

AperTO - Archivio Istituzionale Open Access dell'Università di Torino

## Entrepreneurial exploration and exploitation processes of family businesses in the food sector

### **This is the author's manuscript**

*Original Citation:*

*Availability:*

This version is available <http://hdl.handle.net/2318/1707073> since 2019-07-20T18:20:33Z

*Published version:*

DOI:10.1108/BFJ-02-2019-0118

*Terms of use:*

Open Access

Anyone can freely access the full text of works made available as "Open Access". Works made available under a Creative Commons license can be used according to the terms and conditions of said license. Use of all other works requires consent of the right holder (author or publisher) if not exempted from copyright protection by the applicable law.

(Article begins on next page)

# **Entrepreneurial exploration and exploitation processes of family businesses in the food sector**

## **Purpose**

This research observes how an ambidextrous entrepreneurship strategy in family firms can be defined and managed to guarantee competitive advantage, characterised by established food traditions and changing consumption patterns. It also considers the role of the company's sub-systems in influencing entrepreneurial exploration and exploitation processes.

## **Design/methodology/approach**

The research utilises a qualitative method based on a case study of Eataly, which is relevant because, as a family-owned and -managed business, it applies strong entrepreneurship strategies and is unique for the strength of its commercial strategies and dimensions.

## **Findings**

Entrepreneurship strategies can be explained by combined organisational antecedent conditions, represented by three sub-systems: family, business and ownership. The sub-systems' features influence entrepreneurial exploration and exploitation.

## **Research limitations/implications**

This paper contributes to entrepreneurship theory in family firms by considering ambidextrous entrepreneurship strategy with combined exploitation and exploration, based on the three sub-systems. Limitations involve the case study method and interview technique, both of which could be expanded.

## **Practical implications**

Several practical implications follow for different stakeholder categories (food sector companies, investors and private/public entities) concerning the management of antecedent conditions, the consequences of entrepreneurial investment policy, and tourism and territorial development.

## **Originality/value**

This research is novel because it combines an ambidextrous entrepreneurship approach (Goel and Jones, 2016) with the family firm's sub-systems (Tagiuri and Davis, 1982), observing how these sub-systems are relevant to defining and managing effective entrepreneurship strategy in a family food firm.

## **Article classification: Case study**

**Keywords:** entrepreneurship; exploration and exploitation activities; family businesses; food sector

### **1. Introduction**

The food sector is a relevant texture in several countries for entities' revenues and employment (Bresciani *et al.*, 2016a; Cantino *et al.*, 2019; Giacosa *et al.*, 2014). This is due to factors including high-quality products valued in domestic and international markets, climate, territorial prosperity, and producers' entrepreneurship (Vrontis and Paliwoda, 2008; Vrontis and Pappasolomou, 2007).

In this context, Italy and other countries have long food and wine traditions (Bresciani *et al.*, 2016b; De Salvo *et al.*, 2017). Small and medium-sized family firms are widespread, impacting regional competitiveness (Vrontis *et al.*, 2016). As family firms are a relevant business model (Astrachan and Shanker, 2003; Faccio and Lang, 2002) in terms of growth, development and social stability (Habbershon and Pistrui, 2002), extensive literature has focused on them from different perspectives.

One such focus has been entrepreneurship management (Nordqvist and Melin, 2010). However, entrepreneurship research was not explicitly linked to family business, except for some limited, pioneering cases (Kellermanns and Eddleston, 2006). Entrepreneurship studies did not research entrepreneurial families' attitudes and initiatives (Aldrich and Cliff, 2003), but instead, considered governance and succession issues more fully, along with methods of achieving continuity and ensuring business survival through radical changes and promotion of 'the new'. (Habbershon and Pistrui, 2002). However, over the past 20 years, studies on entrepreneurship and family business phenomena (Anderson and Drakopoulou-Dodd, 2005) began to verify how family firms' attitudes could favour an entrepreneurial approach, and vice versa (Aldrich and Cliff, 2003; Casillas and Moreno, 2010).

Family business scholars know that entrepreneurship (Marchisio *et al.*, 2010) impacts family firms' vitality, growth and profitability (Zahra *et al.*, 2004; Zahra, 2005). Family businesses are particularly widespread in the food sector, which is relevant in the world economy (Vrontis *et al.*, 2016). However, there is a *literature gap* in terms of studies on family food businesses, especially concerning ambidextrous entrepreneurship strategies (Helfat and Peteraf, 2009) in them.

This study has two *purposes* in addressing this lack of knowledge. It first examines how to identify and manage an ambidextrous entrepreneurship strategy in family firms to guarantee competitive advantage in the food sector, characterised by established food traditions and changing consumption patterns. Second and more specifically, it considers the role of a company's sub-systems in influencing its entrepreneurial exploration and exploitation processes.

A *case study method* was adopted as appropriate for understanding the family business phenomenon, as illustrated in Section 3 below (De Massis *et al.*, 2012). The study focused on Eataly, which is an international chain of 37 large- and medium-sized restaurants and shops specialising in high-quality Italian food, wines and drinks at sustainable prices. This case study is

relevant because Eataly, a family-owned and -managed firm, is gaining recognition while applying a strong entrepreneurship strategy. The case study also investigates how different sub-systems in a family firm—“the family sub-system, the business sub-system, and the ownership one” (Goel and Jones, 2016)—could impact the exploration and exploitation processes in an effective entrepreneurial strategy.

This research is *novel* because it combines the entrepreneurship approach with an analysis of Eataly’s sub-systems, observing how they might be relevant for defining and managing an effective entrepreneurship strategy in a family food firm. The study particularly contributes to entrepreneurship theory in family firms as it focuses on the relevance of an ambidextrous entrepreneurship strategy (Helfat and Peteraf, 2009) due to an effective combination of exploitation and exploration activities.

The paper is structured as follows. Section 2 analyses the study’s theoretical framework, while Section 3 illustrates the research methodology. Findings are presented in Section 4 and discussed in Section 5. Section 6 provides conclusions, implications and research limitations.

## **2. Theoretical framework**

Entrepreneurship is a means to attain sustainability, growth and renewal in family businesses (Brockhaus, 1994). Research has considered the combination of family firms and entrepreneurship (Habbershon and Pistrui, 2002) to understand how a family approach affects entrepreneurial businesses, and vice versa (Aldrich and Cliff, 2003). The meaning of entrepreneurship in family businesses follows different dimensions (Nordqvist and Melin, 2010): i) the entrepreneurial family drives and constrains entrepreneurial processes and activities; ii) the entrepreneurial family business is a category of organisational context whose features could favour or force entrepreneurial processes and activities.

Within entrepreneurship theory related to family firms, this study focused on *entrepreneurial exploitation and exploration* processes (Alvarez and Barney, 2007). Exploration involves re-orientation effort toward current strategies, knowledge and skills—discovering new technical skills, relationships and market opportunities (Del Giudice *et al.*, 2010; Del Giudice *et al.*, 2016). Exploration must be combined with exploitation processes to leverage existing skills. Exploitation activities use known strategies to improve efficiency and effectiveness. Identifying new opportunities (*exploration activities*) (Shane and Venkataraman, 2000) and exploiting them (*exploitation activities*) (Singh, 2001) can help family firms attain and maintain successful business models to both innovate and guarantee generational succession (Miller and Le Breton-Miller, 2006).

Within this context, the present study *refers to Goel and Jones (2016)* who considered the antecedent conditions of entrepreneurial exploration and exploitation processes and verified how they can impact effective entrepreneurial strategy. Goel and Jones (2016) referred to the ‘Three Circle Model of the Family Business System’ (Tagiuri and Davis, 1982), which identified three interdependent and overlapping circles impacting family business: ‘the *family sub-system*, the

*business sub-system* and the *ownership sub-system*' of the firm. Therefore, Goel and Jones (2016) investigated i) how these sub-subsystems represent the antecedent conditions of a company's entrepreneurial approach, and ii) how they impact family businesses' entrepreneurial exploration and exploitation activities.

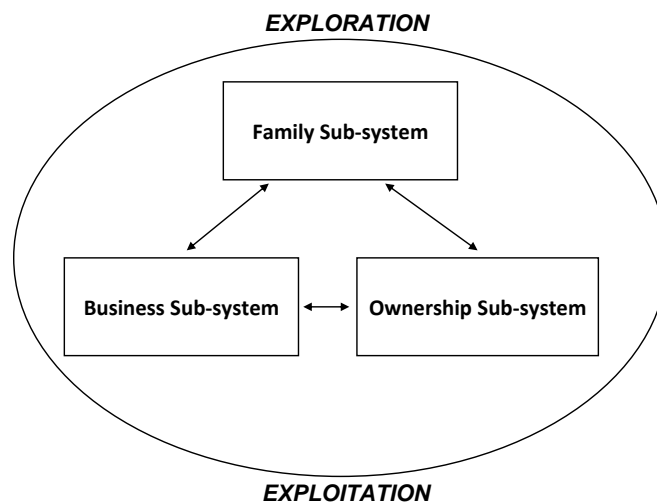
The *family sub-system* is a critical variable in a family firm, and it impacts exploration and exploitation activities differently (Salvato *et al.*, 2010). The founder generation is generally more interested in exploration activities for finding new opportunities, while later generations tend to prefer exploitation to satisfy family members' needs and maintain company growth (Miller *et al.*, 2011). The family's structure, cohesion and identity (Brannon *et al.*, 2013), together with its cultural vision (Hall *et al.*, 2001; Petruzzellis *et al.*, 2017) influence the company's tendency towards exploration and exploitation, and must also be considered.

In the *business sub-system*, leadership style, strategy, features of marketing, supply chain management, and human and financial resources can impact entrepreneurship (Moss *et al.*, 2013). In particular, the presence of the family leader/ company's captain can influence entrepreneurial decisions depending on his/her leadership style. The leader aligns the family's and business's goals in terms of exploration or exploitation activities (Bresciani *et al.*, 2013). Generally, professional managers specialise in certain company areas and achieve specific goals; therefore, they have specific responsibilities and are more involved in exploitation than exploration. In contrast, family managers' particular responsibilities align them with exploration. Financial resources also influence exploration and exploitation decisions (Craig and Moores, 2006).

In the *ownership sub-system*, governance formality can affect exploration or exploitation activities in various ways. A formal board can decrease exploration activities, while the involvement of nonfamily investors can impact exploration activities, encouraging the company towards new opportunities (Goel and Jones, 2016).

Therefore, the three sub-systems represent the antecedent conditions of a company's entrepreneurial approach and must be considered in this work (Fig. 1).

Figure 1 – The sub-systems of the company within the context of exploration and exploitation activities



Source: personal elaboration

### 3. Research methodology

This research conducted an *explanatory case study* to analyse the entrepreneurship dynamics in family firms and to avoid a merely descriptive approach (Ryan *et al.*, 2002). The relevance and effectiveness of the theories identified can be analysed in real-life circumstances (McKeown, 2004). Several other reasons justify this case study method (Dana and Dana, 2005). First, the investigated phenomenon—the entrepreneurial strategy adopted by a family business in the food sector—is rather specific and influenced by the company’s features (Merriam, 1988). Second, when the theoretical understanding of the phenomenon in question is limited, inductive research offers a valid starting point (Siggelkow, 2007). Third, using a ‘variety of lenses’, the case study method facilitates comprehension of single business variables (Eisenhardt, 1989) and multiple facets of the observed phenomenon (De Massis and Kotlar, 2014). Finally, a case study is beneficial for generating and testing theories for the investigated topic, and creating knowledge with ground-breaking insights (Leonard-Barton, 1990).

Therefore, this research analysed a *single case study* of Eataly (Yin, 2003) because its entrepreneurial approach involves a combination of exploration and exploitation activities impacting every area of the firm. It is also well known for the strength of its commercial strategies and dimensions. Eataly is also representative in demonstrating the changing customer culture in the high-quality food market. Finally, it is a leading case that is characterised by an effective entrepreneurial strategy. Therefore, Eataly was considered particularly suitable for revealing the relationships and logic among variables in this context (Graebner and Eisenhardt, 2004).

*Multiple information sources* were assessed, including primary data derived from semi-structured interviews (Eisenhardt and Graebner, 2007) conducted in 2016, 2017 and 2018. Four interviews were conducted with Nicola Farinetti (NF), the son of Eataly’s founder (Oscar Farinetti)

and one of the CEOs involved in entrepreneurship and international development strategies. Then, 20 interviews were made with four category managers (CMs), a suppliers' team member (SM), a promotion team member (PM), a safety and quality team member (SQM), three employees working in a newly opened Eataly shop (EMP) and a supplier (SP). The interviews lasted two hours each. The answers were transcribed and analysed autonomously to reduce subjectivity (Jönsson and Lukka, 2005). Last, interpretations have been compared.

To achieve *data triangulation* (Stake, 2013), direct observations in Eataly's restaurants and retail shops were collected. Other documentation was found at Eataly's website and from previously published interviews with Oscar Farinetti (OF) (Farinetti, 2009).

Data were systematically studied using double-level codification, categorisation and contextualisation (De Massis and Kotlar, 2014). Regarding Eataly's formalised management system, data codification was first realised using the company's structure, the management structure and mechanisms, and the strategies chosen for growth as conceptual anchors. The content of various texts was fragmented into different units of analysis, which were then categorised (Miles and Huberman, 1994). The second codification process was axial and open (Strauss and Corbin, 1998) for identifying the management approach used in the entrepreneurship strategy.

#### **4. The case study**

Eataly—a name which fuses the words 'eat' and 'Italy'—is a chain of 37 restaurants and stores, promoting a slow food style and offering Italian products and fresh products supplied by local markets and cooked in the Italian culinary tradition. Each store—ranging from 250 m<sup>2</sup> to 11,000 m<sup>2</sup>—is divided into theme-related, informal areas, where customers can purchase, eat and learn about foods. Founded in 2007 in Italy, Eataly's international expansion began in 2008. It currently operates on four continents and in 12 countries. With approximately 6,000 employees, the company achieved a turnover of €650 million in 2017 (excluding franchisees) and an EBITDA of €30 million.

What follows is an analysis of Eataly's three sub-systems.

##### **4.1 Family sub-system**

The family sub-system is illustrated by several combined analytical factors: the founder, the family generation involved, family cohesion, and family identity and culture (Goel and Jones, 2016).

Eataly was founded by Oscar Farinetti. He was born in 1954 in Alba, a small town in Langhe, Italy, which influenced Farinetti's entrepreneurial spirit. Langhe is famous for its wines, truffles, foods and cultural traditions, and recently became a UNESCO World Heritage site. As a child, Farinetti helped in his father's supermarket, UniEuro, which was sold in 2002 to the British DSG International, thus marking the beginning of the Eataly business venture.

Farinetti founded Eataly in 2007 with the objective to establish a new culture based on understanding the intrinsic qualities of foods, wines and beverages. He stated: 'I tried to convince

people to transfer what they were currently spending on clothes and watches to food'. He exploited opportunities to valorise high-quality Italian products and regional brands, and travelled around Italy 'learning about the importance of the agribusiness sector' (OF). This permitted him to develop his team, including experts in various product categories, who then became his closest collaborators.

Farinetti acted as the company's captain until 2015, when he left the management of the company to his sons—Francesco, Nicola and Andrea Farinetti—and became its honorary chairman. Since then, the *family generation* has been involved in Eataly's ownership and management, with Francesco and Nicola as the current CEOs. Francesco is also the COO, and Nicola is in charge of international development and entrepreneurship strategy. Andrea, the youngest son, is involved in some productive companies. Nicola said, 'The new generation is characterised by certain flexibility in terms of both exploration and exploitations activities and we would like to take every new opportunity and improve the current ones'. For instance, 'exploration means reaching new international markets or increasing our products range, while exploitation means straightening the customers' perception in terms of high-quality food: we would like to teach the differences between pasta of 0.10 euro and our product' (NF).

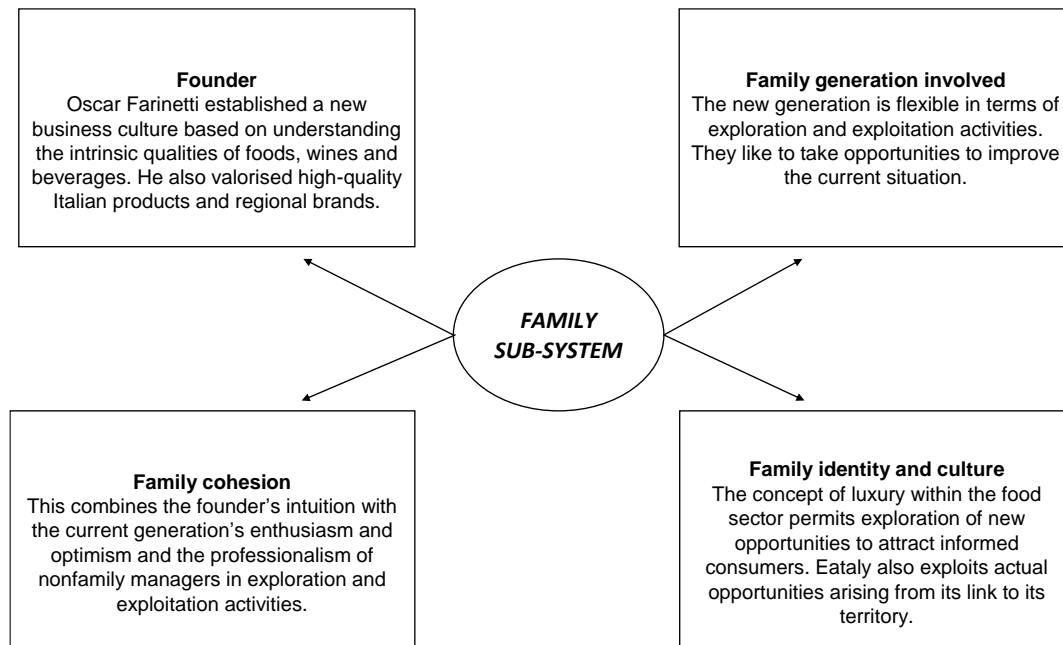
The founder's sons work well together. Oscar defines his sons as 'cleverer than me, and they are the ones that run the company in perfect cohesion'. None of them is their father's favourite: 'My children are all good'. For the sons, 'Eataly is not a chain store, but it's a family' (NF). Nonfamily managers are aligned with the family members, and do not operate in opposition to the Farinetti family. Strong cohesion combines 'the founder's intuition to the enthusiasm and optimism of the current generation and the professionalism of nonfamily managers both in exploration and exploitation activities' (NF).

The *family's strong identity and culture* is characterised by several features. First, the idea of luxury in the food sector impacts the business venture by permitting them to explore new opportunities and to make 'a tide of common and informed people who have learned the difference between cheap pasta and high-quality pasta sold at a sustainable price in national and foreign markets' (NF). Second, Eataly exploits actual opportunities arising from its home territory: 'Our identity is based on a strong connection to the secular traditions of our land. Our suppliers-farmers are part of our success: they represent the tradition of our lands, and we have great respect for their efforts' (SM). Third, the family has a strong role in management, and business is primarily conducted internally without external consultants. This family's identity 'is strongly perceived by the personnel, due to the involvement of family members' (EMP#1).



Figure 2 represents Eataly’s family sub-system.

Figure 2 – Family sub-system in Eataly at 2019



Source: personal elaboration

#### 4.2 Business sub-system

Eataly’s business sub-system is illustrated by analysing leadership style, strategy, marketing sphere and resources management (Goel and Jones, 2016).

*Leadership* is linked to the managerial style adopted across generations. The founder acted with a participative style and welcomed ideas and proposals from the personnel: ‘Everyone in the company could be useful in identifying new ideas’ (EMP#2). Eataly’s new executive chair is a nonfamily-member, Andrea Guerra. Of Guerra, Oscar Farinetti stated: ‘I will not become one of those old entrepreneurs attached to the company. My role is now simply poetic, and I’m not involved in the decision-making process. Eataly is a good company, and surely Guerra will run it even better’. Although Farinetti is no longer the firm’s executive, the managers still follow the founder’s style by involving personnel. This involvement impacts exploitation and exploration activities. For instance, ‘the role of the personnel in identifying new opportunities and valorising the actual ones is encouraged, as well as suggestions from the managers of the restaurants and stores around the world are very welcome’ (NF). Since company responsibility is categorised (fish, cheese, meat, fruits and vegetables, wine, etc.), there are several category managers with purchasing and selling responsibilities. Therefore, management usually involves each category manager: ‘Our suggestions are really appreciated, both in terms of new opportunities and valorisation of actual ones’ (CM#1).

Eataly's *strategy* is linked to the commercialisation of high-quality Italian foods, wines and beverages at sustainable prices. From the beginning, Eataly offered an ingenious formula called 'buy/eat/learn': clients can buy the products at the shops, they can dine at Eataly's restaurants, and they can take cooking classes. This formula allows Eataly to explore new markets of informed customers around the world: 'the target is fairly broad, as it comprises all consumers who care about high-quality products and are interested in Italian culinary traditions' (PM). The strategy also exploits local and Italian products, strengthening customers' perceptions and encouraging seasonal products. Therefore, 'the customers' perception in terms of seasonal products is valorised' (CM#3).

In the *marketing sphere*, 'high quality from an intrinsic perspective involves a clean production chain, and it is ethical, i.e., no exploitation of workers or illegal work practices can have been involved' (SQM). This reputation increases consumers' interest in the products and their producers. Eataly emphasises the emotional attributes of its products: 'food consumption is influenced by the consumer's multi-sensorial perception, as we offer an unforgettable consumption appealing to all five senses' (CM#2). Eataly uses a network of privately owned stores (not franchising) to maintain brand reputation. The company also 'promotes a slow food style' (PM) over the concept of zero food miles: 'Americans should be able to enjoy parmesan cheese from Reggio Emilia and Barolo wine from Piedmont' (OF).

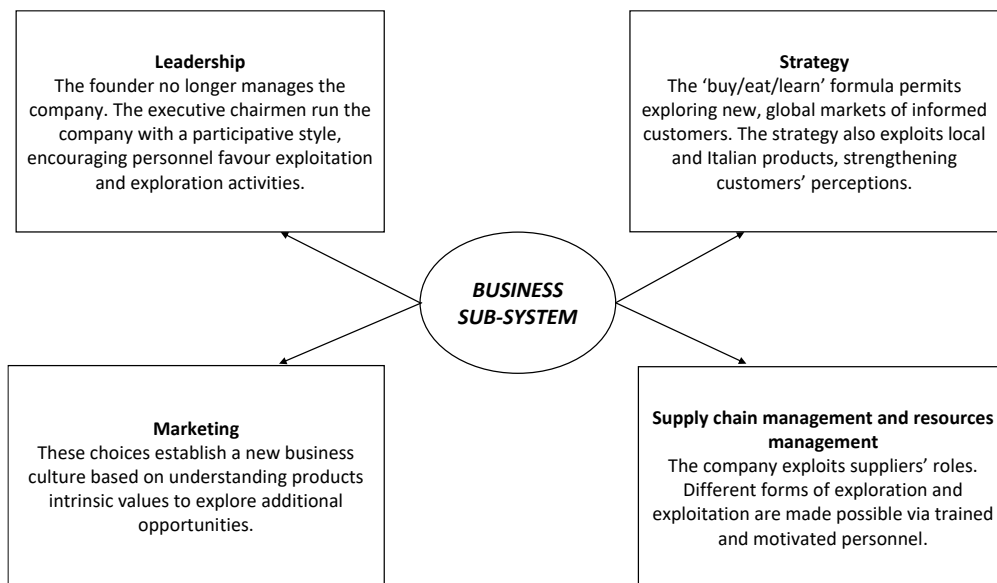
*Supply chain management* is evident because 'suppliers are strongly checked in terms of the raw materials quality' (SQM). Eataly often takes a complete or majority share in supplier companies, maintaining a presence and directly overseeing quality levels. Thus, the company exploits suppliers and is 'meticulous in its search' (SM). The raw materials' origins are rigorously controlled, and producers sign rigid contracts: 'There are strict quality controls in place, as well as spot checks of the butchers that supply Eataly' (SP).

*Resources management* allows realisation of the business idea. Human resources act as the fundamental interface between the company and its clientele. Eataly enacts different forms of exploration thanks to trained personnel: 'Members of staff receive training in technical and communication skills. The vendor or sales assistant must present the unique features of the product, and they must also place the customer at the centre of the sales transaction to make them feel in charge' (EMP#3). Personnel are motivated, developing a strong perception of belonging to the venture.

In 2014, the family sold 20% of its shares to the Italian merchant bank Tamburi Investment Partners for \$120 million, allowing the family 'to put cash in the company, given the important level of development both in Italy and around the world expected in the coming years' (OF). Nicola Farinetti elaborated: 'We undertook the selling to Tamburi for two reasons: its experience will be crucial in the future listing and getting cash in the company will favour new investments both in terms of exploration and exploitation activities'. Thus, the family reduced its control to allow the company to grow and develop. They plan to list the company on the stock exchange in the future, which further supports its development.

Fig. 3 represents Eataly’s business sub-system, each segment of which stimulates the exploration of new business ventures and the exploitation of actual opportunities.

Figure 3 – Business sub-system in Eataly at 2019



Source: personal elaboration

#### 4.3 Ownership sub-system

The ownership sub-system can be illustrated through governance and the presence of nonfamily investors (Goel and Jones, 2016).

Concerning *governance*, the company’s executive chairman, Andrea Guerra, who joined the Eataly in 2015, obtained a stock grant plan for Eataly. He did not consolidate all decisional powers to himself because he is more involved in company development. Oscar Farinetti, who embodies tradition, chose a nonfamily executive president with international standing to pursue the double mission of growing the company and driving the succession between father and sons, who represent the future.

Along with Francesco and Nicola Farinetti, there is another CEO, Luca Baffigo Filangieri, who is nonfamily. Francesco Farinetti is also the COO, while Nicola oversees international development and is directly involved in entrepreneurship-related decisions. Baffigo Filangieri oversees public relations. The executive chairman and the CEOs ‘work together without contrasts’ (NF).

Eataly is controlled by Eatinvest (which owns 58.7% of Eataly). Eataly’s other shareholders are *nonfamily investors*: ‘They respect the family identity and culture and they do not affect the family members in their decision-making process’ (NF). These investors are: i) Baffigo Filangieri, who, with his wife, Elisa Miroglio, owns 20%; ii) ClubItaly, a company created by Tamburi Investment Partners in 2014 to manage its 20%, as well as shares in several other important Italian family food companies; and iii) minority shareholders, who own 1.3%.

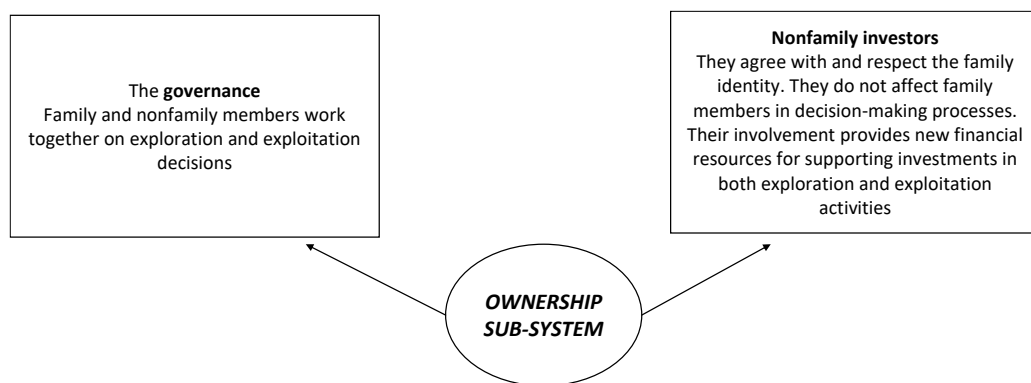
The Farinetti family own 61% of Eatinvest. The founder’s three sons own a combined 52% of the family’s share, while the remaining 9% is owned by Fratelli Farinetti (a company also owned by the founder’s sons). The remaining Eatinvest shareholders are Oscar Farinetti’s partners, who were already aligned with the family identity.

Since the entry of external investors, Eataly’s governance is highly formalised, and meetings of the board of directors are regularly scheduled. Nicola said, ‘The company is characterised by cooperation between family members and nonfamily members: we work together for both exploration and exploitation decisions. New opportunities and the valorisation of actual ones are our challenge’.

The family intends to list the company in 2019 (33% of shares), ‘depending on the conditions of the markets, to transform the company into a global public company’ (OF).

Fig. 4 represents Eataly’s ownership sub-system.

Figure 4 – Ownership sub-system in Eataly at 2019



Source: personal elaboration

## 5. Discussion

As Goel and Jones (2016) suggest, entrepreneurship strategies can be explained by the organisation’s combined antecedent conditions, represented in the family, business, and ownership sub-systems (Tagiuri and Davis, 1982). Therefore, Eataly is characterised by specific sub-system features that explain its exploration and exploitation efforts and its consequent entrepreneurship strategy.

The analysis reveals how family, business and ownership sub-systems, and their reciprocal relations generate coherent expectations in Eataly by favouring exploring new opportunities and exploiting extant competencies and capabilities (Santoro *et al.*, 2017). Such a complex and diversified business requires a phase of exploiting core competencies within the current entrepreneurial strategy after the initial phase of exploration when the business starts, as well as concurrent efforts to push the company into new explorations.

The new generation of managers (both family and nonfamily) works together to identify and harness new opportunities and consolidate the actual ones (Companys and McMullen, 2007; Singh,

2001). They also share goals and strategies (Kepner, 1991). This ambidexterity permits the company to attain and maintain a successful business model (Miller and Le Breton-Miller, 2006). To identify new opportunities, managers release resources (gathered, in part, from selling shares) for new exploration activities (Lubatkin *et al.*, 2006).

Eataly's original concept was the output of its founder's exploration process to find new business opportunities that were not an extension of the family supermarkets (Morris, 1998). Since the beginning, the *family generation* has been involved in the business venture. In 2014, the family sold 20% of its shares to obtain cash to sustain the company's growth in Italy and worldwide. This impacted the *ownership structure*. Although, a new, nonfamily executive chairman took Oscar Farinetti's place, nepotism has been a good strategy because the founder's sons have skills and attitudes befitting the company's business model; their involvement means company continuity (Lee *et al.*, 2003), and professionalization strengthens the company's core capabilities.

Through these decisions, Oscar Farinetti showed interest in pushing exploration and exploitation processes, pursuing new opportunities while strengthening the firm's capabilities and managing the succession process and generational change (Culasso *et al.*, 2018). The family maintains control of the business's identity and culture, while beginning a process of external professionalization and globalisation (Giovannoni *et al.*, 2011).

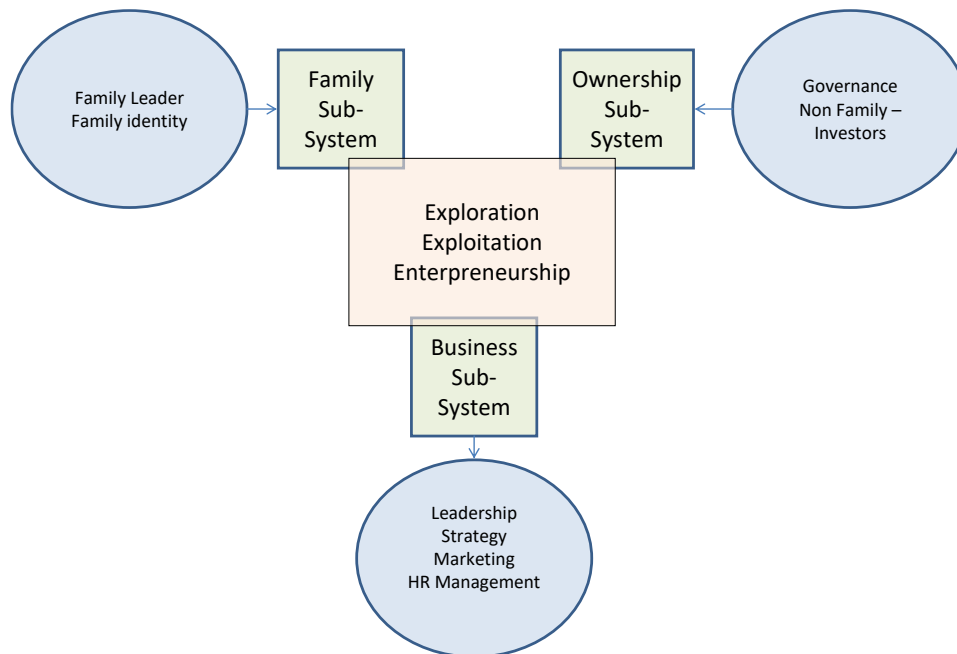
The *family's identity and culture*, combined with external managers' professionalism, promotes a particular *leadership* style (Darling and Steinberg, 1993) which influences entrepreneurship towards an ambidextrous strategy. This ambidexterity is characterised by a general mindset involving all organisational levels and areas (stand vendors, waiters, chefs, sales assistants, etc.). The combination of exploration and exploitation activities impacts the company's innovation (Bresciani, 2010), which reflects the family's identity (Vrontis *et al.*, 2016). As the company grew, Oscar Farinetti opted for organisational and managerial changes in the innovation management context (Bresciani and Ferraris, 2016; Franceschelli *et al.*, 2018), increasing the creative group while the 'familiness' factor controlled it (Sirmon and Hitt, 2003; Carnes and Ireland, 2013).

Eataly's *strategy* perfectly combines the family's goals with the business goals, indicating ambidexterity in exploration and exploitation (Lumpkin *et al.*, 2011). The company has introduced new products or services or has improved current ones (Vrontis *et al.*, 2011). In supply chain management, Eataly monitors product quality via specific supplier agreements and boasts a cutting-edge production structure, that enables its staff to research and experiment and influences input in both raw materials and human *resources*.

In the *marketing sphere*, strong attention has been paid to product ranges, customer segments, domains and geographic areas (Dana *et al.*, 2017; Melanthiou, 2014 and 2016; Nayebpour and Bokaei, 2018). Over time, the family has aligned its goals with the business for both exploration and exploitation. Eataly's products reveal the producers' identities (Vrontis and Thrassou, 2011) and their places of origin (Bresciani and Oliveira, 2007; Freeman *et al.*, 2018; Vrontis *et al.*, 2006), rather than commercialising products through its own brand (Iazzi *et al.*, 2016).

Fig. 5 represents Eataly’s ambidextrous entrepreneurship strategy.

Figure 5 – The ambidextrous entrepreneurship strategy in Eataly at 2019



Source: personal elaboration

## 5. Conclusions, implications and limitations

The sub-systems’ features influence entrepreneurial exploration and exploitation processes, which is a successful strategy of an extremely efficient and effective intersection among operations, supply chain, innovation, communication and promotion.

A strong integration between innovation and tradition exists, favoured by the presence of second generation family members and nonfamily managers. Consequently, the company can be highly explorative while also valorising the traditional values appreciated by the market.

The combination of the three sub-systems also permits the company to have a strong social impact on the territory, reinforcing Italy’s status as a culinary capital and providing positive employment and development benefits. The company has good relationships with the resources and the people, affecting regional competitiveness and its drivers, along with customer loyalty to regional brands.

This study is characterised by several *theoretical implications*. It contributes to entrepreneurship theory in family firms by indicating the relevance of an ambidextrous entrepreneurship strategy (Helfat and Peteraf, 2009), driven by combined exploitation and exploration activities. It also analyses organisational antecedent conditions (derived from the presence and role of certain sub-systems) for achieving this favourable combination, observing how these conditions might be relevant for defining and managing effective entrepreneurship strategy in a family food firm.

Several *practical implications* follow for different stakeholder categories. For owners and

management, Eataly constitutes a benchmark in the food sector, especially for family businesses with strong connections to their territories. It demonstrates that combined exploration and exploitation activities, within the context of entrepreneurship strategy, aid in managing the antecedent conditions of that combination, in both the short and long terms. For investors the consequences of investment policy based on entrepreneurship strategy are gratifying, although the necessary financial efforts reduce the likelihood of receiving dividends in the short term. For private and public entities operating in the tourism sector, along with politicians and local authorities, this work emphasises the relevance of cooperating with food companies for improving territorial development and tourist attachment to regional brands (Del Vecchio *et al.*, 2018; Scorrano *et al.*, 2018; Sotiriadis, 2017).

This study's *limitations*—which suggest topics for future research—concern different viewpoints. Despite the representativeness of this case study, additional benchmarks could broaden the research boundaries in the food sector or outside it. Increasing the number of interviewees (such as adding other managers and employees) would improve the results. It would be beneficial to quantify the effects of each sub-system's component on exploration and exploitation activities.

Findings are derived from the result of previous, long-term research, and they are preliminary. Extensive *subsequent research* is necessary to further test the findings.

## References

- Aldrich, H.E. and Cliff, J.E. (2003), "The pervasive effects of family on entrepreneurship: toward a family embeddedness perspective", *Journal of Business Venturing*, Vol. 18 No. 5, pp. 573-96.
- Alvarez, S.A. and Barney, J.B. (2007), "Discovery and creation: alternative theories of entrepreneurial exploration and exploitation", *Strategic Entrepreneurship Journal*, Vol. 12 No. 1, pp. 11-26.
- Anderson, A.R., Jack, S.L. and Drakopoulou-Dodd, S. (2005), "The role of family members in entrepreneurial networks: beyond the boundaries of the family firm", *Family Business Review*, Vol. 18, No. 2, pp. 135-54.
- Astrachan, J.H. and Shanker, M.C. (2003), "Family businesses' contribution to the U.S. economy: a closer look", *Family Business Review*, Vol. 16 No. 3, pp. 211-9.
- Brannon, D.L., Wiklund, J. and Haynie, J.M. (2013), "The varying effects of family relationship in entrepreneurial teams", *Entrepreneurship Theory and Practice*, Vol. 37 No. 2, pp. 107-132.
- Bresciani, S. (2010), "Innovation within firms: a survey in the Piedmont area", *International Journal of Quality and Innovation*, Vol. 1 No. 2, pp. 138-52.
- Bresciani, S. and Ferraris, A. (2016), "Innovation-receiving subsidiaries and dual embeddedness: impact on business performance", *Baltic Journal of Management*, Vol. 11 No. 1, pp. 108-30.

- Bresciani, S. and Oliveira, N. (2007), "Corporate environmental strategy: a must in the new millennium", *International Journal of Business Environment*, Vol. 1 No. 4, pp. 488-501.
- Bresciani, S., Vrontis, D. and Thrassou, A. (2013), "Change through innovation in family businesses: evidence from an Italian sample", *World Review of Entrepreneurship, Management and Sustainable Development*, Vol. 9 No. 2, pp. 195-215.
- Bresciani, S., Ferraris, A., Santoro, G. and Nilsen, H.R. (2016a), "Wine sector: companies' performance and green economy as a means of societal marketing", *Journal of Promotion Management*, Vol. 22 No. 2, pp. 251-67.
- Bresciani, S., Giacosa, E., Broccardo, L. and Culasso, F. (2016b), "The family variable in the French and Italian wine sector", *EuroMed Journal of Business*, Vol. 11 No. 1, pp. 101-18.
- Brockhaus, H.R. (1994), "Entrepreneurship and family business research: comparisons critique, and lessons", *Entrepreneurship, Theory and Practice*, Vol. 19 No. 1, pp. 25-38.
- Cantino, V. Giacosa, E. and Cortese, D. (2019), "A sustainable perspective in wine production for common-good management. The case of Fontanafredda biological "reserve", *British Food Journal*, DOI 10.1108/BFJ-06-2018-0351.
- Carnes, C.M. and Ireland, R.D. (2013), "Familianness and innovation: resource bundling as the missing link", *Entrepreneurship Theory & Practice*, Vol. 27 No. 6, pp. 339-419.
- Casillas, J.C. and Moreno, AM. (2010), "The relationship between entrepreneurial orientation and growth: the moderating role of family involvement", *Entrepreneurship & Regional Development*, Vol. 22 No. 3-4, pp. 265-91.
- Companys, Y.E. and McMullen, J.S. (2007), "Strategic entrepreneurs at work: the nature, discovery, and exploitation of entrepreneurial opportunities", *Small Business Economics*, Vol. 28 No. 4, pp. 301-22.
- Craig, J.B.L. and Moores, K. (2006), "A 10-Year Longitudinal Investigation of Strategy, Systems, and Environment on Innovation in Family Firms", *Family Business Review*, Vol. 19 No. 1, pp. 1-10.
- Culasso, F., Giacosa, E., Manzi, L.M. and Dana, L.P. (2018), "Professionalization in family businesses: how to strengthen strategy implementation and control, favouring succession", *Management Control*, Vol. 1 No. 1, pp. 45-71.
- Dana, L.P. and Dana, T.E. (2005), "Expanding the scope of methodologies used in entrepreneurship research", *International Journal of Entrepreneurship and Small Business*, Vol. 2 No. 1, pp. 79-88.
- Dana, L.P.S., Giacosa, E., Culasso, F. and Stupino, M. (2017), "A new communication and retail distribution formula in food sector", *Global Business and Economics Review*, Vol. 19 No. 2, pp. 137-56.
- Darling, N. and Steinberg, L. (1993), "Parenting style as context: an integrative model", *Psychological Bulletin*, Vol. 13 No. 1, pp. 487-96.



- Del Giudice, M., Della Peruta, M.R. and Carayannis, E.G. (2010), *Knowledge and the Family Business: The Governance and Management of Family Firms in the New Knowledge Economy*, Springer Science & Business Media, New York, NY.
- Del Giudice, M., Carayannis, E.G. and Maggioni, V. (2016), “Global knowledge intensive enterprises and international technology transfer: emerging perspectives from a quadruple helix environment”, *The Journal of Technology Transfer*, Vol. 2 No. 42, pp. 229-35.
- Del Vecchio, P., Secundo, G. and Passiante, G. (2018), “Modularity approach to improve the competitiveness of tourism businesses: empirical evidence from case studies”, *EuroMed Journal of Business*, Vol. 13 No. 1, pp. 44-59.
- De Massis, A. and Kotlar, J. (2014), “The case study method in family business research: guidelines for qualitative scholarship”, *Journal of Family Business Strategy*, Vol. 29 No. 5, pp. 14-29.
- De Massis, A., Sharma, P., Chua, J.H., Chrisman, J.J. and Kotlar, J. (2012), “State-of-the-art of family business research”, in De Massis, A., Sharma, P., Chua, J.H. and Chrisman J.J. (Eds.), *Family Business Studies: An Annotated Bibliography*, Edward Elgar Publishing, Cheltenham, UK.
- De Salvo, M, Begalli, D., Capitello, R., Agnoli, L. and Tabouratzi, E. (2017), “Determinants of winegrowers’ profitability: evidence from an Eastern Europe wine region”, *EuroMed Journal of Business*, Vol. 12 No. 3, pp. 300-315.
- Eisenhardt, K.M. and Graebner, M.E. (2007), “Theory building from cases: opportunities and challenges”, *Academy of Management Journal*, Vol. 50 No. 1, pp. 25-32.
- Faccio, M. and Lang, L. (2002), “The ultimate ownership of western corporations”, *Journal of Financial Economics*, Vol. 65 No. 3, pp. 365-95.
- Farinetti, O. (2009). *Coccodè. Il marketing-pensiero di Oscar Farinetti*. Giunti Editore, Firenze.
- Franceschelli, M.V., Santoro, G. and Candelo, E. (2018), “Business model innovation for sustainability: a food start-up case study”, *British Food Journal*, Vol. 120 No. 10, pp. 2483-94.
- Freeman, E.R., Civera, C., Cortese, D. and Fiandrino, S. (2018), “Strategising stakeholder empowerment for effective co-management within fishery-based commons”, *British Food Journal*, Vol. 120 No. 1, pp. 20-19.
- Giacosa, E., Giachino, C., Bertoldi, B. and Stupino, M. (2014), “Innovativeness of Ceretto Aziende Vitivinicole: A first investigation into a wine company”, *International Food and Agribusiness Management Review*, Vol. 17 No. 4, pp. 223-6.
- Giovannoni, E., Maraghini, M.P. and Riccaboni, A. (2011), “Transmitting knowledge across generations: The role of management accounting practices”, *Family Business Review*, Vol. 24 No. 2, pp. 126-50.

- Goel, S. and Jones, R.J. (2016), "Entrepreneurial exploration and exploitation in family business: A systematic review and future directions." *Family Business Review*, Vol 29 No. 2, pp. 94-120.
- Graebner, M.E. and Eisenhardt, K.M. (2004), "The seller's side of the story: acquisition as courtship and governance as syndicate in entrepreneurial firms", *Administrative Science Quarterly*, Vol. 49 No. 3, pp. 366-403.
- Habbershon, T.G. and Pistrui, J. (2002), "Enterprising families domain: family-influenced ownership groups in pursuit of transgenerational wealth", *Family Business Review*, Vol. 15 No. 3, pp. 223-37.
- Hall, A., Melin, L. and Nordqvist, M. (2001), "Entrepreneurship as radical change in the family business: exploring the role of cultural patterns", *Family Business Review*, Vol. 14 No. 3, pp. 193-208.
- Helfat, C. and Peteraf, M. (2009), "Understanding dynamic capabilities: progress along a developmental path", *Strategic Organization*, Vol. 7 No. 4, pp. 91-102.
- Iazzi, A., Vrontis, D., Trio, O. and Melanithiou, Y. (2016), "Consumer preference, satisfaction, and intentional behavior: investigating consumer attitudes for branded or unbranded products", *Journal of Transnational Management*, Vol. 21 No. 2, pp. 84-98.
- Jönssön, S., and Lukka, K. (2005). "Doing interventionist research in management accounting", *Gri-rapport 2005:6*, Handelshögskolan vid Göteborgs universite, Gothenburg, Sweden.
- Kellermanns, F. W. and Eddleston, K.A. (2006), "Corporate entrepreneurship in family firms: a family perspective." *Theory and Practice*, Vol. 30 No. 6, pp. 809-30.
- Kepner, E. (1991), "The family and the firm: a co-evolutionary perspective", *Family Business Review*, Vol. 4 No. 4, pp. 445-61.
- Le Breton-Miller, I., and Miller, D. (2006), "Why do some family businesses out-compete? governance, long-term orientations, and sustainable capability", *Entrepreneurship Theory and Practice*, Vol. 30 No. 6, pp. 731-46.
- Lee, K.S., Lim, G.H. and Lim, W.S. (2003), "Family business succession: appropriation risk and choice of successor", *Academy of Management Review*, Vol, 28 No. 4, pp. 657-66.
- Leonard-Barton, D. (1990), "A dual methodology for case studies: synergistic use of a longitudinal single site with replicated multiple sites", *Organization Science*, Vol. 1 No. 3, pp. 248-66.
- Lubatkin, M.H., Simsek, Z., Ling, Y. and Veiga, J.F. (2006), "Ambidexterity and performance in small- to medium-sized firms: the pivotal role of top management team behavioral integration", *Journal of Management*, Vol. 32 No. 5, pp. 646-72.
- Lumpkin, G.T., Steier, L. and Wright, M. (2011), "Strategic entrepreneurship in family business", *Strategic Entrepreneurship Journal*, Vol. 5 No. 2, pp. 285-306.
- Marchisio, G., Mazzola, P., Sciascia, S., Miles, M. and Astrachan, J. (2010), "Corporate venturing in family business: the effects on the family and its members", *Entrepreneurship & Regional Development*, Vol. 22 No. 3-4, pp. 349-77.

- McKeown, T. (2004), "Case studies and the limits of the quantitative worldview", in Brady, H. and Collier, D. (Eds.), *Rethinking Social Inquiry*, Rowman and Littlefield, Lanham, MD.
- Melanthiou, Y. (2014), "Success through innovation, reputation, and location", *Journal of Promotion Management*, Vol. 20 No. 4, pp. 411-2.
- Melanthiou, Y. (2016), "Messages not getting through: societal marketing to the rescue", *Journal of Promotion Management*, Vol. 22 No. 2, pp. 195-6.
- Merriam, S.B. (1988), *Case study research in education: A qualitative approach*. San Francisco: Jossey-Bass.
- Miles, M.B. and Humberman, A.M. (1994), *Qualitative Data Analysis*, Sage, Thousand Oaks, CA.
- Miller, D. and Le Breton-Miller, I. (2006), "The best of both worlds: exploitation and exploration in successful family businesses", *Advances in Strategic Management*, Vol. 23 No. 3, pp. 215-40.
- Miller, D., Le Breton-Miller, I. and Lester, R.H. (2011), "Family and lone founder ownership and strategic behavior: social context, identity, and institutional logics", *Journal of Management Studies*, Vol. 48 No. 1, pp. 1–25.
- Morris, M.H. (1998), *Entrepreneurial Intensity*, Quorum Books, Westport, CT.
- Moss, T.W., Payne, G.T. and Moore, C.B. (2013), "Strategic consistency of exploration and exploitation in family firms", *Family Business Review*, Vol. 27 No. 1, pp. 51-71.
- Nayebpour, H. and Bokaei, M.N. (2018), "Customers satisfaction by fuzzy synthetic evaluation and genetic algorithm (case study) travel websites in Iran", *EuroMed Journal of Business*, Vol. 12 No. 3, pp. 316-34.
- Nordqvist, M. and Melin, L. (2010), "Entrepreneurial families and family firms", *Entrepreneurship and Regional Development*, Vol. 22 No. 3-4, pp. 211-239.
- Petruzzellis, L., Craig, C.S. and Palumbo, A. (2017), "The MED scale: regional variation in values and beliefs, evidence from Italy", *EuroMed Journal of Business*, Vol. 12 No. 1, pp. 20-35.
- Ryan, B., Scapens, R.W. and Theobald, M. (2002), *Research method and methodology in finance and accounting*. Thompson, London, UK.
- Salvato, C., Chirico, F. and Sharma, P. (2010), "A farewell to the business: championing exit and continuity in entrepreneurial family firms", *Entrepreneurship and Regional Development*, Vol. 22 No. 3, pp. 327-54.
- Santoro, G., Vrontis, D. and Pastore, A. (2017), "External knowledge sourcing and new product development: evidence from the Italian food and beverage industry", *British Food Journal*, Vol. 119 No. 11, pp. 2373-87.
- Sotiriadis, M. (2017), "Pairing intangible cultural heritage with tourism: the case of Mediterranean diet", *EuroMed Journal of Business*, Vol. 12 No. 3, pp. 269-84.

- Scorrano, P., Fait, M., Iaia, L. and Rosato, P. (2018), "The image attributes of a destination: an analysis of the wine tourists' perception", *EuroMed Journal of Business*, Vol. 13 No. 3, pp. 335-50.
- Shane, S., and Venkataraman, S. (2000), "The promise of entrepreneurship as a field of research", *Academy of Management Review*, Vol. 25 No. 3, pp. 217-26.
- Siggelkow, N. (2007), "Persuasion with case studies", *Academy of Management Journal*, Vol. 50 No. 1, pp. 20-4.
- Singh, R.P. (2001), "A comment on developing the field of entrepreneurship through the study of opportunity recognition and exploitation", *Academy of Management Review*, Vol. 26 No. 1, pp. 10-2.
- Sirmon, D.G. and Hitt, M.A. (2003), "Managing resources: linking unique resources, management, and wealth creation in family firms", *Entrepreneurship Theory and Practice*, Vol. 27 No. 4, pp. 339-58.
- Stake, R.E. (2013), *Multiple case study analysis*, Guilford Press, New York, NY.
- Strauss, A. and Corbin, J. (1998), *Basics of qualitative research: techniques and procedures for developing grounded theory*, 2nd ed, Sage, Thousand Oaks, CA.
- Tagiuri, R. and Davis, J.A. (1982), "On the goals of successful family companies", *Family Business Review*, Vol. 5 No. 1, pp. 43-62.
- Vrontis, D., Bresciani, S. and Giacosa, E. (2016), "Tradition and innovation in Italian wine family businesses", *British Food Journal*, Vol. 118 No. 8, pp. 1883-97.
- Vrontis, D. and Paliwoda, S.J. (2008), "Brand and the Cyprus wine industry", *Brand Management*, Vol. 16 No. 3, pp. 145-159.
- Vrontis, D. and Pappasolomou, I. (2007), "Brand and product building: the case of the Cyprus wine industry", *Journal of Product & Brand Management*, Vol. 16 No. 3, pp. 159-67.
- Vrontis, D. and Thrassou, A. (2011), "The renaissance of Commandaria: a strategic branding prescriptive analysis", *Journal of Global Business Advancement*, Vol. 4 No. 4, pp. 302-16.
- Vrontis, D., Thrassou, A. and Rossi, M. (2011), "Italian wine firms: strategic branding and financial performance", *International Journal of Organizational Analysis*, Vol. 19 No. 4, pp. 288-304.
- Vrontis, D., Thrassou, A. and Vignali, C. (2006), "The country-of-origin effect on the purchase intention of apparel: opportunities and threats for small firms", *International Journal of Entrepreneurship and Small Business*, Vol. 3 No. 3/4, pp. 459-76.
- Yin, R.K. (2003), *Case Study Research: Design and Methods*, 3rd ed, Sage Publications, Beverly Hills, CA.
- Zahra, S.A. (2005), "Entrepreneurial risk taking in family firms", *Family Business Review*, Vol. 18 No. 1, pp. 23-40.
- Zahra, S.A., Hayton, J.C. and Salvato, C. (2004), "Entrepreneurship in family vs. non-family firms:

a resource based analysis of the effect of organizational culture”, *Entrepreneurship Theory and Practice*, Vol. 28 No. 4, pp. 363-81.