3): This chapter analyzes the findings of the second part of the qualitative research, focusing specifically on the impact of pervasive AI on the advertising market and future perceptions of reputational variables. The analysis reveals a shift in priorities: in an AI-dominated future, the primary need shifts from "feeling safe" to "feeling in control." Consequently, compliance and transparency emerge as the primary drivers of competitive advantage and trust for Big Tech companies, as they address growing concerns about data control, intellectual property, and regulatory gaps in the field of generative AI. The role of humans further evolves, from "performing assistants" to "agents," with increased automation and a focus on creative and strategic input that AI cannot reproduce.

Innovative Contribution and Future Prospects

This thesis makes a significant and innovative contribution to the literature and business practice: the exploration and analysis of "soft" reputational variables (comfort zone, relationships, intercultural dimension, compliance, transparency) enriches the existing theoretical framework, offering a new "compass" for companies. Furthermore, the study provides practical implications and strategic recommendations specifically for Big Tech companies, guiding the allocation of resources and personnel in a constantly evolving context. The distinction between current and future AI scenarios offers a dynamic perspective on the evolution of reputation and SCA.

Regarding **future research**, this exploratory study suggests several directions: exploring the psychological and emotional aspects that influence reputation and trust through neuromarketing techniques; expanding the sample to include small and medium-sized enterprises and conducting quantitative studies to validate the hypotheses, including through factor analysis and regression; and periodically monitoring the evolution of reputational variables given the rapidity of AI-induced changes.

Chapter 1: The role of reputation driving the sustainable competitive advantage in the era of AI. Suggestions for further development of the literature

1. Introduction

In the era of innovation we live in, reputation plays a crucial role in maintaining a sustainable competitive advantage.
This study aims to delve deeper into the approach currently used in the literature to investigate reputation and its component variables as an added value for achieving a sustainable competitive advantage in uncertain and innovative times like the ones we are experiencing. The study will identify the hard and soft variables that comprise reputation according to the literature and, through a qualitative analysis of a B2B case study involving Big Tech, will focus on some soft variables, culminating in implications for companies and a framework to help them navigate them. We will explore, as never before, how and when the variables identified can influence the SCA of adopting companies across the various AI product adoption sectors, and we will identify useful frameworks for companies to guide their resource and personnel expenditures. The literature lacks empirical studies and case studies demonstrating the influence of some soft reputation variables on SCA and how technology companies using AI as the basis for their sales products should behave accordingly.

In this chapter, in particular, the study will focus on reviewing the existing literature, which encompasses four decades of research on organizational reputation formation, and will delve into the soft variables that comprise it, particularly in relation to AI. This review begins with the six perspectives that have informed past studies (Ravasi, 2018): game theory, strategic theory, macro-cognitive theory, micro-cognitive theory, socio-cultural theory, and communication theory. It then focuses on the strategic perspective and analyzes the soft reputational variables that influence SCA, as analyzed in the literature, in relation to AI. The study will then explore, in the second chapter that introduces the empirical phase, the soft variables that will give rise to a new framework that can help companies better manage the influence of reputation on SCA.

2. Main research question and methodology

The main question this chapter raises is whether existing literature is exhaustive in enumerating and describing the variables that comprise reputation, a crucial resource for maintaining a sustainable competitive advantage. We will begin with the literature review conducted by Ravasi et al. (2018) to provide a comprehensive overview of how reputation is addressed, and then identify the most suitable context for this study's contribution: the strategic context. Once the context within which to operate has been identified, the study will focus on and describe the soft variables that comprise reputation, further exploring the approach that other authors and studies have pioneered. This in-depth study will allow us to fill a gap in the literature: better contextualize reputation in a constantly evolving landscape such as artificial intelligence. It will also draw inspiration from the B2B case study of Big Tech, which we will develop in chapters two and three based on qualitative research. The first chapter of our study will therefore prepare us for an empirical exploration of the Big Tech case and will conclude with a framework to help Big Tech and other companies understand which reputation variables are most important and how they are evolving and changing over time, including in relation to each other, with the evolution of technology and AI.

3. Literature review

There is a vast literature on the field of reputation.

Ravasi (2018): How is reputation formed?

Our starting point, in our opinion the most comprehensive, is proposed by the synthesis of Ravasi et al. (2018), which was a comprehensive overview of four decades of research on reputation formation.

The study reveals six perspectives that have informed previous studies: game theory, strategy, macro-cognitive, micro-cognitive, socio-cultural, and communication. These six perspectives will be described below, identifying the main perspective within which our approach fits, better defining our research field—the "Strategic" perspective—and illustrating and describing the new variables that comprise the reputation proposed by this study.

First perspective: Game Theoretic perspective

A game-theoretic view was introduced in management research by Weigelt and Camerer (1988) who defined reputations as “a set of attributes ascribed to a firm, inferred from the firm’s past actions.” (p. 443). These inferred attributes exist “in the mind of the observer” (Clark & Montgomery, 1998), but they produce substantive effects because they help actors make predictions about the future behavior of their counterparts, and influence their decisions about entering into economic exchanges with them, in the absence of complete information about them.

Second Perspective: Strategic perspective: Strategy scholars studying reputation initially adopted the signaling perspective from economics, but at the same time broadened the definition of signals to include “any action by a competitor that provides a direct or indirect indication of its intentions, motives, goals, or internal situation” (Porter, 1980, 75). Fombrun and Shanley (1990) expanded the conceptualization of signals to include market, strategic, and institutional signals that encompass a variety of information cues that do not necessarily meet the stringent requirements of costliness and observability emphasized in economic theory.

Further et al. (1989) argued that the actions firms take are information flows, and reputations are the stocks of accumulated actions over time.

Reputation as intangible asset

Whereas a game theoretic perspective focuses its analysis on specific actions and interactions, the recognition of the value of reputation as an intangible organizational asset (Barney, 1991; Dierickx Cool, 1989; Fombrun, 1996; Hall, 1992) led scholars adopting a strategic perspective to reconceptualize the construct as a resource that can be accumulated, leveraged, and deployed in exchanges with various stakeholders (Obloj & Capron, 2011; Pollock, Lee, Jin, & Lashley, 2015; Rindova & Fombrun, 1999). **These scholars in turn advanced a specific resource-based view of reputations as valuable, inimitable, and difficult to trade and substitute for resources that contribute to sustainable competitive advantage**. Scholars have shown, for instance, how a firm's market actions may convey effective signals by engaging in high levels of market activity (Basdeo et al., 2006), maintaining market leadership (Shamsie, 2003), using innovative and symbolic actions to attract media attention (Rindova et al., 2007), investing in corporate social performance (Turban & Greening, 1997) or environmental compliance (Philippe & Durand, 2011), or by hiring management consultants (Bergh & Gibbons, 2011) and highly regarded CEOs (Love et al., 2016). Strategy scholars have highlighted how signals are sent not only through market actions, but also by communicating about them through press releases (Carter, 2006; Rindova et al., 2007) and advertising (Carter, 2006; Fombrun & Shanley, 1990).

Third perspective: Macro cognitive: reputation "is formed as a result of information exchanges and **social** influence among various actors interacting in an organizational field", emphasizing interactions in an organizational field and the role of institutional intermediaries specialized in information generation and dissemination in shaping these interactions. the general ability to favor evaluations it enjoys, based on “assessments of attributed financial, social and environmental impacts … over time” (Barnett et al., 2006, p. 34). They point out that such representations of collective opinions become “social facts” that exert a mutual influence on both classified organizations and their stakeholders (Bermiss et al., 2014; Espeland & Sauder, 2007; Martins, 2005). The macrocognitive perspective emphasizes the wide circulation and dissemination of different types of information among different actors and portrays the formation of organizational reputation as effectively a process of social construction (Rao, 1994; Rindova & Fombrun, 1999). The perspective emphasizes that stakeholders infer reputation not only from signals sent by organizations, but also from the actions of influential third parties, such as the news media, rating agencies, financial analysts, and certifiers (Fombrun, 1996).

Fourth perspective: Micro Cognitive: describing how individuals access and process information to form reputational judgments of organizations (Bitektine, 2011; Highhouse, Brooks, & Gregarus, 2009b) and how they differ in doing so (Vanacker & Forbes, 2016). In this respect, information processing theory contrasts with signal theory, which tends to assume that reputational signals are interpreted by all observers in a similar, direct, and largely rational way (Carson et al., 2003). Reputation as a multidimensional individual judgement. Proponents of this perspective therefore argue that reputation reflects not only the collecting organizations' actions, or prominence, and the general ability to favor evaluations it enjoys, based on "assessments of the financial, social and environmental impacts attributed ... in the time” (Barnett et al., 2006: 34). Scholars who theorize reputation as an **accumulation of opinions** and beliefs point to the systematic aggregation of individual opinions, as do political opinion polls (Rindova et al., 2005) and reputational rankings (Martins, 2005; Rindova, Martins, Srinivas , & Chandler, 2017) as reflections of the collective processes through which reputations are formed. They emphasize that such collective opinion

representations become "social facts" that exert a mutual influence on both classified organizations and their stakeholders (Bermiss, Zajac, & King, 2014; Espeland & Sauder, 2007; Martins, 2005).
The first view focuses on "being known for something" came from Lange et al., 2011, p. 158.
Most research from this perspective, however, recognizes that reputational judgments are formed with incomplete information, limited rationality (Simon, 1982), reliance on heuristics and mental shortcuts (Barnett, 2014; Brooks, Highhouse, Russell, & Mohr, 2013; Mishina et al., 2012), and cultural biases (Soleimani, Schneper, & Newburry, 2014). Finally, a number of scholars have questioned the notion that reputation judgments are purely rational, arguing that reputations have aspects affective, such as b"sympathy" (Raithel & Schwaiger, 2015).
Fifth perspective: Socio cultural
Research rooted in a sociocultural tradition has investigated how reputation is constructed in the public domain. Reputation is viewed as an "objective social fact," a prevalent collective representation and evaluation of an actor according to technical, moral, or artistic criteria. It is a general assessment of organizations and their actions. Its formation is a sociopolitical process that occurs in "interactional arenas," shaped by "reputation entrepreneurs" (journalists, historians, critics) and "reputation arbiters." The emphasis is on the interactional strategies, sociopolitical processes, and discursive practices that shape these representations, recognizing that multiple narratives and evaluations can be constructed from the same objective facts.
Sixth Perspective: Communicative
Research rooted in the communicative perspective has explored how corporate communications managers have become interested in "corporate identity" and "corporate positioning" as a way of managing reputation (Fombrun & Van Riel, 2004). Reputation is viewed as a communicative construction, constantly changing as actors negotiate actions and evaluations. It is a general evaluation of organizations and their actions, focused less on cognitive aspects and more on the fact that it is a construct in constant flux.
Reputation is formed through ongoing communicative interactions between organizations and actors in their environments. The role of language and other symbolic expressions plays a performative role in shaping actors' social evaluations. This process is not linear; stakeholders are not merely passive recipients, but actively participate in the construction of meaning.

3.1. Why the main focus of this study will be in the strategic perspective

In this study we will focus on the Strategic perspective.
The main references to relevant literature in this field of analysis are concentrated on the strategic perspective. In this field reputation is mentioned as a resource that can be accumulated, leveraged, and deployed in exchanges with various stakeholders. These scholars in turn advanced a specific resource-based view of reputations as valuable, inimitable, and difficult to trade and substitute for resources that contribute to sustainable competitive advantage.
The strategic perspective has adopted the idea of signaling from economics, but has broadened the definition of signals. A signal can be "any action by a competitor that provides a direct or

indirect indication of its intentions, motives, objectives, or internal situation." It is no longer limited to the stringent requirements of cost and observability emphasized by economic theory.

Obloj and Capron (2011) investigates whether the ability of a reputable seller **to command a price premium is influenced by the reputation gap** (i.e., the reputation differences between the focal seller and its closest competitor standardized by the reputation stock of both sellers).

Washington and Zajac (2005: 283) summarized their main theoretical difference between "**status**," which is fundamentally a sociological concept that captures differences in social rank that generate privilege or discrimination (not performance-based rewards), while reputation is fundamentally an economic concept that captures differences in **perceived or actual quality or merit that generate earned and performance-based rewards**. Some scholars have shown, for example, how a firm's market actions can convey effective signals by engaging in high levels of market activity. Firms in their respective industries are assessed based on eight criteria: innovation, financial strength, employee talent, utilization of firm resources, long-term investment value, social responsibility, management quality, and product and service quality. Market actions include: restraint actions, marketing actions, product announcements, new product introductions, capacity reductions in production and distribution, legal actions, agreements, and licensing activities. (Basdeo et al. 1980-2009).

For example, in some studies, the main recommendation is to maintain **market leadership** (Shamsie, 2003): the critical aspect of dominant position seems to lie in a company's ability to develop and maintain a leadership position over a prolonged period. Reputation is based on price and product quality.

Another variable is investing in **corporate social performance** (Turban, Greening, 1997): Culture and Social responsibility (i.e diversity) can attract potential employees. Managers, therefore, can (and do) take different actions re- garding their level of environmental scanning (Fahey & Narayanan, 1986), their management of stakeholder relationships (Clarkson, 1995; Freeman, 1984), and their activities regarding emerging and developing social and political issues (Ghase, 1984; Greening & Gray, 1994; Wartick & Cochran, 1985). Organizations higher on independently rated corporate social performance will have more positive reputations and will be perceived as more attractive employers than organizations lower on corporate social performance.

Also using innovative and symbolic actions to attract **media attention** (Rindova et al., 2007), investing in **environmental compliance** (Philippe & Durand, 2011), or by **hiring management consultants** (Bergh & Gibbons, 2011) and **highly regarded CEOs** (Love et al., 2016).

Strategy scholars have highlighted how signals are sent not only through market actions, but also by communicating about them through **press releases** (Carter 2006) and **advertising** (Fombrun & Shanley, 1990).

This is therefore the most suitable perspective in which to place this study, which will identify other 'strategic' variables that make up reputation in addition to those introduced by the literature, also in light of the innovation brought by technology and AI.

4. Literature on AI impact on reputation and its variables

In the most recent literature we find several authors who explore the contribution of AI to reputation. Jeljeli et al. (2003) examine the Impacts of **PR and AI on the Reputation Management** through a Case Study of Banking Sector Customers in UAE, demonstrating, through an empirical study based on interviews with customers of the Bank of the Emirates, that artificial intelligence has a significant effect on reputation management. Artificial intelligence was used by the Bank to create a chatbot system that interacts with customers in a manner that is not only automated but also empathetic, integrating existing PR systems. The study showed that the role of Artificial Intelligence in reputation management provides quick support and services to customers, provides them with better suggestions and helps them in decision making. Customers therefore not only consider the services more reliable but their trust in the organization increases, improving the reputation.

According to Liew [2021], clients do not worry about the representative as a human or a chatbot as they are mainly concerned about solving their problems and answering their questions. Clients expect the service provider to provide them with a quick response regardless of the complexity and nature of their inquiry. Consequently, today organizations are integrating and using Chatbots as one of the most preferred marketing and Public Relations tools to increase their reputation and attain their goals (Bourne, 2019). Shami and Ashfaq (2018) further argued that **Chatbots are a strong example of Artificial Intelligence contributing to organizational reputation management.** These bots are getting smarter as Emotional Intelligence is a critical component. Today, organizations not only chat with clients but also gratify their needs with voice chatbots (Mazouz et al., 2019). AI developers are training these bots to understand the client's needs, intentions, data, and context leading to an increased and ever-improved emotional intelligence among them (Habes et al., 2021).

The relationship between reputation and ESG management is widely discussed in the literature. Nkgowel and al. (2025) highlight the critical role of digital organizational culture in improving ESG performance and corporate reputation, which in turn stimulates innovation capacity. According to Singh & Arora (2025), an increase in energy intensity has a negative impact on the market valuation of non-ESG companies but a positive impact on that of ESG companies. ESG reputation mitigates the negative effects of energy inefficiency on corporate valuation. It can be deduced that ESG reputation provides a halo effect, whereby a strong ESG reputation protects companies from the usual penalties of energy inefficiency.

Rane and al. (2024) mention AI-based approaches to strengthen environmental, social, and governance (ESG) criteria in sustainable corporate practices. With growing regulatory demands and stakeholder expectations for transparency, companies are using AI technologies to monitor and report ESG metrics with remarkable accuracy. AI enables real-time data collection and analysis, enabling companies to monitor environmental impacts, optimize resource use, and reduce carbon emissions. At a social level, AI promotes workforce diversity and inclusion through impartial recruitment algorithms and improves workplace safety with predictive analytics on occupational health and safety. In governance, AI-based risk management tools and blockchain technologies strengthen corporate governance by ensuring compliance and transparency in supply chains and financial reporting. The use of natural language processing (NLP) and machine learning algorithms in ESG data analysis has improved the robustness and insight of sustainability reporting, aligning corporate strategies with global sustainability goals. Furthermore, AI-based predictive models help identify future ESG risks and opportunities, supporting companies in making informed decisions in line with long-term sustainability goals. The study (Rane et al., 2024) highlights recent advances demonstrating the effectiveness of AI in implementing ESG criteria, focusing on AI's role in fostering a culture of sustainability within organizations. As AI technologies advance, their potential to transform ESG practices will significantly contribute to building resilient and sustainable companies for the future.

Another variable that influences reputation within a corporate organization is responsible leadership: the results of the study by Haque et al. (2025) reveal that responsible leadership positively influences a bank's performance and reputation, even in the event of organizational crises. The loss of a "state of stability" (Schon 1973) in organizational transformation can be considered both regrettable and inevitable. Transformation causes discomfort and invasions of comfort zones for those affected, but it is nevertheless inevitable. The article by Coldwell et al. (2011) argues that, although the loss of a state of stability is inevitable in the flow of change that organizations face today, points of stability and methods for addressing instability can be achieved through responsible management.

Responsible leadership is defined as "the art of building and maintaining morally sound relationships with all stakeholders of an organization" (Coldwell & al., 2011).

A company's ability to maintain a good reputation is directly linked to its ability to retain its stakeholders (Peterson 2005). During a negative event or crisis situation, a company must ensure it has effective strategies and resources to address it responsibly and efficiently, minimizing losses in value. of stocks and public perception of corporate reputation.

The relationship between innovation reputation and market capitalization is also considered directly correlated: innovation reputation influences and predicts the financial performance of large corporations and therefore their competitive advantage.

The study by Randrianasolo and Semenov (2025) analyzes the usefulness of innovation reputation in increasing stock market valuations by examining the influence of company size, industry, and business efficiency on the focal relationship. The results indicate that innovation reputation significantly predicts market capitalization, with a stronger effect for larger companies. This moderation is more pronounced in service firms than in manufacturing firms.

Furthermore, asset efficiency moderates the focal relationship. Both firm size and asset efficiency are significantly moderated in low-innovation industries, compared to high-innovation industries.

5. Soft variables influencing SCA

Soft variables that make up reputation, which emerged from the literature, whose influence on SCA we will examine with qualitative research in the empirical phase of the next chapters:

below we will focus on some of the soft variables that make up reputation according to some of the literature and which, even more so in an AI-permeated context, influence a company's sustainable competitive advantage.

COMFORT ZONE

One of the market prejudices is linked to the fear of the unknown and what is not known. Innovation and artificial intelligence generate fear in the market due to lack of knowledge and the market automatically remains attached to the reality it knows.

The development of AI has been tumultuous and fast, so much so that it has revolutionized the corporate market. Such a disruptive innovation, like steam and electricity, has created concerns in companies and at the same time excitement for a technology that can guarantee optimization and efficiency/effectiveness but at the same time has marked a paradigm shift by virtue of of which the entire organizational culture and the processes that compose it must adapt to a completely different business reality.

This is why the comfort zone of those in the company who are used to working according to traditional logic and with certain consolidated rhythms and roles is crumbling. AI imposes a new vision on the entire marketing, sales, legal and production chain which affects every single process and role previously existing in the company. The approaches are obviously different depending on the size of the company, on a multinational versus a local one, on management and on a company direction with a strong or weak approach to risk. AI is a technology still in progress that is not only *analytic and predictive AI* - which uses data sets to find patterns and trends and make predictions faster than humans - but also *generative AI*, that is, a technology that uses language models (Large Language Model, LLM) to learn patterns in language based on millions of writing examples, creating entirely new content from text to video to images. Therefore everything that we knew as predictable and controllable in the company in processes and roles changes today: specific preparation is needed, an approach to test and iterate and also to risk, questioning everything that was previously taken for granted and solid.

The comfort zone is therefore missing and must be replaced with an attitude to risk, to navigating ambiguity, remaining uncomfortably excited. Since companies, especially at the top, are made up of the Boomers generation who have based their work and experience on certain and measurable parameters, the comfort zone represents a blocker for the adoption of AI and a propensity to continue adopting known and “safe” products, creating reticence towards AI innovation.

DEFINITION OF COMFORT ZONE

The comfort zone is a mental state in which the individual operates with familiarity, security and without anxiety. It is a behavioral domain that involves established routines, reassuring habits and predictable situations.

Its characteristics are: i. *the reduction of anxiety*: CZ offers a psychological refuge from challenges and risks, promoting a sense of control and tranquility; ii. *minimal effort*: actions within the CZ require reduced cognitive and emotional commitment, favoring the conservation of energy and resources; iii. *efficiency*: familiarity with the consolidated routines in the CZ allows rapid and precise execution of tasks.

Its limitations are: i. *stalemate*: CZ can hinder personal and professional growth, preventing the learning of new skills and the exploration of new opportunities; ii. *reluctance*: CZ can fuel resistance to change and reluctance to face new challenges; iii. *lack of stimulation*: CZ can generate boredom, apathy and a feeling of stagnation in one's life.

The literature widely covered the topic of the comfort zone with research that explores its impact on various aspects of life, such as motivation, resilience and happiness in psychology and neuroscientific studies that have identified neural correlations between the comfort zone and activation of brain areas associated with reward, safety and risk avoidance. In economics, research has explored the influence on individual and collective decisions in contexts of uncertainty and risk.

Kotter (2006) explains why transformation efforts fail if a sense of urgency is not established. Geissdoerfer ,et al. (2018) mentioned the Kotter vision: we need to examine the market and competitive realities for potential crises and untapped opportunities and convince at least 75% of managers that the status quo is more dangerous than the unknown. The challenge is to underestimate the difficulty of pushing people out of their comfort zones, without becoming paralyzed by risks (Kotter, 2006).

Innovation is leaving the comfort zones to other new uncertain zones (Microsoft and Apple on TVs). To motivate the project staff to leave their comfort zones and to shift to the uncertain ones there has to be some dynamic capabilities. (Guttel & Konlechner, 2007). Guttel and Konlechner found that dynamics are needed to govern the ratio between exploration (e.g. R&D and Product development) and exploitation (reengineering and replication) and there must be some cultural and structural mechanisms to enable simultaneous exploration and exploitation. (Samra & Shaalan 2017).

AI represents a great challenge for the comfort zone. In the advertising sector, as we analyze in the empiric phase of this study, AI is "multiplying" the potential of communication but represents, for the market that adopts advertising powered by AI, still something unknown and not easily manageable: the lack of skills, the poor governability of the technologies that train it and the complete detachment from the safe logic that has guided the communication strategy for many years, create fears and reticence towards a phenomenon that contrasts the comfort zone in market operators (customers, agencies, publishers).

In her analysis of the media industry's relationship with AI's new challenges, which challenge the comfort zone, Chan-Olmsted (2019) highlights "there are significant challenges in balancing effectiveness and efficiency, and human and AI judgment," and how the successful integration of AI into organizations critically depends on workers' trust in AI technology. The review (Chan-Olmsted, 2019) reveals the important role of AI behaviors of tangibility, transparency, reliability, and immediacy in developing cognitive trust, and the role of AI anthropomorphism specifically in emotional trust.

The literature has yet to explore how comfort zones can affect the reputation of Big Tech companies that provide AI-based advertising services and what consequences this may have on their SCA. We find this new insight stimulating and believe it could represent a step forward.

RELATIONSHIP

The human and professional relationships cultivated over time with past stakeholders also contribute to creating reticence towards new actors. Human relations play a fundamental role in the success of business relationships between company and supplier. They go far beyond the simple commercial transaction and are based on a series of interpersonal factors that create trust, respect and collaboration. In this analysis we will delve into the importance of these human relationships that affect reputation and their implications for business success.

DEFINITION OF RELATIONSHIP

Human relationships in business relationships can be defined as the set of interpersonal interactions that take place between representatives of two companies, in order to create a bond based on trust, respect and mutual understanding. Key characteristics of these relationships include: i. *Open and transparent communication*: Communication is key to building strong relationships. Companies and suppliers must communicate openly and honestly to avoid misunderstandings and build trust; ii. *Mutual respect*: Both parties must show respect for the other's needs and goals. This means being willing to listen, negotiate and find mutually beneficial solutions; iii. *Trust*: Trust is a key element of any healthy relationship. Companies and suppliers must be able to trust each other to fulfill their obligations and to maintain a lasting relationship; iv. *Collaboration*: Collaboration is essential to achieve common goals. Companies and suppliers must work together to find innovative solutions and continuously improve their relationship.

In some ways, human relationships in business relationships between stakeholders have correlations with the "comfort zone". We bring the practical case of traditional media owners (TV, radio, Press) with whom advertisers and agencies that buy advertising have established decades-long relationships of mutual trust which have consolidated over the years and even the contractual and bargaining dynamics have become part of a comforting and efficient routine. When advertisers found themselves dealing with "new media", they found themselves meeting new people with new business and negotiation logics on a digital product unknown to them. We therefore maintain that human relationships built over time are a real factor of competitive advantage in which time and money should be invested. Human relations are a key factor for the success of business relationships between company and supplier. Investing in building solid and positive relationships can lead to a series of benefits for both parties and this variable will be relevant to maintaining a sustainable competitive advantage.

In literature the role of relationship was analyzed more in a B2C (Aaker, 1991; Keller, 1993) than a B2B perspective .

The idea of the employee as being responsible for conveying the brand is taken to the extreme by Gupta et al., 2010a and Gupta et al., 2010b who propose that brand relationships should be managed by the brand personified (i.e. a human representative of the brand).

Leek and Christodoulides in 2011, said that the nature of the relationship may affect the importance of branding. In the B2B context there is a continuum of relationships from transactional to long term, with an emphasis on developing long term relationships between suppliers and buyers (Hakansson, 1982): 70% of relationships to be greater than five years old.

Once a relationship becomes long term research needs to determine what role, if any, brand plays in maintaining the relationship. Its importance may diminish significantly as other factors such as reliability, trust, willingness to adapt become more important. In relationships which are more transactional or short term, branding may be more important in determining who to do business with. A buyer may repeatedly buy the same brand product which is used intermittently to minimize search costs etc. The nature of the relationship may interact with the characteristics of the buying situation and the nature of the individual to affect the importance of the brand.

In the next chapters, this study will explore, with the qualitative research, if the value of relationships is related to brand reputation and can influence purchasing decisions and trust that helps ensure an SCA

INTERCULTURAL DIMENSION

In a globalized world, business relationships between stakeholders of different cultures and countries of origin are becoming increasingly important. Understanding intercultural dimensions and country of origin therefore becomes fundamental to building solid and long-lasting relationships, which in turn can influence a company's reputation and sustainable competitive advantage.

DEFINITION OF INTERCULTURAL DIMENSION

Interculturality refers to the ability to understand and interact effectively with people from different cultures. It involves awareness of different values, norms, communication systems and negotiation styles. Intercultural competence allows you to improve communication by avoiding misunderstandings and building relationships of trust and to manage conflicts by resolving disputes in a constructive and respectful way as well as allowing you to seize opportunities by identifying new business possibilities and collaborating with international partners.

Also connecting with Country of origin that refers to the country in which a company was founded or has its headquarters. This can impact the reputation and perception of the company by international stakeholders. For example, companies from countries with a strong reputation for innovation or quality could be perceived as more reliable and competitive but at the same time they could also be perceived as a threat, as dominant and with logics distant from local ones (for example American digital companies in European countries).

Both individual and industrial consumers are frequently exposed to various product information intended for purchase decisions, and this information provokes emotions, feelings, imagery, and fantasies (Verlegh & Steenkamp, 1999). In this framework, Dichter (1962, p. 116) was the first to discuss country of origin’s possible influence on approval and success of products. To provide an empirical base for these arguments, Schooler (1965) conducted research which aimed to investigate whether Central American consumers attribute favorable/unfavorable characteristics to products produced in other countries, and to understand whether some origin countries have advantages/disadvantages over others in this context. The results of the study pointed out a substantial difference in evaluation of products identical except for the country in which they were produced. Since this early study, country-of-origin (COO) effect has been widely studied in marketing, business and management literature.

Due to its importance in both business-to-business (B2B) and business-to-consumer context (B2C), and recognition in marketing, management and business literature, there exists numerous literature review studies on COO effect. Yet, most investigate COO effect from final consumers’ perspective (Verlegh & Steenkamp, 1999; Al-Sulaiti & Baker, 1998; Ozsomer & Cavusgil, 1991; Peterson & Jolibert, 1995; Dinnie, 2004). Solely et al. (1982) and Andersen and Chao (2003) conducted a review study for industrial context. The research of Bilkey and Nes (1982) examines articles on the basis of investigated source and target countries, measure of evaluation, products (tangible vs. intangible), methodology (survey vs. experimental design), subjects, and research setting (single cue vs. multiple cues). In contrast, Andersen and Chao (2003) investigated articles in terms of product evaluation criteria, buying centers (purchasing manager’s perceptions and evaluations, technical manager’s perceptions and evaluations) and buying classes (straight rebuy, modified rebuy, rebuy).

Impact on Reputation

A company's reputation is influenced by how it is perceived by stakeholders. Companies that demonstrate cross-cultural sensitivity and a commitment to sustainability are generally considered more trustworthy, ethical and responsible. This can lead to an increase in trust from customers, partners and investors.

Sustainable Competitive Advantage

Companies that understand and effectively manage cross-cultural dimensions can achieve a sustainable competitive advantage. This is because they are able to attract and retain global talent by creating an inclusive work environment and valorize diversity, develop relationships of trust with international partners by building long-lasting and profitable collaborations and access new markets, successfully penetrating foreign markets and adapting to the needs of locals.

Intercultural and country of origin dimensions are key factors for the success of business relationships in a global context. Companies that invest in understanding and developing cross-cultural skills can improve their reputation, gain a sustainable competitive advantage and thrive in the global marketplace.

In today's global landscape, business relationships between stakeholders, advertisers and digital platforms are becoming increasingly complex. The interculturality of the actors involved emerge as determining factors influencing reputation and sustainable competitive advantage (SCA) in this context.

The different cultures of stakeholders, advertisers and digital platforms lead to different values, expectations and methods of communication. Understanding and respecting these differences are crucial to building relationships of trust and collaboration. The lack of interculturality can in fact cause misunderstandings and conflicts in which the different expectations and methods of communication can lead to misunderstandings and conflicts between the parties. Another effect can be poor collaboration, i.e. the difficulty in communicating and understanding different cultures can hinder collaboration and the creation of synergies. As well as damage to reputation can occur: behavior that does not respect different cultures can damage the reputation of one of the parties.

The COO of a digital platform can influence users' perception of reliability, security and respect for privacy. A COO associated with: i. *high standards of governance and regulation* can increase user trust and the reputation of the platform; *ii. poor protection of personal data can generate doubts and fears about security and privacy*, damaging the reputation of the platform; *iii. unethical business practices c*an damage the platform's reputation and hinder its long-term success.

The reputation of a digital platform depends on several factors, including its ability to: i. *understand and respect different cultures*: a platform that demonstrates intercultural sensitivity will be seen as more trustworthy and respectful; ii. *protect user data*: data security and privacy are fundamental to the reputation of a platform; operate ethically and responsibly: *ethical and responsible behavior* strengthens the reputation and trust of users.

Interculturality and COO, by influencing reputation, can also influence the SCA of a digital platform in several ways. They can improve access to global markets, increase customer loyalty and innovate on the basis of diversity: diversity of cultures and experiences can lead to greater innovation and creativity.

However, it is often not easy, for example for digital platforms that operate in the advertising sector powered by AI, to dispel the doubts of local advertisers and trade associations operating in a European country with historically parochial logics and linked to very strong local logics that create a sense of belonging. For example, traditional media companies, which were born and raised in Italy, win the admiration and pride of people who work in advertising in Italy, while American companies such as Google, Meta, tik tok, Netflix and Amazon cause cultural distance and fear of digital sovereignty.

Furthermore, international digital companies operate in a "global approach" logic which aims to have unique rules for the whole world which originate in the US and which aim not to be flexible from a local perspective of individual countries, also to scale the approach efficiently. This top-down approach creates distance between stakeholders. We are convinced that American digital platforms must give priority to a less scalable but more tailored approach for each individual country, meeting the local needs of each country to gain the reputation of stakeholders and earn in SCA. Interculturality is a key factor for the success of business relationships between stakeholders, advertisers and digital platforms. Understanding and respecting different cultures, protecting user data, and behaving ethically and responsibly are essential elements for building a solid reputation and lasting SCA.

COMPLIANCE

In today's economic landscape, corporate compliance takes on a role of primary importance. It is configured as a system of rules and procedures aimed at ensuring that company operations comply with regulations, laws, regulations and codes of conduct. Its compliance is not only a legal obligation, but represents a key factor for the reputation, sustainability and long-term success of any business.

In academia, compliance can be analyzed from different perspectives. The theory of law frames it as a system of rules aimed at regulating the behavior of companies and protecting the interests of various stakeholders, including customers, employees, shareholders and society in general. Economic theory highlights the costs and benefits of compliance, highlighting how an adequate risk management system can reduce sanctions and improve access to credit and markets. Organizational theory focuses on the implementation of compliance within the company, analyzing different organizational cultures and factors that can influence employee behavior.

Compliance takes on different nuances depending on the sector and context in which the company operates. Among the main areas of compliance we find: i. regulatory compliance: concerns compliance with specific laws and regulations of the sector in which the company operates, such as the protection of personal data, workplace safety, competition and financial transparency; ii. internal compliance: refers to compliance with codes of conduct, company policies and internal procedures aimed at ensuring ethical and responsible behavior by all employees; iii. international compliance: becomes relevant for companies operating in global markets, implying knowledge and compliance with different regulations and standards between the various countries.

Agbadamasi et al. (2025) explores the critical role of business intelligence (BI) in enabling U.S. companies to achieve transparent and responsible artificial intelligence (AI). The paper aims to assess how BI can support ethical AI development by ensuring fairness, transparency, and accountability in AI systems. The research, conducted using a qualitative methodology that includes literature review, case study analysis, and expert interviews, indicates that BI improves ethical decision-making by providing data-driven insights that help identify and mitigate bias, improve algorithmic fairness, and ensure regulatory compliance. Additionally, BI enables organizations to establish strong governance frameworks, promoting greater public trust and competitive advantage. The research concludes that integrating BI with AI ethics is essential to developing trustworthy AI systems that align with societal values and regulatory expectations. The study features five examples of leading companies (IBM Watson Health, JPMorgan Chase, Amazon, Tesla, Meta) implementing BI to ensure transparent and explainable AI (XAI) across multiple industries. These case studies demonstrate how BI can be used to identify and mitigate bias, ensure regulatory compliance, promote equitable product visibility, improve safety, and ensure fair regulation of content. The discussion reiterates that BI plays a critical role in enabling U.S. companies to address the ethical and social implications of AI, leading to increased public trust and competitive advantage.

An interesting strand of literature has focused on ethical compliance and how it impacts corporate reputation. Bayo and Emotongha (2021) review the literature, revealing a strong correlation between both variables, meaning that ethical compliance is consistently associated with corporate reputation. Organizations must now improve their ethical compliance programs to achieve the desired corporate reputation. Failure to do so simply leads to several corporate scandals. These scandals can cause significant financial losses for investors, among other stakeholders, and erode market trust. With reference to AI, Aymal et al. (2025) analyze the challenges facing the pharmaceutical industry, such as AI software validation, data security and privacy, potential biases, ethical concerns, and change management requirements. Given the rapid pace of technological innovation, the article emphasizes the need for proactive collaboration with regulators to manage these developments. It also emphasizes the importance of adapting to evolving regulatory frameworks and adopting new technologies.

With reference to technology companies promoting AI, democracy and disinformation are among the greatest challenges facing institutions. In the 21st century, voter choice and the broader political debate are within the reach of those who can access and channel the vast flows of user data generated online. How digital platforms use users' personal data to influence the outcome of democratic processes has become a central issue facing liberal democracies (Robertson, 2022, Volume 67, Issue 2). The growing influence of social media platforms and the disinformation circulating there have transformed the public sphere. How to address disinformation is an open, normative, empirical, and political question in contemporary democracies (Garcia & Oleart, 2023).

With the continued rapid evolution of digital technology and its integration into various aspects of our cities and societies, aligning technological advances with social values becomes crucial. The changing sociotechnical landscape has driven technology companies to increasingly focus on responsible innovation and technology (RIT), due to growing public scrutiny, regulatory pressure, and concerns about reputation and long-term sustainability. Li et al.'s (2023) study contributes to the ongoing debate on responsible practices by conducting a policy review that delves into the insights of the RIT guidelines of the most influential high-tech companies, the so-called tech giants. The findings reveal that (a) leading high-tech companies have begun to focus on RIT; (b) the primary focus of RIT policies of leading high-tech companies is artificial intelligence; (c) technology reliability and acceptability are the most common policy areas; (d) affordability related to technology performance and adoption is almost absent from policies; and (e) sustainability considerations are rarely part of RIT policies but are included in annual corporate reporting.

CHALLENGES AND IMPLICATIONS

Implementing an effective compliance system poses several challenges for companies, including: i. *regulatory complexity*: the regulatory landscape is constantly evolving, making it difficult for companies to stay updated on all the required obligations; ii. *corporate culture*: compliance requires a cultural change within the company, with the involvement and empowerment of all employees; iii. *implementation costs*: implementing a compliance system can require a significant investment in terms of human, technological and financial resources.

BENEFITS AND ADDED VALUE

Despite the challenges, compliance offers numerous benefits to companies, including, for example, reducing the risk of sanctions. Compliance with regulations helps prevent fines, penalties and disqualifications. The other two benefits are improved reputation, whereby a compliant company is seen as reliable and transparent, strengthening its reputation on the market and increasing stakeholder trust. Compliance increases the trust of customers, employees, shareholders and investors in the company.

Let's take our example of digital stakeholders selling advertising to advertisers. Digital and AI are currently under the eye of the regulatory storm, especially European ones. Topics such as people's privacy, the protection of people on advertising content provided on the web and AI have opened very complex regulatory files such as GDPR, e-privacy, Digital Services Act, Digital Market Acts, AI Act, AVMSD. These files aim to protect people who use the web and regulate digital platforms which, in constant dialogue with the institutions, are adapting to the new legislative provisions. The reputation of digital platforms, stakeholders of advertisers, is influenced by whether or not they comply with current regulations and represents an essential asset for earning their trust. In this context, collaboration with sector trade associations representing the various parts of the advertising chain (media and creative agency associations, advertisers' associations, Digital associations and Publishers' associations) is also a strategic asset that allows digital platforms to interact with regulatory institutions through third parties recognized by the entire market to mediate final decisions.

In an increasingly complex and globalized economic context, corporate compliance is an essential element for the sustainable growth and long-term success of any company. The adoption of an effective compliance system allows you to manage risks, improve reputation and create value for all stakeholders. Companies and in the case of digital platforms that sell digital advertising enhanced by AI, that will analyze in the following chapters of this study, must invest resources and people in compliance to ensure long-lasting SCA.

TRANSPARENCY

In today's economic landscape, transparency in business relationships between stakeholders takes on a role of primary importance. It is configured as a fundamental value that permeates the relationships between the different parties involved in a company, considerably influencing reputation and sustainable competitive advantage.

Transparency impacts the reputation of stakeholders using AI in several ways. In particular, for domain experts, transparency plays a crucial role in their accountability and reputational risk.

As highlighted by Lockey et al. (2021), transparency is critical to the reputation of stakeholders working with AI, especially for domain experts who are accountable for the performance and ethical implications of AI systems. The ability to understand and explain how AI works is essential to maintain end-user trust and to avoid damage to one’s professional reputation and legal risks.

Singh's (2021) study reveals that transparency and disclosure are vital aspects of corporate responsibility that significantly enhance stakeholder trust and corporate reputation. Companies that consistently provide clear, accurate, and timely information about their operations, financial performance, and social and environmental impacts tend to gain higher levels of trust and loyalty from stakeholders. Stakeholders expect companies to go beyond mere compliance with regulatory requirements and adopt proactive transparency practices that demonstrate a genuine commitment to ethical conduct and social responsibility.

Here are some key points about how transparency impacts reputation: i. *Accountability of domain experts*. Domain experts, such as doctors using AI-based diagnostic systems, need to understand how AI works and be able to explain its decisions. Lack of transparency makes it difficult for them to provide effective human oversight and justify AI-assisted decisions to other stakeholders, including end-users and society. If AI produces inaccurate or unfair results and experts cannot understand the reason due to a lack of transparency, their professional reputation can be damaged; ii. *Reputational and legal risk*. Industry experts are also responsible for the accuracy, fairness and appropriate use of data by AI systems. Lack of transparency about how AI processes data and reaches its conclusions can make it difficult to ensure that there is no bias or misuse of data. Industry experts can face reputational and legal risks if results are inaccurate, discriminatory or violate privacy; iii. *Tension between transparency and accuracy*. The source highlights a tension between transparency and accuracy of AI models. Higher-performing models tend to be less transparent and explainable. However, even if a model is accurate, lack of transparency can undermine trust and therefore, indirectly, the reputation of stakeholders who use or are responsible for it.

DEFINITION OF TRANSPARENCY

In business, transparency refers to the open and complete sharing of information, decisions and actions with all stakeholders. It implies clear and accessible communication, whereby the information must be formulated in an understandable way for all recipients, avoiding technicalities and ambiguous language, completeness, whereby the communication must be exhaustive and include all relevant aspects, even negative or controversial ones . At the same time, timeliness and consistency are fundamental as the information must be provided in a timely manner, avoiding delays or omissions that could generate doubts or suspicions and must be consistent with the actions taken by the company.

Transparency in business relationships offers numerous benefits. For example, it improves trust among stakeholders, who feel informed and involved in company decisions, strengthens reputation as a transparent company is perceived as reliable, ethical and responsible, strengthening its reputation on the market. Furthermore, transparency facilitates collaboration between stakeholders, who feel part of a cohesive team and share the same objectives and reduces risks by helping to prevent conflicts and disputes, favoring the timely resolution of any problems.

Transparency is a determining factor for a company's reputation. Open and honest communication with stakeholders allows you to: i. build a solid reputation for trustworthiness: customers, partners and investors trust more companies that behave transparently and responsibly; ii. manage crises effectively: transparency helps manage crisis situations effectively, limiting damage to company reputation; iii. attract and retain customers: customers are more likely to choose and remain loyal to companies that are committed to communicating transparently.

Specifically in relation to AI, Zerilli et al. (2022) argue that “An important set of questions for human-AI interface designers concerns trust, transparency, and fault tolerance.” And “although transparency may be crucial for facilitating appropriate levels of trust in AI and thus countering aversive behavior and promoting vigilance, transparency should not be conceived exclusively in terms of an algorithm's explainability. Dynamic task allocation, as well as the communication of trust and performance metrics, among other strategies, may ultimately prove more useful to users than algorithmic explanations and significantly more effective in promoting vigilance.”

According to Felzmann et al. (2020), transparency is a concept that must be applied by design in AI to help organizations design transparent AI systems, as an ex ante value, not as an afterthought.

Returning to our B2B example, we highlight the importance of transparency in business relationships between stakeholders, advertisers and digital platforms.

Transparency manifests itself in several aspects: *i. information sharing:* digital platforms must provide stakeholders and advertisers with clear and accessible information on data used, performance metrics and targeting methods; ii. *open communication:* it is essential to maintain an open and constant dialogue with all the actors involved, in order to resolve doubts, answer questions and resolve any disputes; **iii. clear decision-making processes:** digital platforms must disclose the criteria and logic underlying decisions relating to the allocation of advertising spaces, performance measurement and content moderation.

Transparency has numerous benefits. Sharing information and open communication generate trust between parties, promoting collaboration and cohesion, but a solid reputation for transparency also increases the value and attractiveness of the digital platform in the eyes of stakeholders, advertisers and end users. The competitive advantage also benefits, as transparency allows you to stand out from competitors, offering a more reliable and secure service. Furthermore, transparency facilitates the resolution of problems and the management of any disputes, optimizing processes and reducing costs.

INFLUENCE ON REPUTATION AND COMPETITIVE ADVANTAGE

Transparent management of relationships with stakeholders and advertisers translates into a solid and reliable reputation for the digital platform. This in turn generates a sustainable competitive advantage, as: attract new customers and make the platform more attractive to advertisers, who are willing to invest in a safe and reliable environment; improves loyalty, as the trust generated by transparency increases the loyalty of stakeholders and advertisers, who tend to consolidate relationships with the platform over time; increase business value: a solid reputation for transparency translates into an increase in the business value of the digital platform, making it more attractive to potential investors and acquirers.

Transparency represents a fundamental pillar for building relationships of trust and for achieving a sustainable competitive advantage in business relationships between stakeholders, advertisers and digital platforms. In a constantly evolving digital context, transparency is a key factor for the success and lasting growth of any platform.

To give some practical examples, in the relationship between advertisers and digital platforms that sell advertising spaces powered by AI, the dynamics that represent transparency can be included in the following areas: measurement of the results of an advertising campaign, responsible content. These two areas represent the sphere of certification of the quality of the contents and processes, and the data used to measure the performance of advertising campaigns. The sharing of information with third-party stakeholders who are recognized by the market as impartial and with adequate expertise to certify the first-party data of advertising providers or verify the legal integrity of the content uploaded, for example, on digital platforms, becomes a crucial asset for reputation. In the next two paragraphs, we will describe these two areas to clarify what they consist of.

Transparent sharing of data with Third Parties and certification: measurement of an advertising campaign

Measuring the results of an advertising campaign is a fundamental asset for companies that operate in communication to demonstrate that they have spent their budget efficiently and effectively. The proliferation of communication media, especially digital, has made it increasingly complex for companies to measure their advertising partner. Traditional means of communication, such as television, the press, radio, are measurable through currencies recognized and established by the entire market through JICs (Joint Industry Committee) - in the case of Auditel television in Italy - which, with standards measuring standards established for 50 years, guarantee transparent measurement. In the case of digital media, however, (for example YouTube, Amazon Prime, Netflix, TikTok and Meta) the measurement takes place with first-party data that the digital platform provides to advertisers for measurement or by private research institutes (for example Nielsen or Comscore) with each their own methodology. The need for a methodology for measuring digital together with other means that is transparent and recognized and shared by the entire market and in particular by the associations representing the various stakeholders (advertisers, agencies, publishers, platforms) has long been a priority in the media market. advertising'. For digital platforms that sell space to advertisers, not being measured transparently creates reticence in reputation and subsequent product adoption.

In Italy today the trade associations representing advertisers (UPA), agencies (UNA) and publishers (FIEG and Fedoweb) are creating a new JIC for the measurement of digital and print with currency cross media which will allow the calculation of the results of an advertising campaign. In this process, the associations have also involved Big Tech advertising providers. This project which will see the light in a few years will bring transparency to the measurement of a campaign across all media, improving the reputation of digital platforms which will contribute to being measured with standards established by the entire market.

The process is still long but the improvement of the reputation of the platforms that will be measured in a transparent way will have the effect of increasing the SCA.

Also based on this example we argue that transparency increases reputation and that reputation increases SCA

Transparency on responsible content

Another priority for the advertising market in the times of AI and digital is the transparency relating to the security of the contents that pass through digital platforms (think of TikTok, YouTube, Meta) and in which advertising is delivered '.
Some Digital Platforms implemented internal policies to block illegal content (for example pornographic, violent, spam, misinformation) across the entire population and are more restrictive on content made for kids. On YouTube, for example, creators who upload content to the platform must adhere, according to their contract if they want to monetize their content with advertising, to the Community guidelines[1] which require a self-certification from the creator that guarantees the absence of illegal content in their channel YouTube. Furthermore, every day, through artificial intelligence and the control of YouTube employees, the platform deletes millions of contents intercepted as illegal (see Google Ads Transparency Report[2]). These actions, highly appreciated by the advertising market, are not enough to reassure it, as they are a non-third party methodology recognized by the market. For this reason, the YouTube platform has started to dialogue with third-party bodies such as MRC (Media Rating Council[3]), acquiring their certification as a safe platform (99% of YouTube content is safe according to these third-party bodies). The certification of third-party bodies has contributed to improving YouTube's reputation and earning, according to many market researchers, the title of the most responsible platform compared to competitors not accredited by third parties.
The platforms that host content are also moving to ensure that synthetic content, i.e. content created with AI, is recognizable by those who watch it. For example, YouTube has recently inserted a box for creators who upload synthetic content[4] to tick, so that the platform can insert a disclaimer in the video that communicates to the people who are watching the video that it is synthetic video. Other practices for recognizing synthetic content are developing: watermarking and metadata that give the possibility of tracing the synthetic image used back to the original contexts to which it belongs.
We argue that transparency about illegal and synthetic content is directly linked to improving reputation and consequently to SCA.

6. Towards a theoretical framework

The evolution of technology and the advancement of artificial intelligence have also altered the variables that comprise and contribute to building or destroying reputation. This study

[1] YouTube Community Guidelines: https://support.google.com/youtube/answer/9288567?hl=en
[2] Google Ads Transparency report. https://adstransparency.google.com/?region=IT
[3] The Media Rating Council (MRC) is a not-for-profit industry self regulatory body, established in 1963 at the request of US Congress, that audits and accredits media measurement products and data sources across Digital, Out-of-Home, Print, Radio, Television, and cross-media products. https://mediaratingcouncil.org/
[4] Google support: https://support.google.com/youtube/answer/14328491?hl=en&co=GENIE.Platform%3DAndroid

hypothesizes that these aforementioned variables contribute differently to strengthening reputation and that the relationship between them is very strong and has two distinct perspectives: one linked to relationships between professionals and therefore individuals who respond to internally governable logics within companies, which we will call "endogenous variables"—Relationships, Comfort Zone, Intercultural Dimension—and one linked to logics that originate outside the company but have a direct impact on it, which we will call "exogenous variables"—Transparency and Compliance. Furthermore, the study hypothesizes that the relationship between the different variables remains unchanged in a current scenario where technology is disruptive but AI is still in its early stages, while the importance and priority of the variables shifts when projected into the future, in a scenario where AI will play a more defined and disruptive role in the daily lives of companies and in the geopolitical and economic landscape.

To test these hypotheses, the study will therefore propose, following a qualitative research conducted with interviews of professionals working in advertising, frameworks that draw two models of interpretation in a present scenario with AI still in its early stages and in a future scenario with AI as a technology that permeates every process. The two frameworks will have the objective of drawing up implications for companies that in the two different scenarios will have to adapt their strategies for allocating resources in people, skills and budgets.

Chapter 2: EMPIRIC PHASE: The role of the soft skills, included in reputation, driving the SCA: the B2B Big Tech case in the advertising market

1. Introduction

In this second chapter we will move on to the empirical phase of the study, in which we will analyze the results of a qualitative research.
The research focuses on the B2B case of Big Tech (i.e. Google, Amazon, Meta, Microsoft, TikTok, Netflix) operating in Italy selling advertising powered by AI and aims to demonstrate how reputation acts as an essential resource for companies, focusing on its correlation with the market's propensity of companies to invest in advertising (SCA).
In the first chapter we identified and defined the intangible factors/variables that make up the reputation. In this second chapter, based on qualitative research, we will analyze the perception of the main digital advertising industry operators (companies, agencies, advertising trade associations) in Italy showing how the new variables we identified as included in reputation influence the propensity to buy advertising. Also we will share an approach and key recommendations with companies so they can protect and ensure sustainable competitive advantage.
The study will focus on an analysis of the B2B and advertising sector which will try to fill the gap in the literature on individual sectors but will allow future research to verify further results and stimulate further research on other sectors. The business cases studied in the literature refer to the B2C sector and to the reputation that the company has on the consumers of the products.

2. Research question

Given the variables that we have identified, described, and found in the previous literature, in this chapter the study will conduct an empirical analysis, based on qualitative research, which explores, based on the perception of professionals in the digital advertising sector, which variables influence the propensity to purchase advertising the most, how they influence it, and how these variables interact and relate to each other. Therefore, the research questions that this chapter will answer are: *What are the reputation variables that contribute to changing stakeholders' perception until it is reflected in the propensity to purchase and consequently in the sustainable competitive advantage? And how do these variables interact and what relationships do they have with each other?*"

3. Methodology

Qualitative interview with 12 executive professionals of the sector in Italy to test the perception of the market on the importance of the variables that make up the reputation and how much these variables are important for the advertisers and how much influence the advertising expenditure of advertisers (SCA).

The qualitative research in question has an exploratory purpose and is therefore not exhaustive but preparatory to further quantitative research. We believe that, for this study, qualitative research is the most suitable methodology to lay the basic principles to be verified with subsequent studies, basic principles that start from people's experience, as stated by Polkinghorne (2005) “Qualitative research is inquiry aimed at describing and clarifying human experience as it appears in people's lives. Researchers using qualitative methods gather data that serve as evidence for their distilled descriptions.” Some literature on qualitative research argues that the focus of interview-based research should be on what is being told and how and where these stories are produced: some authors (Miller & Glassner 1997) explore the theme of finding 'reality' in interview accounts. According to Fontan & Frey (1994), interviewing in social research is a complex task with a long history that manifests in various forms (structured, group, unstructured) and requires attention to techniques, ethics, and the relationship between interviewer and interviewed. In conducting this research, we attempted to follow the hierarchy of priorities for ethical conduct in research, placing the well-being and concerns of the research subjects before the needs of the study itself and the researcher, as Punch (1986) suggests, "as field researchers we must exercise common sense and moral responsibility and, we would add, first of all to our subjects, then to the study and finally to ourselves." The research for this study involved 12 personal video interviews, each lasting 1 hour. The sample of interviewees consists of managerial-level professionals (managers, marketing directors, media directors, strategic directors, CEOs, Presidents, and GMs of trade associations) in the advertising sector in Italy who work in agencies, companies, and trade associations with a focus on advertising and of recognized professionalism and experience in the world of advertising investments. A wide variety of professional roles covered: advertising companies: marketing manager, media director, head of media, media and sponsorship director; media centers: strategy director, media director, chief operating officer, new business manager, business director; trade associations: members of the boards of directors, general managers. The sample of respondents was selected to allow coverage of different types of product sectors representing 60% of the total advertising investments in Italy in the year 2024[5]: Pharmaceuticals/Healthcare, Food + Beverage, Finance/Insurance, Telecommunications, Personal Care + Toiletries). In a scenario like that of advertising investments, where there is an enormous long tail of advertising investors branching out across different media, 60% of our sample historically represents the hard core of advertising in Italy, with the mentioned sectors focusing on the most expensive and high-impact media where advertising is a very important strategic lever to stand out in the market and where competition is increasingly strong. The sample of our research is also composed of 8 women and 4 men to represent the communication sector with a strong female presence.[6]

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[5] Source: Processing of Nielsen data on estimated data from January to December 2024. Data on above-the-line advertising.

[6] "Source UNA (Union Agenzie Associate): 'In 2022, the labor market of communication companies appears more feminized than the national average and, according to the data of the companies considered, the proportion of women out of the total workforce drops slightly above half of the workforce in 2020 (54.6%) compared to a female presence of 42% according to ISTAT data.'"

The field period is March 7-21, 2025.

4. Context: scenario of the advertising sector in Italy we analysed. Traditional Media Owners, Big Platforms and advertising powered by AI

INTRODUCTIVE ADVERTISING SECTOR SCENARIO IN ITALY

In 2024, the above-the-line[7] advertising investment market in Italy is worth 11.2 billion euros, according to data from the Politecnico Observatory[8], of which 51% is allocated to so-called traditional media (TV, Radio, Print, Outdoor) and 49% to Digital - with a growth of 12% year on year. The latter has surpassed Television in the last two years, taking away a historical primacy of 20 years. The advertising landscape has expanded in recent years creating a much more competitive environment compared to the past, due to the arrival of newcomers such as social media and OTT[9]. The constant evolution of technology has contributed to changing and fragmenting the consumption of different media by the consumer and, as a result, has forced the advertising market to adapt to new purchasing logics and new needs to follow the consumer journey of the consumer.

The objective reasons that have traditionally guided the choice of a particular advertising channel are related to marketing objectives, linked to measurable KPIs (Key Performance Indicators), which can be branding, aiming, for example, to make a product known (awareness objective), or performance, aiming to get the product bought. Some media, such as television, are very suitable for reaching large masses of consumers and thus guaranteeing awareness, and in addition, the results of TV campaigns can be measured post-campaign with third-party data (through the JIC Auditel - Joint Industry Committee). With the advent of digital and the birth of new channels that have won over more and more consumers, video audiences have fragmented and, above all, young people have migrated to digital channels. This phenomenon has also pushed brands and media centers that advise their advertising choices to rethink the traditional approach to advertising planning, following audiences and at the same time using the large amount of data and new measurement models of digital channels that allow, thanks to technology, to reach with extreme precision consumers who are increasingly demanding and whose attention is increasingly difficult

[7] **Above the line** (ATL) is a technical term used to refer to all communication activities that utilize classic media, namely Radio, Television, Cinema, Press, Outdoor Advertising, Internet. The complementary term is Below The Line (BTL), which instead refers to other activities that do not utilize these media, such as sponsorships, promotional activities, public relations, and direct marketing.

[8] Data processed from estimates source of Politecnico Observatory from January to December 2024. Reference article https://youmark.it/ym-interactive/nel-suo-complesso-la-pubblicita-italiana-vale-112-miliardi-di-euro-con-internet-che-pesa-per-il-49-del-totale-i-dati-di-intersections-2024/

[9] AGCOM defines **Over-The-Top** (acronym **OTT**) as companies that provide, through the Internet, services, content (especially videos) and *"rich media"* applications (for example, advertisements that appear while browsing a website and that disappear after a set duration). They derive revenue, mainly, from the sale of content and services through concessionaires to end-users (for example in the case of Apple and its *iTunes*) or advertising spaces, as in the case of Google and Facebook. Users can access content through any type of unit with a broadband connection. These companies, lacking their own infrastructure, operate above the networks, hence the term *Over-The-Top*.

to capture.
In addition, the acceleration that artificial intelligence has given to the advertising market is also changing the approaches and motivations for which a brand decides to plan advertising on one medium rather than another. We will focus on AI in chapter 3."

5. Trends and reason why interviewed professionals chose to plan adv in Big Tech

Turning to the results of the qualitative research, we first investigated the respondents' perception of the current state of the advertising market, which is undergoing a profound transformation. We then went on to understand the differentiating and competitive factors that drive clients and agencies to choose which media/channels to plan for advertising campaigns and, therefore, which media owner to choose for purchasing advertising space.
The professionals interviewed in our research all agreed in portraying the context of the Italian advertising offer as undergoing profound changes. The context of the advertising offer in Italy is described as in profound transformation, characterized by accelerated digitization, evolution of TV (with the growth of connected TV[10]), fragmentation of audiences, and above all, concentration of the market in the hands of a limited number of large global media owners, a trend that reflects similar dynamics on the demand side (global clients/advertisers) and supply side (Media Agencies).
These changes lead to a convergence between what is 'digital' and what is not, and between 'first screen' and 'second screen', with players like YouTube competing directly with traditional TV channels. All major media owners are revising and expanding their offerings towards multi-channeling.
"There is no longer a division by media except for pure digital, because the big players, I'll mention the two main ones, for example Rai and Publitalia, have the goal of multi-channeling, they have become multi-channel media owners*" (interviewed professional). "Vertical players in digital are trying to open up to a sort of multi-channeling that is not seen through the medium, but through the strategic objective they have. Here too I'll give an example: Google, which is a pure digital [...] understood that by selling a commercial offer, videos, it could not only fight the battle of digital, because to expand the possibility of collecting bigger budgets it also had to fight the battle of television" (interviewed professional).*
The competitive market is perceived as dominated by a few large "clusters" of players, including classic advertising media owners linked to TV (Rai, Publitalia, Discovery), which have evolved towards multi-channeling; OTT TVs (Netflix, Amazon Prime Video, Disney+, DAZN), in transition towards models with advertising insertions; and Digital Platforms or "Big Tech" (Meta, Google, TikTok), described as "pure digital" players that have reached a dominant position thanks to factors

[10] Source: Search Lab AI Overview: 'Connected TV' (CTV), or TV connected to the internet, is a device that allows you to play streaming video and audio over the Internet, using downloaded applications and online services. This includes streaming devices, smart TVs, set-top boxes, and game consoles.
https://www.google.com/search?q=che+cos%27e%27+la+connected+tv&rlz=1CAYDVH_enIT1139IT1139&oq=che+cos%27e%27+la+connected+tv&gs_lcrp=EgZjaHJvbWUyBggAEEUYOTIICAEQABgWGB4yBwgCEAAY7wUyBwgDEAAY7wUyCggEEAAYgAQYogQyBwgFEAAY7wXSAQg0Njg5ajBqN6gCALACAA&sourceid=chrome&ie=UTF-8

such as distinctiveness of the offer, technological equipment, pioneering presence, and global dimension. The other players (Radio, Outdoor, minor ones) divide the residual share of advertising investments. The concentration is evident both for the historical multi-channel players (TV) and for the digital "giants".

"However, we see concentrations in almost all market segments. I see concentrations on historical multi-channel players. On television, for example, there are Rai and Publitalia, we see concentrations on the giants when we talk about digital, like Google, Amazon, Meta. And then there are long tails" (Interviewed professional).

The choice of advertising partners is guided by the strategic objectives of communication. Big Tech companies are recognized for their distinctive, concrete, and measurable assets, which explain their prominent position. The criteria for selection include: high reach, proprietary technological equipment, deep targeting, affinity with young audiences/those difficult to reach with classic media, advanced measurement tools, the ability to follow the complete Purchase Funnel, concrete performance, connection with global trends, diversification of content (e.g., Influencer Marketing), and the possibility of testing innovative solutions. A key element underlying many of these advantages is the availability of proprietary technologies and the wealth of user data. This technological and informational competitive advantage places Big Tech in a privileged position also in relation to future market evolutions, such as Retail Media and Connected TV, and expected developments like the transition to a "zero channel" model driven by personalization and targeting. The advent of artificial intelligence is seen as fundamental in these evolutions, with Big Tech considered the preferred points of reference for its implementation. The strategic, concrete, and measurable selection factors, or the hard skills that are attributed to Big Tech as a true competitive advantage, are highly relevant to the interviewees, influencing the evaluation of the criteria for sustainable competitive advantage or soft skills, which were subsequently tested during the research.

6. How the soft reputational variables influence the SCA

Let's now analyze the perception of the interviewees in the qualitative research on how reputation intervenes in changing the propensity to purchase advertising. The decision-making process in selecting an advertising partner media owners and thus in purchasing advertising is a complex process, where objective and measurable variables (defined as "hard skills") interact with reputational aspects or "soft skills". The interaction between these elements influences the decision-making mechanisms in ways that are not always rationalizable or reducible to a defined algorithm, despite the necessary rational component of business decisions. The research investigated the "weight" of these "soft" decision-making components through interviews, in order to deepen the knowledge and identify ideas for future studies. The reputational variables analyzed and tested in the research include: Human Relationship, Intercultural Dimension, Comfort Zone, Transparency, and Compliance with Regulations, as described in Chapter 1. The interviews allowed us to define the meaning attributed to each dimension by the professionals, providing indications on their relevance, interconnections, and hierarchical links. We will divide the variables described in Chapter 1 into two macro categories: i. the **endogenous** category to the company, which collects and includes variables that depend on and originate from within the company and its employees and its culture (in the case of the study, the Big Tech companies) and that includes the variables relationship, comfort zone, and intercultural dimension; ii. the **exogenous** category to the company, which includes the two variables of compliance and transparency that derive from outside the company, from institutions, from the law, and from third parties and conversions established by the market, on which the company can intervene but that do not depend directly and solely on it.

ENDOGENOUS AREA WITHIN THE COMPANY

RELATIONSHIP

The concept of the optimal 'relationship' between client and media owners has undergone a significant evolution. Although the purely 'human' component—such as familiarity, affinity, or the presence of a historical contact person—was fundamental in the past, it is now giving way to new relational modalities more oriented towards business.

As stated by a professional: *'Probably twenty years ago, the marketing director wanted to have the same team, the same person, at their constant disposal... they saw people, that is, especially in Latin countries and in Italy [...] In my opinion, Generation X-Y has already, let's say, taken its foot off the accelerator on this aspect, because digital has disintermediated and removed this aspect. Technology has changed the relationships between people.'*

The relationship still maintains great relevance, but it transforms into what we will call a strategic approach to include aspects such as: the added value of information/thought, provided through rich data, proprietary research, or stimulating case histories; the personalization of information and proposals based on the specific objectives of the client, demonstrating competence in their market and brand; the constant presence and proactivity, understood as the ability to stay updated on the client's objectives to promptly propose relevant initiatives, anticipating needs not explicitly requested. As an interviewee states: *'The relationship is important but not so much in terms of sympathy, as in understanding my way of planning, of what I really need without being oversold services that I don't need'... 'It is obvious that hearing someone on the phone daily who stimulates you, who urges you, who presents you with things that he or she thinks may be useful or interesting for your company, in the end also generates a bit of trust and a value that sooner or later in some way, let's say, you manage to realize, especially if behind it, as I said, there is a strategy of value.'* Also important is a collaborative approach that implies the willingness to work on shared projects, even with other agencies; and the willingness to test new solutions, through innovative proposals or Joint Business Plans that involve the sharing of data and resources. As an interviewee states: '*So if you do a team job, even the supplier as a* media owners *must be part of this team, which does not mean then that some do more than others. It is absolutely not taken for granted and having a trusted person with whom to discuss and who follows you is very important.'* Big Tech companies are generally perceived as performing well on these relational-professional aspects, effective in data-driven storytelling and equipped with ample resources. However, the approach varies based on the size of the client (more attention for large clients) and the maturity of the Big Tech company in the market. In terms of SCA (Sustainable Competitive Advantage), while the objective factors determine the strategic inclusion of the main players, the relationship concretely affects the daily declination of communication and the creation of ad hoc business opportunities, not foreseen in the initial strategy. It is particularly crucial for non-standard activities and the management of emerging needs day-by-day.

INTERCULTURAL DIMENSION

The ability of the advertising player to tailor the offer specifically to the reference territory, demonstrating knowledge of the market, culture, and local consumers, as well as sectoral dynamics, is recognized as a relevant reputational asset and a driver of SCA. This intercultural competence translates into tangible assets: a high capacity for listening, as a dedicated accounting for each country ensures greater attention to the specific needs of the client compared to international teams that tend to standardize; a deep competence of the market, where cultural and linguistic proximity facilitates the identification of ad hoc solutions, especially for non-standard projects, requiring a local presence; and greater credibility, making media owners with strong intercultural performance more reliable also for innovative or risky proposals. As indicated by an interviewee: *'The ability to understand the local relevance, well, you only have that if you live in the country'*. Another adds: *'There are some things that are linked to experience, to the qualitative aspect... only an Italian can understand what potential entering a Fiorello broadcast has, because underneath you also have the experience, the knowledge of the country'.*

This territorial tailoring affects the SCA by facilitating communication, generating additional business opportunities, and strengthening customer trust. This advantage mainly manifests in the more 'qualitative' and ad hoc communication (e.g., sponsorships), not in standardized components like programmatic advertising. Even for Big Tech, a differentiated approach based on the client's size is observed, with greater territorial attention for large clients compared to smaller ones. The player's country of origin is not considered as influential as their actual capacity for local adaptation.

Of the two dimensions, interculturality and country of origin, the interviewees focus on the former as a relevant area in the relationship with the media owners and as an aspect impacting the sustainable competitive advantage of the latter. The ability of the advertising player to tailor the offer in a specific way for the reference territory, thanks to the knowledge of the market, culture, and local consumers, as well as the specific sector dynamics that may differ from country to country, represents for the interviewees a real relational asset, closely connected – we could almost say a specific declination – to the themes of added informational value, personalization, and presence that, as seen, characterize the area of (strategic) Relationship.

COMFORT ZONE

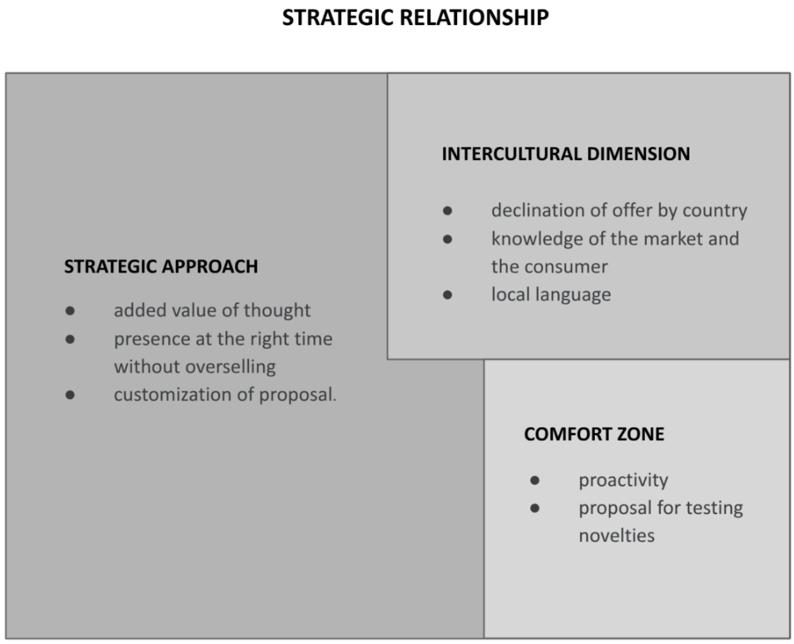
The influence of the 'comfort zone' in business relationships is perceived as **limited and less relevant** compared to objective criteria and other reputational variables. The market, driven by clients themselves who demand innovation and experimentation, forces media owners to step out of routine. As a professional points out: *'one of the things that clients always tell us and ask us is: I want to be able to be the first or one of the first to try new products, to experiment with new products. And therefore, let's say, we are necessarily also called to an area of experimentation'*. The relevance of routine and predictable situations decreases. Rather, a different concept of 'comfort' emerges, identifiable with **consistency and reliability in relational-strategic performance**: the ability to continuously provide the client with an optimal level of information, personalization, presence, and proactivity. This reliability optimizes work and facilitates the creation of new or different proposals.

Links between the exogenous variables

From what we learned from the interviewees, it can therefore be deduced that the three endogenous variables have characteristics that they share, and that the variable we called strategic relationship, as a derivation of the past human relationship, can contain within it the other two variables comfort zone and intercultural dimension.

In Figure 1, the strategic relationship variable is represented, which contains the two exogenous variables intercultural dimension, comfort zone, plus some elements linked to a broad-spectrum strategic approach.

FIG.1. **STRATEGIC RELATIONSHIP**



The human relationship that was crucial in the past in the relationships between those who sell and those who buy, therefore, transforms into a strategic and professional relationship, detaching itself from the purely 'human', empathetic elements between people and giving priority to new needs that arise due to a market context that has changed a lot compared to the past, more confused and less linear, more fragmented, in which the 'human' or personal variable passes the baton to colder components such as specific skills, tailored to the needs of specific clients, selected information that is right at the right time. This leads us to reflect on an important element that is a sign of our times: if in the past the person and their empathetic characteristics were at the center, today the person must transform into what we will call an 'assistant', that is, a very prepared traveling companion in business who knows the needs, times, and necessities of those in front of them and on whom one can count, someone who makes me feel safe, protected, who advises me well and at the same time does not bore me but always keeps me stimulated.

Let's now move on to understand, instead, the perception of the compliance and transparency variables that we called exogenous variables.

EXOGENOUS AREA TO THE COMPANY

TRANSPARENCY

Transparency of data and measurement is a crucial issue in the current media scenario, representing a real 'hot topic'. Interviewees compare traditional advertising media owners that certify audience data through external bodies and shared standards (JIC[11], Certamente, ecco la traduzione in inglese del testo selezionato:

"**Transparency of data and measurement** is a crucial issue in the current media scenario, representing a real 'hot topic'. Interviewees compare traditional advertising media owners that certify audience data through external bodies and shared standards (JIC, 'third-party' data such as those from Research Institutes recognized by the advertising market), with visible processes, and Big Tech and some OTT TVs that self-certify data ('first-party' data) without full visibility on production mechanisms. Professionals unanimously desire a convergence towards a **cross-media and shared data certification system**. The benefits expected from third-party certifications include greater data reliability, overcoming distrust of self-certification and the suspicion of potential manipulation, and greater strategic value of the data, allowing integrated reading across different media and suppliers. Despite the unanimous recognition of its relevance, the absence of third-party certifications for Big Tech and OTT **currently does not significantly impact their competitive advantage**. Their market weight and the specific benefits they offer still guarantee their inclusion in strategies. Media centers contribute to mitigating the criticalities by providing their own measurements. An exception is made for the more technologically advanced advertisers, for whom the lack of transparency can hinder the implementation of advanced strategies (e.g., advanced retargeting). As one interviewee summarizes: '*The big media owners... face official measurement... They are trying to enter in some way, but with first-party data that are not so much accepted*'.

Transparency, therefore, is perceived as an additional benefit but not a *sine qua non* condition for buying advertising space from media owners.

COMPLIANCE

Compliance with regulations does not emerge as a real factor of competitive advantage, but rather as an **essential basic requirement for operating in the market**. The European context is perceived as highly regulated and protected, and all major media owners show a high degree of compliance

[11] JIC stands for Joint Industry Committee, which is a cross-control body that brings together all components of a market (for example, publishers, advertising investors, agencies, etc.) to collaborate in defining standards and audience measurement processes for media such as Television (Auditel), for example.

without significant differences. No relevant best or worst cases were identified. This perception is reinforced by the robustness of the EU regulatory framework, the extreme attention to compliance, particularly by Big Tech, which includes internal checks and sometimes slows down processes, and the protection provided by internal Legal departments and media owners, to whom the task and responsibility of compliance checks is delegated. A similar dynamic of delegation is observed between the advertiser and the media center. As one professional points out: *'Rather than advantage, I would speak of disadvantage, I expect, it is normal that there are no problems'. 'It is taken for granted, in the sense that we are in Europe, so in any case in a very protected situation from a legislative point of view'*. In summary, compliance is seen as a **commodity**, expected and necessary, but not a distinctive element that creates a competitive advantage.

The exogenous variables, therefore, in this historical moment, represent either a basic requirement handled by company functions that advertisers trust, or an added value, as in the case of transparency, the absence of which, however, does not imply irreparable damage to Big Tech. Also in this case, the interviewees, children of their time, recognize that the disorder and entropy created by technology in the current scenario require someone to bring order, such as institutions or legal figures who protect them, or third parties who are research institutes, certifiers of measurement and data, and trade associations that monitor market standards. At the same time, while feeling the need to feel safe, they feel a good degree of security, guaranteed by those around them.

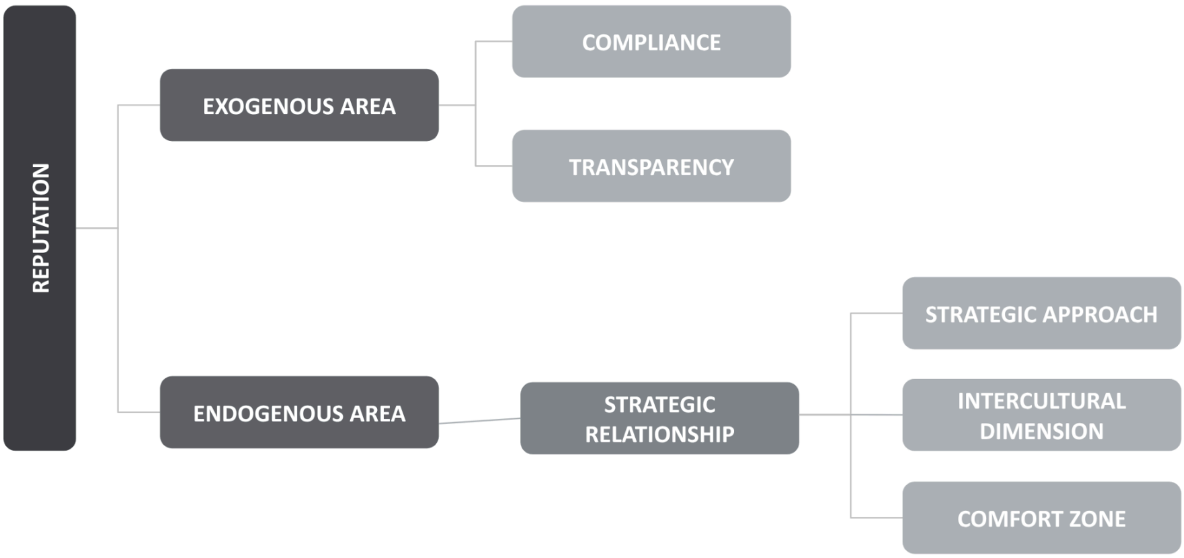
7. Framework representing the contribution of the variables to SCA and implications for companies

FRAMEWORK OF THE CONTRIBUTION OF VARIABLES TO SCA

From the research, it therefore emerges that the needs of brands and agencies towards advertising media owners settle on two distinct areas of belonging: one related to what the company can give and guarantee from within thanks to its people, how these people manage company tools, what skills they have, and therefore "endogenous" variables; the other related to what is external to the company and therefore indirectly manageable, such as compliance with regulations and third parties that certify. In the latter case, we speak of "exogenous" variables. Both areas relate to the essential need for "trust", to ensure a media owner depicted more as a partner than a medium to plan, a partner that makes brands and agencies feel "safe" in a scenario of great upheaval, innovation, fragmentation, and uncertainty following the acceleration of technology.

In FRAMEWORK 1, it is depicted, starting from the considerations made about the needs of brands and agencies towards media owners/partners, how reputation is composed, which is made up of the two exogenous and endogenous areas, each of which contains, respectively, the comfort zone and transparency in the former, and the strategic relationship variable in the latter, which, in turn, contains three factors: the strategic approach, the intercultural dimension, and the comfort zone.

FRAMEWORK 1. **REPUTATION** AND ITS VARIABLES



As can be seen from the research, with reference to the exogenous variables, those who buy advertising need to feel safe, and the needs in the current moment that we are living in that the media owners must guarantee are linked to the need for basic security: legal compliance has in fact been defined as a commodity, a 'must' that the company/Big Tech must ensure, conforming to the rules that legislation imposes. This guarantee is fundamental as a requirement that does not cause much concern as it is mandatory. Therefore, in this case, those who buy advertising feel protected thanks to the great work done by the institutions (i.e., the European Commission) and the work of lawyers and DPOs in companies and agencies that protect these actors and make them feel safe. Another element linked to the exogenous area is the transparency of data, measurement, and verification by third parties recognized by the market with common and shared standards. Also in this case, 'conforming to the shared rules' of the market is an appreciated sign of openness and flexibility for media owners but at the same time represents security for those who buy advertising campaigns to be able to measure results with reliable metrics and to be able to demonstrate transparently that they have bought well. Here a sense of trust and security also emerges in this case.
As mentioned above, the exogenous variables of strategic relationship, strategic approach, intercultural dimension, and comfort zone are closely connected on many fronts and all refer to the 'person' that the media owner/partner entrusts with the sale of advertising space. What we previously defined as a strategic relationship always refers to the idea of a 'trusted person' who,

however, rather than shining for purely human and empathetic aspects as in the past, must represent a sort of **personal assistant** and perfect consultant who proactively provides stimuli consistent with personalized objectives, at the right time without overselling and collaborating on projects, research, and tests. This consultant must also be in the country so that their skills are linked not only to the brand, the type of Italian market and sector but also to the knowledge of the Italian culture and language. So, that they are an assistant who 'understands me', who understands my needs, on whom I can count continuously but only when I need them at the right time. In short, an assistant on whom I can rely and who makes me feel safe but also offers me new stimuli, tests/betas, new projects, since the market in which we move is constantly evolving and we must always be able to demonstrate that we are the first to test, to try something new, thus leaving the comfort zone, as the current scenario requires. The performing assistant should also be able to help me with this.

In Table 2, it is shown how the difference in added value for reputation changes markedly between the present and the past in the *endogenous* area within the company. In the past, the reputation of media owners was entrusted to the **person** who managed relationships with clients and agencies, to what in today's times we have defined as a performing and never intrusive **assistant**. Therefore, the necessary condition for the effectiveness of the strategic relationship to generate positive effects on reputation, while in the past it was that the person employed in the media owners had a satisfactory human relationship with the client or agency, possibly stable over time and that they were a reliable person, while today the necessary condition is that they know how to establish a strategic relationship with agencies or clients and that they become 'my performing assistant'.

Table 2. **Endogenous area: necessary condition for effectiveness to generate positive effects on reputation over time. Past and present.**

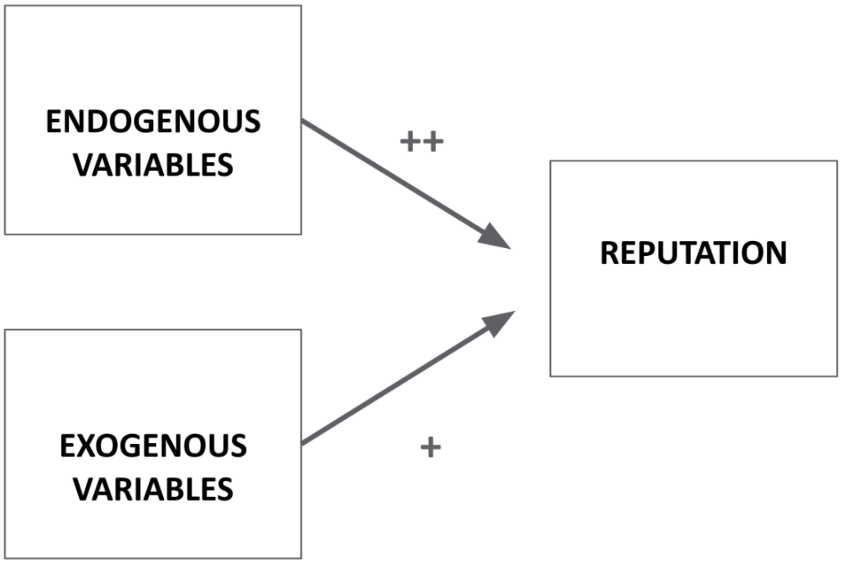
ENDOGENOUS AREA	PAST	PRESENT
STRATEGIC RELATIONSHIP: . Strategic approach - added value of thought - presence at the right time without overselling - customization of proposal. . Intercultural dimension - declination of offer by country - knowledge of the market and the consumer - local language . Comfort zone - proactivity - proposal for testing novelties	The necessary condition for effectiveness in generating positive effects on reputation in the past was that Media Owners guaranteed a **PERSON** who handled relations with clients and agencies and who had satisfactory personal and human characteristics: *familiarity, affinity or the presence of a historical contact.*	The necessary condition for effectiveness in generating positive effects on reputation in the present is that Media Owners guarantees an **ASSISTANT** that is high-performance: *with added value of thought, proactive, present but at the right time, that customizes the offer on my needs and on my country in which he is an expert in the market and lastly lets me test new products.*

In the *exogenous* area to the company, instead, there is a transition from a past where there was a climate of stability guided by laws consolidated over time and established conventions of a market led for years by traditional media, to a constantly changing present where the market feels the need to be protected. In any case, compliance is considered, as mentioned, a commodity and is taken for granted since there are legal professionals who deal with it and it is claimed that it is a *conditio sine qua non* for Big Tech, pressured by the European Community or Italian Institutions. Also, Transparency on data, measurements, and market conventions on standards to equate the various media with digital, and the security of content within which to insert advertising, do not constitute an essential variable in order to plan advertising campaigns on Big Tech, since they can no longer not be planned for reasons that go beyond reputation but there are technical and business reasons mentioned above (i.e., reach, audience, price).
Given these elements, we conclude that, while the variables pertaining to the endogenous area in the current scenario, in the present, in which technology is disruptive, have changed their nature transforming from human relationships to strategic relationships but greatly influence reputation

and therefore the sustainable competitive advantage, the exogenous variables contribute less to affecting reputation and therefore the SCA.

Figure 2. represents the contribution of exogenous and endogenous variables to reputation.

FIGURE 2. **Contribution of exogenous and endogenous variables to reputation today**



IMPLICATIONS AND SUGGESTIONS FOR BIG TECH /COMPANIES

We deduce useful suggestions for Big Tech companies providing advertising services from the market needs. Starting from the basics and therefore from the company variables of compliance and transparency that can make media owners trusted partners, without damaging their reputation by observing the rules imposed by law and implementing their reputation, getting measured and certified by third parties with openness and transparency. Regarding Legal compliance, Big Tech companies must maintain solid compliance with current international and local laws, ensuring within the companies competent people who keep up with the significant changes taking place. We also suggest keeping the DPOs[12] of companies and agencies updated on the progress made by Big Tech on legal issues with constructive discussions on future topics.

Regarding the issue of transparency, collaboration with the entire advertising ecosystem becomes strategic. In particular, association involvement can become a crucial asset: participating in

[12] DPO: "Data Protection Officer", in italian "Responsabile della Protezione dei Dati" (RPD). It is a figure introduced by the General Data Protection Regulation (GDPR) and whose task is to assist the data controller in the application of privacy legislation.

technical work and discussion groups on measurement and placing the right and competent people on the boards of directors of trade associations representing the various parts of the market's supply chain and contributing to education, to the construction of standards, showing collaboration can definitely increase reputation. At the moment, these issues are not a conditio sine qua non for acquiring a competitive advantage, but they will be in the future, as we will see in chapter 3. Therefore, it is necessary to work on transparency issues to arrive prepared.

The area related to the "person" who transforms, as mentioned earlier, into an "assistant," represents the real great opportunity for Big Tech, focusing on the added value of the soft/hard skills of the sales staff. The actions that Big Tech can take have a strong focus on HR and obviously on the initial selection of personnel during interviews, which must focus not only on knowledge of the product but also on soft skills such as empathy, sales ability, and initiative. It is ideal to build a team of people on-site in the managed country or in any case with a broad-minded culture who have traveled and know the country of reference well and are obviously multilingual. In this case, AI could also be helpful by providing increasingly performing personal assistants who form a base and help the dedicated people.

We take for granted the investment in continuous research and the constantly evolving product skills, suggesting a constant base of training that gives salespeople security. A motivational coaching service would also make a difference for those who are under stress and continuous changes and evolutions.

Chapter 3: The role of the soft skills, included in reputation, driving the SCA: the B2B Big Tech case in the advertising powered by AI market

1. Introduction

The research focuses on the B2B case of Big Tech (i.e. Google, Amazon, Meta, Microsoft, Tik tìTok, Netflix) operating in Italy selling advertising powered by AI and aims to demonstrate how reputation acts as an essential resource for companies, focusing on its correlation with the market's propensity of companies to invest in advertising (SCA).

In the second chapter we analyzed the perception of the main digital advertising industry operators (companies, agencies, advertising trade associations) in Italy showing how the new variables we identified as included in reputation influence the propensity to buy advertising. Also we shared an approach and key recommendations with companies so they can protect and ensure sustainable competitive advantage.

This third chapter will focus on how the advertising industry operators' perception and needs changes in relation to the advertising "powered by AI". The study will show how much the introduction of artificial intelligence in the daily job changes completely the needs and the priorities of the variables that influence reputation and therefore competitive advantage are reversed. Consequently, the recommendations to companies/Big Tech will also change, and the conclusions will make room for further insights and research for the literature.

2. Research question and methodology

In this third chapter, we will delve into the application of what was said before in a world where AI plays a clearer role, based on the second part of the qualitative research conducted on the sample mentioned above. After analyzing the perception of the interviewees on the endogenous and exogenous variables that contribute to choosing one media owner over another, we asked more specific in-depth questions about media owners that sell not only advertising but advertising powered by AI. As we will see, artificial intelligence will change the perspective of the interviewee who, while maintaining solid principles, sees different needs in the future compared to the present. The research question of this third chapter focuses on understanding if and how AI contributes and will contribute to the sustainable competitive advantage of a company and with what impact on the reputation variables.

3. Focus on advertising powered by artificial intelligence

INTRODUCTIVE DEFINITION OF ADVERTISING POWERED BY AI

There are many studies on AI-powered advertising in the market, and almost all agree that Artificial intelligence is a "multiplier" for advertising in different types of services, where Big Tech is expanding their advertising offering to advertisers. Advertising powered by AI allows you to connect with consumers through data-driven automation, helping in the definition of objectives, budgets and provision of some key resources based on data retrieved through digital platforms to identify new pockets of demand and create the best performing media campaign. Creativity is also an area that AI can implement by giving the possibility to connect with the right customers at the right time. The advertiser must be present and found by the consumer with the right message, the right creative and in the right format: short videos, long videos, Shopping ads, display ads and more can be optimized by AI. The opportunities to reach and convert customers are seemingly endless and creativity is a critical factor for ROI (return on investment). Measurement and modeling are another key element: the use of AI-based tools to measure the performance of advertising campaigns and conversion modeling open up new possibilities to gain insights, measure the results obtained and optimize budgets in an increasingly accurate and privacy-friendly way.

Artificial intelligence is revolutionizing the world of marketing in several areas. Our research focused on the following three macro areas in which AI operates in advertising by enhancing it (see Tabella 3.) as suggested by Bain in "How AI is transforming marketing" and the Google/Kantar research " AI in Marketer Journey":

a) *generation of insights and measurement models* (leverage the capabilities of AI to create models and audiences and adopt genAI to make information accessible and fluid); advertising data, CRM data, online and offline sales, behavioral data, loyalty, interactions, etc.;

b) *personalization of the customer experience and optimization of media campaigns* (unlock personalization for larger segments and at a scale previously unmanageable for creative and catalog/site content);

c) *content creation and creativity* (generate text, images and videos for each of the channels, accelerating the content development process).

Table 3. **The 3 areas where the advertising powered by AI works**

Measurement and Insights	Media and Personalization	Creative and Content

Market trends: Predict market trends + improve relevance with trending topics to capture sudden shifts using real-time signals	**Bidding**: Real-time bidding to predictive engagement and/or AI-generated values	**Creative Performance**: Optimize creative performance with AI-driven insights
Consumer Insights: Surface consumer insights via AI-powered data analysis to inform holistic marketing strategy	**Targeting**: AI-driven audience segmentation to improve customer acquisition targeting and identify cross/up-sell opps	**Creative Scale**: Maximize creative coverage & global scale with efficient creative versioning while upholding brand standards
Campaign measurement: Develop AI-powered measurement models to evaluate media impact to inform budget allocations	**Demand**: Redirect bids and budgets based on real-time customer demand signals	

4. The Impact of Artificial Intelligence (AI) on the Italian Advertising Market

Returning to the results of the qualitative research, while the first part of the research focused on the current advertising market landscape in general, the second part of the qualitative research (also conducted with 12 professionals, experienced operators in the advertising market) investigated their perception of how AI has changed and transformed the advertising market and in which areas of their work it is used, to uncover its advantages and risks.

The Italian advertising market perceives Artificial Intelligence as a transversal Copernican revolution that will have a significant impact on communication dynamics. Big Tech companies are unanimously considered the main actors of this change, thanks to their technological background and, sometimes, proprietary AI algorithms. Interviewees show a general openness towards AI, recognizing several benefits: the acceleration in task execution, which increases productivity, the reduction of costs by delegating tasks to AI, disintermediation with the possibility of autonomy, and the development of new knowledge and business opportunities through the sophisticated processing of large amounts of data. In the area of insight and measurement, AI is already used with positive experiences for analytical purposes, and great potential is seen to enrich information in areas such as customer needs analysis, positioning, target, risks, and predictive scenarios. It is an area where AI can unlock unexplored potential for a broader and more refined management of data. No critical issues emerge here, as AI accelerates and improves processes without altering the balance.

As one interviewee says: *'It will mainly help to generate predictive scenarios that probably were not possible until now.'* For the optimization of customer experience and media campaigns, including planning, the attitude is positive. AI, in various forms, has been rooted for years, especially in programmatic advertising that uses algorithms for optimization. Further optimization is expected from the new AI, aiming at more precise targeting, personalization, and real-time adaptation. One professional anticipates *'probably there will be unimaginable frontiers from this point of view' for personalization. Programmatic advertising, in particular, uses algorithms and digital platforms for the real-time purchase of advertising space, based on data and AI to show relevant ads.'*

The third area, **content creation and creativity**, presents more controversial positions and critical issues. While on one hand, the potential of generative AI is recognized in producing content, even high-quality content, at very reduced costs (with examples like Porsche and Coca-Cola), on the other hand, fears emerge. There are **risks for the advertising production industries**, involving figures like directors and cameramen, with traditionally high costs. As one professional asks: '*The advertising production industry is a very important industry that is rarely talked about. It is never considered, but a large part of the production costs of an advertising campaign are linked to production costs: I mean, I take a director, I take a crew, I take them to California, I make the video in Death Valley for the car, etc... this thing costs a lot of money and companies have always spent a lot of money on this. What happens today with the advent of artificial intelligence, technology?*' Another fear is the **flattening of output** and the 'creative laziness'. Relying on automated outputs risks losing the 'human factor', the artistic spark, the ability to amaze with the unexpected. AI, working on past content, however evolved, will hardly propose something truly 'out of the box' or 'irreverent'. There is a fear of stagnation if the human creative contribution is missing. One interviewee observes: '*I see a risk of flattening, because we enter the sphere of art, if you will, and the human ability to amaze with something unthinkable, while artificial intelligence works and learns from the past [...] what worries me about artificial intelligence is precisely this: that is, it is very good at profiling, because it is very good at analyzing data, but it will never propose something out of my box [...] Now I also cite here, a stupid example, right? Oliviero Toscani, his irreverent posters. I don't know if artificial intelligence is able to do this [...] to amaze with the unexpected, let's call it the unexpected.*'

On the topic of the impact of AI on creativity, Hsu and Bechky (2024) argue that while generative AI improves the efficiency and average quality of a creative product, it also tends to reduce the advantages of expertise and induce a homogenization of what is creatively produced as output, examining the specific case of the changing roles of screenwriters and studio executives within the television and film industry. Authors claim: ‘When a new technology is broadly adopted, change may happen at many different levels in a sector, including at the level of individual work tasks, skills and specializations, career ladders, organizational decision-making and broader market structures.'

Legal issues also emerge, related to privacy and image/author rights on AI content, with current regulatory opacity. Agencies are very concerned about the legal risks in using AI at the request of clients, given the uncertainty about where the data in the prompts ends up and the origin of the generated content. One professional reports: '*Agencies are very worried because, they say, clients tell me to use artificial intelligence, but I have a whole series of problems, especially regulatory and legal ones, related to privacy. Because if I use an external prompt, therefore a third party that provides me with a video, and let's say that in that video, since artificial intelligence takes data from the network, there is the face of an important person and it ends up uncontrolled in a film?*' Then there are **ethical themes** on the distinction between AI and 'real', especially in sectors like personal care. One company chose not to use AI for creativity wanting to represent 'real beauty'. As expressed: '*As a company, we decided not to embrace the creativity game, why? Because we want beauty to be real beauty and therefore we don't want it to be created by artificial intelligence*'. In summary, there is a greater propensity to accept AI for analysis and predictions, and for the production of content from precise human inputs, but more perplexity towards generative AI. This concern also touches consumer insights and planning strategy. AI is a 'fantastic black box', but it is hoped that the control over the inputs (questions/objectives) and outputs (interpretation/decisions) will remain human. Business relationships will hopefully remain between humans. One professional hopes that AI '*gives each of us the possibility to take increasingly informed information in a very quick way, but this does not exclude that decisions are still made by people.*' Another adds: '*I think that artificial intelligence, which is a product, a tool, is something that simplifies our work and solutions. But the top and tail, the head and the tail still remain with us*'. AI insight is 'artificial' and lacks the human understanding necessary for the purchase choice. One interviewee states: '*The insight generated by artificial intelligence will always be an artificial insight and will have little human in it. Since when you go to the supermarket and have to choose a product, it is not that artificial intelligence chooses it for you, if you buy Dixan or buy Ariel or buy Ace, you choose it and therefore the point is that you must have a creativity and an insight that reason with the head of the individual who makes the purchase choice.*'

5. Influence of AI on soft reputational factors

After analyzing where the advertising market is headed following the introduction of AI, how it is used in this field, its current risks and opportunities, the qualitative research explored the impact on reputation variables if applied to AI-powered advertising and, finally, how the needs and priorities of clients and agencies will change when AI becomes a more consolidated phenomenon in the future.

AREA OF ENDOGENOUS VARIABLES WITHIN THE COMPANY

AI AND RELATIONSHIP, INTERCULTURAL DIMENSION AND COMFORT ZONE

Moving on to the influence of AI on reputational factors, the dimensions analyzed previously (Human/Business-oriented Relationship, Intercultural Dimension, Comfort Zone/Trust) are considered interconnected and are traced back to the macro-dimension of 'strategic relationship.' The impact of AI on this strategic relationship is perceived in different ways. It is believed that the relational components will continue to be relevant: the human-professional relationship with ADV players will maintain a key role, even in a context of progressive automation. Humans will be the ones managing the 'inputs' (strategic questions/objectives) and the 'outputs' (interpretation of results, final decisions) of AI. Business relationships will hopefully remain between humans. As one professional says: *'We hope that artificial intelligence can enhance this human relationship, so that it gives each of us the opportunity to take increasingly informed information very quickly, but this does not exclude that decisions are still made by people.'* And another: *'I think that artificial intelligence, which is a product, a tool, is something that simplifies our work and solutions. But the top and tail, the head and the tail, still remain with us.'* A dichotomy of the relationship is foreseen: on one hand, automation and disintermediation of the more standard commercial functions. On the other hand, greater importance of the strategic contribution of the media owners, both to manage the growing complexity and to arrive at that component of innovation, originality, and 'unexpectedness' that is believed AI cannot provide, especially for special projects. One interviewee suggests: *'Yes, maybe the salesperson who comes to propose a commercial offer will no longer be there because it will be purchased by platform. When you get into the more creative, more artistic aspect, maybe that part, the part of content marketing, experiential marketing, will be more developed. That part, perhaps, will need more skills than we have today.' Professional relationships based on the exchange of strategic value will become increasingly important*.

One professional states: *'I believe that that relationship will be even more important than before if it is linked to the business of the clients... I mean, with the complexity we are managing, you know? It was one thing when it was enough for me to pick up the phone, make a call, and I had the planning ready. But now it is obvious that I will privilege relationships that we call professional, because in the end they are also personal, from where I have above all professionally an exchange of value, because if I don't have it, sure I won't deny anyone a coffee, but it always remains like a coffee.'* Fewer contacts are expected, but more strategic ones: a rationalization of accounting figures on the client/media center, but also their increasing professionalization to be able to respond to the challenges. People capable of 'putting everything together' will be needed, integrating the results of the 'super-performing silos' managed by AI.

One interviewee explains: *'And certainly much fewer people, but those people who in the end put everything together. So yes, from a strategic point of view, because then probably the risk is to have many super-performing, super-precise silos, but somehow the silos need to be put together.'* Despite the changes, interviewees confirm the importance of relational aspects (proactivity, presence, collaboration, strategic contribution, interculturality), hoping that the players, especially Big Tech, strategically offer their services 'powered by AI' and support in identifying relevant outputs. The relational component is seen as an **'invariant'**, an essential factor of sustainable competitive advantage that requires a 'dialogical' relationship. As expressed by a professional: *'In reality, as much as the contents of this variable, of the relational component, may change... we can change the contents, the timings, the human types, but it remains an invariant, let's say. I would call it one of the invariants: there is, a human-type, therefore a relationship of a dialogical type is needed.'*

THE EXOGENOUS AREA TO THE COMPANY

AI AND TRANSPARENCY, COMPLIANCE WITH REGULATIONS

Transparency in data measurement is already a hot topic in the sector, with a contrast between JIC certified data and first-party data from Big Tech. Although a certain opacity inherent in the functioning of AI ('fantastic black box') is accepted, AI introduces new concerns about transparency. The main concern regards the use of advertisers' proprietary data (first-party data) on 'open' AI platforms. The fears are the loss of control over the data (where it goes, how it is reprocessed, risks for regulatory compliance, and geopolitical implications). A professional expresses: *'Your data could really end up anywhere, very sensitive data if we want. And also given, let's say, the political aspect behind this, also at very high levels, in terms of freedom of expression… it is certainly an issue, that is, with the United States in this situation, with Elon Musk… this still opens up totally new scenarios.'* There is also the risk of losing competitive advantage, with Big Tech or competitors potentially acquiring strategic skills from the customer's data. As reported: *'For everyone, there is honestly a lot of fear about how Big Tech uses it. Especially regarding the brand, so where their data, customer data, ends up, and right now there is a lot of distrust in giving them first-party data, rightly so, because first-party data is definitely the most important data and potentially processing it would lead to much better, much more precise planning and performance. Ok, on the other hand, there is still a big brake from this point of view, because these data actually have a very great value.'* The preferred solution is to use AI algorithms only in closed databases with proprietary customer data, as there are no guarantees from the players and no stringent regulations. One interviewee explains: *'Yes to the protected environment, because at the moment we do not have assurance from the players, nor a truly stringent regulation that can prevent this use of our data to the detriment of our consumers.'* Processing data 'in-house' is an option, especially for large companies. Past scandals have demonstrated the risks of data misuse. A professional recalls: *'We have understood once and for all that we learn from machines, but machines learn from us, and this can be used in thousands of ways: the Cambridge Analytica scandal has shown that in reality the data could be used in an extremely harmful way, let's say.'* With AI, Transparency acquires a new centrality as a factor of competitive advantage.

Compliance with Regulations, previously seen as a mere 'commodity' given the solidity of the European regulatory framework, gains new prominence with AI, also becoming a 'hot topic' and linking to Transparency. The main concerns are: the **use of advertisers' first-party data**: the lack of transparency on the use by Big Tech raises doubts about compliance, influencing the use of prompts in open systems and data matching. This complexity will require legal and compliance expertise. One professional suggests: 'Honestly, one of the professions that will be most successful will be all those related to the ability to speed up decisions or approvals in the legal and compliance field [...] because today this impacts, as we said, particularly evolved, very evolved clients. If this were to impact all other clients as well, we have a big problem as an industry, because we really need to get into the merits of all the individual situations and all the individual people who are then bearers of values or interest regarding the issue related to each client.' There is the issue of **intellectual property**: the opacity on the origin and reprocessing of data by AI raises questions about copyright and image rights, which touch creativity and content marketing. There is a fear that AI feeds on databases that include protected works. One interviewee comments: 'The danger is an absolutely operational possibility regarding copyright, certainly [...] because it feeds on immense deposits of images, within which there can also be, precisely, Picasso, Leonardo, Michelangelo and so on, I mean, if one thinks of the immense database of all art history, and thinks of the possibility of making sausages out of it by artificial intelligence in no time, it is quite worrying.' Finally, the **slowness of regulatory adaptation** compared to the speed of AI technology creates regulatory gaps. The different speeds (technology, commercial, political) are incompatible. As observed: 'These are parallel convergences. We don't want to bring up the 70s, but the concept is that while technology moves at a much faster pace, the commercial part moves at a much slower pace, politics moves at an even slower pace […]. There are different speeds that are not compatible.' Another adds: 'Being a field that goes so fast and evolves continuously, it is clear that steps are taken that are, rightly, never longer than the leg.' Also, Compliance with Regulations, like Transparency, gains new weight with AI. A complex and continuously changing regulatory scenario is expected. The ability of media owners to correctly interpret and navigate this context could transform compliance from a basic requirement to an actual factor of competitive advantage.

6. Contribution of the soft variables to SCA in the AI era

The analysis of the variables that constitute a competitive advantage, when placed in the fragile terrain of artificial intelligence, changes, shifting from the need to feel safe to the need to feel in control. This happens because, facing the unknown of what the future may hold with AI, insecurity turns into fear: fear of the unknown that generates a sense of loss of control and necessarily leads to religiously rooted ethics and increases insecurity, and therefore the need to feel safe. Therefore, in this scenario, the role of reputation changes, and with it, the importance and priorities of the variables that compose it, whether they are exogenous or endogenous. What most interests brand and agency professionals in this scenario is to remain the final decision-makers and therefore maintain control over the data - noting that Big Tech companies can potentially be competitors that can steal proprietary data or use it without permission to train their algorithms - and guide the initial input and final output. Thus, compliance and transparency become the variables that will be the real competitive advantage to ensure a good reputation for Big Tech companies and with it their competitive advantage. Compliance and Transparency will be the base of the iceberg that Big Tech will have to work on to make those who buy advertising from them feel safe and position themselves as trusted partners. In particular, this area is linked to generative AI, the most ungovernable AI that undermines the future of the work of creatives and strategists, in which there is fear of the loss of the human factor, the flattening of output, and the loss of copyright and the added value of proprietary data. It is in this scenario that the law and regulation to guarantee transparency in the processes and in the use of generative AI play a fundamental role in making professionals feel in control so that they trust Big Tech, feeling protected.

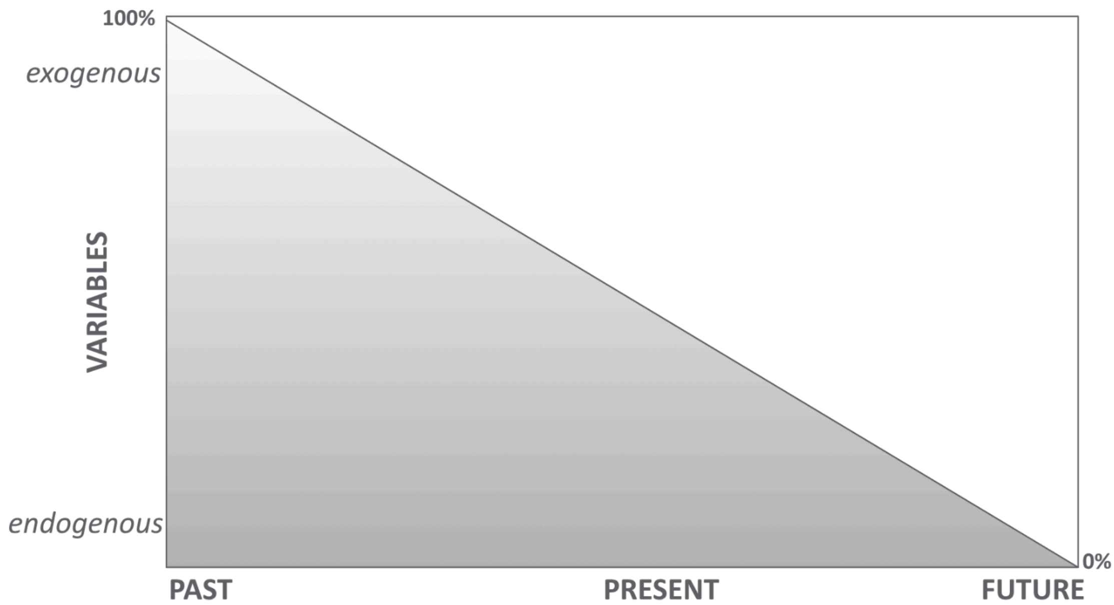
The role of the person working in media owners/Big Tech companies also changes: they always maintain a strategic and advisory role as a perfect assistant but lose their centrality. The relationship remains an 'invariant' that will remain essential, but the future of AI is already set: fewer people but with a more strategic role. All the information, input, research, personalization of language, and local culture will be replaced by AI automation. The real added value of the assistant will be the creative, original contribution, the unexpected that AI automation will never be able to achieve, according to the interviewees' thinking. The human and empathetic contribution is always hoped for as a commodity, but disintermediation is now taken for granted. So, if in the present the empathetic person has given way to the performing assistant, in a future scenario where AI will have a more central and defined role, the performing assistant will have to give way to the **'agent'**. We use this term provocatively, taking inspiration from Agentic AI, which represents the next evolution of AI.
Table 4. represents the path from the past to the present to the future that the research interviewees have described, from a world inhabited by traditional media in the past, to a present in which new digital comers are changing the logic of the advertising buying and selling approach and priorities, to a future in which the unknown, which by its nature is uncomfortable and worrying, leads to deprioritizing people and giving more and more importance to automation and technology that solves problems while always having control of data and compliance with laws at its base.

Table 4. **Area endogena: condizione necessaria di efficacia per generare effetti positivi sulla reputazione nel tempo. Passato Presente e Futuro. Come cambia con l'AI matura**

ENDOGENOUS AREA	**PAST**	**PRESENT**	**FUTURE**
STRATEGIC RELATIONSHIP: . Strategic approach - added value of thought - presence at the right time without overselling - customization of proposal. . Intercultural dimension - declination of offer by country - knowledge of the market and the consumer - local language . Comfort zone - proactivity - proposal for testing novelties	The necessary condition for effectiveness in generating positive effects on reputation in the past was that Media Owners guaranteed a **PERSON** who handled relations with clients and agencies and who had satisfactory personal and human characteristics: *familiarity, affinity or the presence of a historical contact.*	The necessary condition for effectiveness in generating positive effects on reputation in the present is that Media Owners guarantees an **ASSISTANT** that is high-performance: *with added value of thought, proactive, present but at the right time, that customizes the offer on my needs and on my country in which he is an expert in the market and lastly lets me test new products*.	The necessary condition for effectiveness in generating positive effects on reputation in the future will be that Media Owners guarantees an **AGENT** with fewer people but more strategic ones, because all the things that the assistant does in the present, the agent will be able to do.

To give a long-term and future vision with FRAMEWORK 3, we represent the evolution of the relevance that the determinants of reputation will assume in the long term. It is assumed that, in the presence of an agent in the future, the person will no longer be so relevant in influencing the reputation of companies, while compliance with the law and transparency will become the real elements to focus on to acquire a competitive advantage following a guaranteed reputation.

FRAMEWORK 3. **Evolution of the relevance of the determinants of reputation**



7. Implications for companies/Big Tech

Just as the scale of needs of those who buy advertising changes, those who sell advertising, and in our case Big Tech, must change their organizational and resource/personnel priorities in a future landscape where AI will pervasively enter daily work and production: whether it is an analytical and productive AI or a generative AI.

Especially in light of the disruptive changes that generative AI will bring, work on the ethical principles that guide the protection of the individual/user and their digital identity and data must be a priority for Big Tech. Ethical principles will have to be worked on at the table with the market and the communication ecosystem with trade associations and institutions/governments. Since the exogenous area will be the most influential on reputation, Big Tech should allocate resources and people in the management not only of legal affairs but also of Public Affairs and in the management of relations with institutions and political governments. Collaboration with institutions and co-regulation that accompanies institutions to better understand the nature of digital media, the management of people's data, and the mechanisms that regulate AI can be a great competitive advantage against those who, without educating and training institutions, only receive attacks. Another area that we suggest implementing regarding compliance is external communication and investment in Public Relations (dedicated resources and people) that deal with communicating to the market constantly through the external press, social media, the media, and their internal assets, what has been done together with the institutions, creating value, trust, and improving reputation in the market. Furthermore, the internal organization of Big Tech's corporate resources will have to include not only engineering profiles for the creation and architecture of the AI product but also profiles of philosophers and psychologists who work on ethical issues.

Furthermore, marketing and sales will have to work closely with the legal and public affairs teams, at the table when an AI product is designed, all three together. The resources allocated to sales will also have to have training that goes beyond mere knowledge of product operation and that ranges from creative and strategic vision skills to disruptive insights that guide brands and agencies towards the human unexpected. Therefore, also in this case, the HR selection process will become essential, constant training and coaching will represent a 'must'.

Chapter 4: Discussion, limitations and future research

1. Discussion

What does this study add to the existing literature? Through qualitative research, this study explored the soft reputational variables analyzed in the literature, which we defined as **exogenous** (compliance and transparency) and **endogenous** (strategic relationship), intuiting which of them potentially influence **Sustainable Competitive Advantage (SCA)**.

If, in fact, "the nature of the relationship may affect the importance of branding" (Leek & Christodoulides, 2011), our study starts from the assumption that the person always remains at the center, as argued by Gupta et al., 2010a and Gupta et al., 2010b, proposing that "brand relationships should be managed by the brand personified (i.e. a human representative of the brand)." Our study goes further, highlighting how a company's reputation, which is conveyed through its workers and its people, in times when AI is a mature phenomenon, is influenced by a type of relationship that must be **"strategic"** and no longer just personal. In this context, the company's stakeholder evolves from being a personal assistant to an agent who complements the automation of the most requested professional functions by making decisions. The **comfort zone** and the **intercultural dimension** are part of this strategic relationship framework.

Innovation, as we have seen, brings with it the need for a culture of change within a company. **Responsible leadership (RL)**, as argued by Haque (2025), influences reputation and has the ability to recover the loss of stability that is destabilized by the comfort zone (Coldwell, 2011). Kotter (2006) suggested establishing a culture of urgency to favor a culture of change, and Chan-Olmed (2019) argues that the success of AI lies in the trust personnel have in the technology.

Our research continues this journey, highlighting how the continuous stimuli of innovation brought by AI force people working in a company to increasingly step out of their comfort zone, leading to a growing culture of change within companies. At the same time, this requires new stimuli and proactivity from the stakeholders they work with. Thus, the concept of the **comfort zone** transforms into a constant and coherent relationship that becomes the ability to consistently provide an optimal level of information, and to proactively personalize offers and consulting.

This proactivity is accompanied by the **intercultural dimension**, which is also part of the strategic relationship. A portion of the B2C literature associates a product's approval with its country of origin (Dichter, 1990) and with companies' ability to show sensitivity to intercultural differences (Bilkey & Nes, 1982). Our study assumes that in customer relationships, AI will be fundamental in the future for adapting a solution to local needs by providing skills, market knowledge, active listening, and in the desired language.

Therefore, according to our study, the relationship, as a soft reputational variable, influences the sustainable competitive advantage of a company working with AI if it transforms into a **strategic relationship**.

The exogenous variables—transparency and compliance—on the other hand, emerge from the study as a commodity in the current scenario, strengthened by the solidity of institutions and competent legal figures that protect the market from the pitfalls of AI. But looking to a future scenario in which AI will take over, it will become essential to give greater weight within the company to skills and solutions that help navigate the unknown. Zirilli et al. (2021) already argued that transparency for AI should not be tied solely to explaining the algorithm but that it is more useful to communicate trust parameters (Lockey 2011) and with clear and timely communication to stakeholders (Singh, 2021). Compared to the theory of Rane et al. (2024) that AI helps communicate transparency and **compliance** through the automation of financial reporting, data analysis, and forecasting and ESG risks, our study adds that **transparency** in the use of data fed to the AI algorithm is crucial, as Big Tech will become the real competitors of companies in the future. The fear of the unknown and the loss of control of one's data is linked to the issue of intellectual property, also linked to the copyright of creativity. This brings us to the more delicate boundaries of ethics, related to reputation, as Bayo and Eurotongho (2021) already argue and who suggest the need for collaboration with regulatory bodies (Aymal et al. (2025). In such an uncertain current geopolitical and economic scenario, the fear of losing competitiveness is evident, leading to the consideration of making companies increasingly move towards an "in-house" policy of data management and their intellectual and creative resources.

2. Limitations and future research

This study analyzed how the soft skills of people working in technology companies are fundamental to helping clients and agencies navigate the ambiguity of a historical moment in which the fragmentation of channels, audiences, and the multiplicity of possibilities for contacting the consumer have increased dramatically compared to 10 years ago. The soft skills of people, supported by a foundation of transparency and compliance with regulations that are a *conditio sine qua non* taken for granted, make clients and agencies feel safe and guide them with the right tools in the right way. The psychological aspect of 'security,' which represents the primary need in moments of confusion and entropy and which is closely linked to 'trust,' brings back the centrality to the 'person' in front of us, who transforms into a perfect, trusted, and competent assistant always by my side when I need them. But it is when we venture into the realm of the unknown, related to artificial intelligence, that needs change because we move from a feeling of bewilderment where there are too many opportunities for choice to a feeling of fear for a final output that we can manage and control. This is how the centrality increases on 'rules,' on compliance with constraints, on transparency as a priority to 'contain' the fear of the unexpected.

Therefore, the psychological aspect is, in our opinion, the most interesting aspect of our study and at the same time the most difficult to trace and measure. The biggest challenge will be to investigate how the emotions of people working in complex markets and in perpetual innovation will influence the variables of reputation, which in turn will result in a sustainable competitive advantage. Our qualitative research represents a declared exploratory study, as mentioned above, probably also affected by the self-representation of oneself as a professional and representative of a company. There may be room to explore, using neuromarketing techniques, the underlying emotions that influence reputation and the degree of trust between supplier and brand.

Another limitation of our study is that the selected sample of interviewees represents 60% of advertising investments in Italy but consists only of large-sized brands and does not represent the long tail of small investors who may have very different needs. In addition to this, the limited number of 12 interviewees could also be expanded to better represent the universe, and at the same time, to measure and validate the results emerging from the qualitative phase, it would be useful to conduct a quantitative study. It could also be interesting to study the relationship between the considered variables with quantitative methods such as factor analysis and regression analysis.

Last but not least, it should be considered that an innovation like AI brings very rapid changes over time, so we recommend conducting this analysis periodically to monitor the effects over time of the evolution of AI: the results could change significantly or evolve.

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