

Dipartimento di Impresa e Management

Cattedra **Business Modeling and Planning**

The role of tradition in Business Model Innovation. A multiple case-study in the Italian olive oil family business

Prof. Donato Iacovone

RELATORE

Prof. Fabio Corsico

CORRELATORE

Matr. 733691

CANDIDATO

Anno Accademico **2021/2022**

A mio nonno Elio.

Table of contents

<i>Introduction</i>	4
<i>1 Italian olive oil sector and the role of family business</i>	5
1.1 Italy in the global context.....	6
1.2 Italian industry profile: the geographical dualism	6
1.3 Covid-19 Pandemic impact on the industry.....	7
1.4 Family business' role in the industry	10
1.5 Final considerations	15
<i>2 Leveraging tradition for Business Model Innovation. The theoretical background</i>	16
2.1 A brief overview.....	17
2.2 Theoretical background.....	17
2.3 Leveraging tradition for BMI and Covid-19 Pandemic impact.....	23
2.4 Methodology.....	26
<i>3 The multiple case-study: Results and Discussion</i>	28
3.1 Traditional values and their role in the business model	29
3.2 The business model analysis	30
3.3 Covid-19 Pandemic impact	40
3.4 Discussion	41
<i>4 Conclusions</i>	43
<i>Bibliography</i>	45
<i>Sitography</i>	51
<i>Appendix</i>	53
<i>Abstract</i>	55

Introduction

Family business is protagonist in Italian olive oil production, whose origins date back to most ancient populations. Inspired by the innovative approach of some leading actors, this research aims to explore the relationship between tradition and Business Model Innovation (BMI). Despite sector studies complain of the high attachment to tradition, which accordingly would limit Italy's competitive potential (Cola & Sarnari, 2020), recent literature addresses the possibility for family firms to create and appropriate value through tradition (Petruzzelli & Albino, 2014). In fact, it is increasingly accepted that tradition might not represent an obstacle but an enabler of innovation (Rondi et al., 2019). However, its role specifically in BMI is overlooked in theory. Our purpose is therefore to fulfill this research gap and at the same time help solve the above-mentioned paradox by reconciling sector studies with scholarly research. As such, this analysis envisages to unveil the inherent innovation potential of family firms by looking at traditional components in their business models. Aware of strenuous challenges business models faced due to the Pandemic outbreak (Breier et al., 2021), this study also focuses on firms' reaction to such environmental pressure (Teece et al., 1997). Ahead to disclose olive oil tradition's role in BMI, the first chapter provides an overview of the sector, the role of family business and the Covid-19 Pandemic impact. By uncovering both weaknesses and opportunities of a still very traditional production, this initial analysis suggests the importance to renew existing business models. Drawing on present literature, the second chapter encompasses a theoretical background, highlighting family firms' dynamic capabilities in interiorizing and reinterpreting tradition for innovation (De Massis et al., 2016). To follow with, we dedicate the third chapter to a qualitative analysis, addressing the following research questions:

Can Italian olive oil family firms leverage tradition in BMI? How?

How has Covid-19 Pandemic impacted BMI in Italian olive oil family firms?

We rely on Business Model Canvas (Osterwalder & Pigneur, 2010) as a tool to examine traditional components along value proposition, creation and delivery of interviewed family businesses. In addition, we test the Pandemic impact. With a multiple case-study, this research sheds light on how tradition can be successfully leveraged for BMI, supports the importance of recombining innovation with traditional elements and provides evidence that tradition can act as an opportunity instead of an impediment.

CHAPTER I

Italian olive oil sector and the role of family business

1.1 Italy in the global context

Italy stands out internationally for its olive oil sector, ranking second after Spain in terms of production and export volume and turnover, while achieving a global-first in both imports and consumption. Despite facing stiff competition with Spain, the excellence of made-in-Italy products is definitely rewarded by the market. This is showed by the superior performance of extra-virgin olive oil (EVOO), whose exported volume has grown by 10 percent between 2018 and 2020, a very promising figure considering that EVOO represents 87% of all olive oil exports. Italy has also become the first exporter for the United States, which, together with Germany, represents Italy's main commercial destination.

Interestingly, the majority of Italian oil exports derive from imported olive oils blended with local production: only 30% of national output is 100% made in Italy. Anyway, Italian olive oil blends are often internationally acclaimed and represent the basics of the sector's success in the world markets. Italy's import-dependency is mainly due to the expensiveness of agricultural phase, which therefore leads to adopt a productive model based on blending operations. However acclaimed Italian blends may be, this system implies reduced actual productions and so much untapped potential, which in turns means limiting Italy's competitive position. Other major international players, although not having the same tradition as the Italian one, prove to be more efficient, still with high quality standards and with costs even below the threshold of 2 euros per kilo of oil. On the contrary, Italian costs hardly go below 3 euros per kilo and can reach 7 or 8 euros in the Center-North. The Spanish giant, for example, stands out by reducing production costs thanks to a wider and orographically less complex territory. Next, the countries of the new world such as Chile, Argentina, Australia and the territories of North Africa also perform very well in terms of quality and volume exported. In this highly competitive global context, Italian olive oil producers struggle to be competitive: in order to disengage from Spain's market dynamics, they pursue a differentiation strategy focusing on high quality EVOO. However, this entails the need to vertically integrate their value chains (from agricultural phase to bottling) for production cost optimization and quality maximization, which is hard to achieve considered investment capacity requirements.

1.2 Italian industry profile: the geographical dualism

The Italian olive oil industry produces a turnover of more than 3 billion euros – 3,2% of the total Italian food industry turnover. By definition, the industry deals with the transformation and commercialization of the raw material obtained from the agricultural phase – the olives. After the

first processing, the olives pass through the mill and, after being transformed into oil, undergo the second processing which involves bottlers, pomace factories and refineries.

The Italian olive oil sector, by fact, is characterized by a marked geographical dualism: in the Center-North, large bottling industries mostly based in Tuscany, Umbria and Liguria, many of which have a strong presence of foreign capital in the corporate structure; in the South, a high concentration of olive-growing and milling businesses *only partially* dedicated to bottling. This dichotomy gives rise to an important flow of bulk oil which from the production regions of the South is shipped to the Center-North to be bottled and marketed. It is thanks to the exclusive "know-how" of the bottling phase that Italian oil producers can exhibit a unique style of bottling on international markets, emerging as ambassadors of made-in-Italy in the world.

Alongside the local production, a more purely industrial production operates: the supply and processing of oil coming from other producing countries, generally from the Mediterranean Basin. This wider supply chain generates as much as 70% to the total Italian output. Following a careful selection, in fact, the foreign product is generally mixed with the local one and then labeled, according to current legislation, as a "mixture of Community product" or "mixture of Community and non-Community product".

A widespread phenomenon in the olive oil industry is bottling on behalf of third parties, that is, companies that bottle other people's products and do not market under their own brand or combine these two activities together. Furthermore, many firms not only operate in the olive oil sector but opt to diversify their core oil-extraction activity with other agri-food businesses, such as the seed oil, dried fruit, legumes, sauces and ready-made sauces, powders, or even cross-boundary businesses that exploit olive oil's key nutraceutical component, like in cosmetics. In this way, the firm's management is able to exploit synergies from the different product ranges, improving the competitive position of the business. As will be seen below, this represents one of the major concerns of small and medium-sized Italian oil family businesses: in order to gain a good share of the market, they need to reinvent their market practices by adopting innovative strategies.

In summary, the Italian olive oil sector presents the coexistence of two realities, the more strictly productive one and the other with a commercial vocation.

1.3 Covid-19 Pandemic impact on the industry

1.3.1 A macroeconomic look at the phenomenon

Due to the lockdown, the consumption of meals in the home has definitely increased, which is why the demand for olive oil, at the global level, had a promising growing trend, with an increase in 2020

of 6% compared to 2019 and a subsequent intensification of international trade. As a protagonist in the international olive oil market, Italy can only have seen positive percentage variations in consumption, imports and exports. Imports grew by 6% in total volume against a decline in value due to the general reduction in international prices. Exports jumped 21% in volume and 4% in value. It is interesting to note that the reduction in the world catering turnover has slowed down agri-food exports, but not significantly olive oil ones: in fact, olive oil is among the agri-food products that have contributed most to exports, even shifting from a structural deficit to a surplus, a rather rare event in the olive sector. In particular EVOO, which represents 87% of the entire sector, has scored the best performance. With regard to the national production, however, a negative trend has been going on for some years, evidently not linked in the first place to the pandemic effects, but mainly to endogenous problems. According to Ismea's estimates (*Istituto di Servizi per il Mercato Agricolo Alimentare*), in the month of November 2020 there was a production decrease of 30%: 255 thousand tons compared to 366 thousand in the previous campaign. The olive oil, together with fruit and vegetables, was also the most affected by the weather conditions, which today represent a threat to a large part of Italian vegetable production and beyond. Although this downward trend cannot be directly imputed to the Pandemic, surely it has not favored production yield. Actually, it has aggravated the situation especially in more labor-intensive supply chains, which suffer from problems related to procurement of labor and other productive factors, uncertainty of scenarios, reduction of investments, both logistical and storage difficulties. Furthermore, in the midst of the Pandemic, the prices paid to extra-virgin olive oil producers fell by 44%, values that was not recorded since 2014 and that in some cases were not enough to cover production costs, which in turn increased by 12 %.

1.3.2 The dichotomic impact of the Pandemic

The olive oil sector is one of the few agri-food sectors where the Large-scale Retail Trade (LRT) was able to offset the decline of the national and foreign Horeca (*Hotellerie-restaurant-café*) channel. This phenomenon occurred also because the large-scale distribution channel, in the olive oil supply chain, weighs much more in the final consumption of the product. Therefore, operators such as large Italian bottling companies who have always had commercial relationships with LRT took advantage from this, having procured at affordable prices in the months preceding the Pandemic and benefiting from the increase in domestic and foreign demand. On the other hand, a bad blow was dealt to smaller actors such as small and medium-sized enterprises (SMEs) being mainly linked to the Horeca channel. Further affected by the increase in production costs and by the price drastic reduction, SMEs

are the ones that suffered the pandemic the most. If we also consider that many of these businesses are based on tourism activities, the situation for them was further aggravated, due to the lockdown.

1.3.3 Change in consumer behavior and implications for SMEs

During the pandemic, a phenomenon common to all agri-food sectors was observed, namely the polarization of purchases: the more economically healthy households have focused their spending on "premium" products, while those with a lower income level have shown a strong price orientation, returning to promotional offers. Digging deeper into the olive oil case, the pandemic would have "brought producers and consumers closer together, as consumers are looking for more and more true artisans of olive oil", as stated by Antonella Rosati, owner of "Tenuta Foggiali" in Puglia, who reveals in an interview how the Pandemic could have significantly changed consumption habits, raising the bar of the required quality. The polarization of purchases represents, on the one hand, an advantage for younger entrepreneurs, encouraging them to set off activities focused on high quality production; on the other hand, an opportunity for SMEs which, despite having been most affected by the pandemic, can better leverage the high-end customer segment. Furthermore, the downstream business of these firms could benefit from another phenomenon that emerged during the Covid period, namely the growing appreciation for small neighborhood shops. Despite supermarkets being confirmed as the most used distribution channel (41%) it is traditional shops and proximity businesses being the most dynamic ones, which now account for only 13% of distribution channels but in 2020 saw sales growing by 18, 9%. This greatly benefited small agri-food firms that, being highly specialized and attentive to the quality of their products, were able to exploit the dynamism of these niche sales channels as well as strengthen direct sales. Another opportunity for SMEs is the online channel diffusion during Covid period, boosted in particular by loyal buyers. The latter, having already tasted the product, were more eager to online purchasing than potential new consumers unfamiliar with the product.

1.3.4 Arising opportunities

As with other sectors and production chains, Covid-19 has proved to be an accelerator of innovation and promoter of interesting changes also for the olive oil business. First of all, European Policies promoted the new "Farm to fork" model, a plan that aims at the transition of agriculture towards more sustainable and transparent practices in the light of 4.0 paradigm. Such paradigm is based on the adoption of innovative technologies, safety systems and traceability. It is not only the supply chain benefiting from this, but above all the consumer, who thus is provided with an information system

on nutritional aspects and the origin of food. Faced with the emergency, olive oil firms have adopted new strategies for the product marketing, exploring new sales channels and strengthening the online one which, guaranteeing greater convenience and safety for consumers, has contributed to food categories growth by 13%. New digital platforms spring up as the first international olive oil marketplaces, a great opportunity for the spread of made in Italy in the world that revolutionizes traditional distribution routes, under the banner of disintermediation. Thanks to this type of business innovation, producers who struggle with margin erosion can sell their products directly to the final consumer without incurring intermediation costs.

It is clear that multifunctional businesses took a sharp hit during the Pandemic. These are all those firms that, by diversifying their offer, combine agricultural activities with numerous types of welcome and hospitality services, activities that have experienced a dramatic decline in 2020. Covid has thus pushed them to focus on strengthening the agricultural component and primary activity, finding in the downstream integration strategies an opportunity to compensate, or at least mitigate, the lack of revenues from connected activities. Anyways, post-pandemic scenarios offer renewed perspectives for Italian tourism. Covid, in fact, has also redefined the features of the latter which, due to travel restrictions, has been incentivized to stay within the borders of the country. Thus, the search for new and closer destinations has given impetus to the so called *oleoturismo* (olive oil tourism) thanks to which guests and buyers can touch the olive oil realities and live a unique participatory experience. Seen as a new opportunity, the *oleotourism* has, on the one hand, encouraged producers to diversify their business by including hospitality activities and, on the other, revived multifunctional businesses. In addition to being an important source of income for the business, the olive oil tourism phenomenon also has commercial implications, since the sales strategies operated by producers are no longer oriented solely to shelf selling (where price logic often prevails), but also directly to consumer. The latter can therefore experience first-hand the taste, history, value of biodiversity of PDO (Protected Designation of Origin) and IGP (Protected Geographical Indication) olive oils.

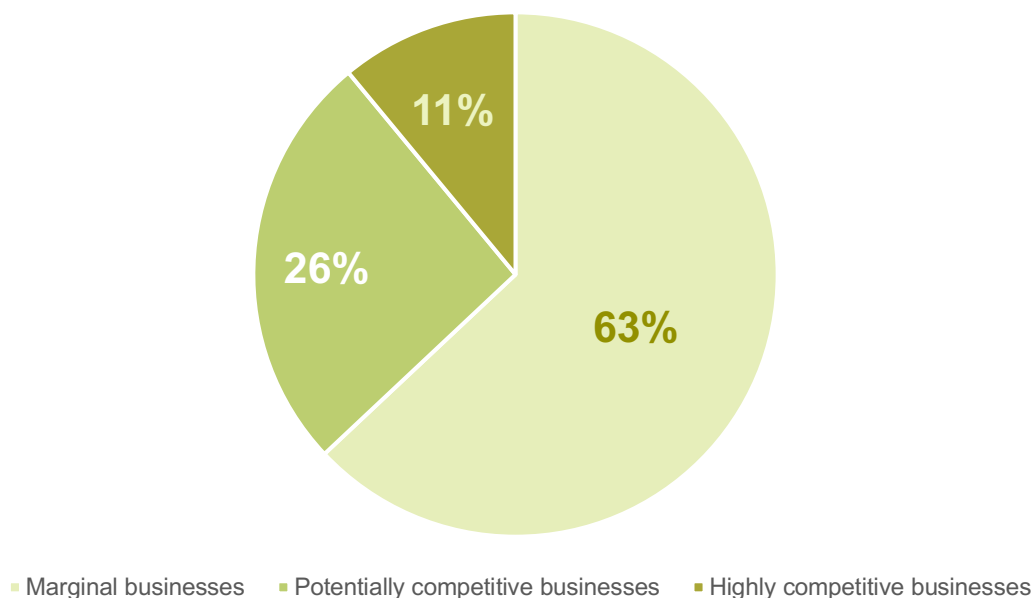
1.4 Family business' role in the industry

As mentioned before, a high presence of SMEs characterizes Italian olive oil productive reality. The vast majority of these businesses is family-controlled. However, the size and competitiveness of these businesses vary significantly: it is increasingly evident that Italian olive growing is a composite reality and that there is no model of olive growing but more than one. Thus, the Italian reality appears particularly fragmented: as shown in the 2021 report produced by Ismea, the average olive grove

covers just 1,8 hectares, far below the nine hectares of an average Italian agricultural company. As the report shows, olive-growing is mainly traditional, poorly mechanized (often hand-harvested) and probably difficult to mechanize. However, the above-mentioned heterogeneity does not solely depend on territorial or dimensional variables but also on a set of characteristics that define their competitive potential, that is, their ability to tackle the market. This set involve structural, organizational and managerial, economic, functional variable as suggested in the olive-oil sector plan, leading to classify firms according to their competitiveness, distinguishing them in "marginal businesses", "potentially competitive businesses", "structured firms, with improved competitive potential".

According to the analysis, in fact, as many as 63% of firms occupy a marginal place in the competitive landscape, while only il 37% is competitive.

Figure 1: Competitive profile of Italian olive oil sector



Source: author's elaboration based on *Le aziende olivicole nel 6°Censimento Generale dell'Agricoltura: un'analisi delle tipologie di aziende, 2014*. Report produced as part of the activities of the Olive Oil Plan.

As shown in Figure 1, 11% are classified as businesses with “high competitive potential” – this share includes:

- large enterprises with medium to low olive-growing specialization
- medium-large enterprises with low olive-growing specialization

These firms mainly focus on purchasing oil, both from local and foreign producers. They generally mix it, bottle it, usually far from the places where it is produced, and then put it on the market, possibly directly to the final distributor. Although large scale production tends to disadvantage

intrinsic product quality, still there are more and more successful cases of large companies that have focused on large-scale production applying high quality standards, being able to rely on an integrated supply chain or supply chain agreements.

The remaining 26% represents “potentially competitive businesses”: these are highly specialized small-medium enterprises, market-oriented and multifunctional, where the farm manager invests time into connected activities, while for agricultural activities he also makes use of contract work. It is exactly from this latter set of businesses that successful, award-winning family firms emerge with best practices of business management – it is them being the object of this study. Such enterprises are oriented to produce a lower amount of olive oil to preserve the quality of the product. Their focus is on high-end olive-growing, a predominantly extra-virgin processing type, with prices decidedly above average and intended for a more "expert" audience of consumers, typically near to the production place but increasingly spreading across regional and even national borders. This strategic niche positioning allows Italy to disengage from the dynamics of the Spanish market, which instead maintains leadership in standard oil production.

1.4.1 Challenges for family business

However strategic the niche positioning may be, it is necessary to highlight the important challenges it entails: from an economic perspective, the EVOO profit margins are typically low due to high costs incurred during the production phase and the pressure on price markup imposed by competitive market dynamics. For example, when too high prices are charged to consumer, the latter tends to switch to lower quality products. In addition, the seasonality of the product and the particularly reduced amount of olives treated in some years are factors that negatively impact the value of turnover, which therefore decreases. Faced with this low profitability, it has often been answered with less investment and little commitment in agricultural production (absence of pruning, fertilization, treatments, processing, etc.) which inevitably generated a further reduction in yields and profitability. The olive tree, in fact, whose landscape and cultural value is undoubted, must also be attractive from an entrepreneurial point of view, prompt new investments and, in short, produce income. Researches published by associations and public authorities of the olive oil sector such as Ismea and Unaprol (*Unione Nazionale Tra Le Associazioni Di Produttori Di Olive*) provide evidence on how entrepreneurs should act in order to make olive oil businesses more profitable. It is possible to enucleate three main trajectories: (1) Integration and collaboration, (2) diversification and (3) modernization.

1.4.1.1 Integration and collaboration

Vertical integration represents a key matter for olive oil family business: the presence of too many intermediate figures along the supply chain increases costs, reducing the margins of producers themselves. On the one hand, the olive farms specialized in olive-growing can benefit from vertical integration by bundling some or all of the downstream phases (milling, packaging, sale to the final consumer). Including the milling activity besides the purely agricultural one means opening the business to large distribution channels. The oil mill, in fact, is not just a production factor, but a crucial hub in the supply chain, especially when thanks to technological modernization it is able to guarantee efficiency and quality. On the other hand, the operators specialized in milling who integrate the olive-growing activity are able to upgrade the quality of the product. Why this? The quality depends also on the time between harvest and pressing. So, mill's proximity to collection site allows the olives to be crushed within the fateful 24 hours of harvesting, raising the quality parameters of the oil up to the maximum threshold. Fortunately, the intervention of oil mills in the most upstream phase of the supply chain is an increasingly observed phenomenon in recent years: there now exists a multiplicity of contractual forms that involves oil mills in the management of olive groves.

However, the integration of vertical businesses is not always economically or financially feasible for Italian market actors, this is why the authorities stress the urgency to create closer and more dynamic connections between the different subjects of the olive oil chain (farmers, oil mills, the bottling and marketing industry). The cooperation among small producers, for example, represents a compelling way particularly for small areas such as Abruzzo's, while vast areas such as those of Puglia can account for greater amount of raw materials and more efficient production chains. The collaboration among market actors, as a consequence, would make the entire Italian production system more competitive on the international scene.

1.4.1.2 Diversification

Diversification opportunities for olive oil business are many. First of all, thanks to the new legislation in force, technologically advanced oil mills can carry out activities other than mere pressing, such as the second extraction of the oil from the virgin pomace, the recovery of the peanut from the pomace, which can then be reused in the productive cycle as fuel or sold. Secondly, business diversification should favor the inclusion of new subjects besides the core business, such as tourism and restaurants, which nowadays represent an interesting source of income capable of integrating producers' margins. Major exponents of the sector, in fact, argue the need to look at the broader picture and explore market segments belonging to other industries such as hospitality, which became crucial for other

agricultural activities such as wine production. In fact, Anna Rufolo, head of the olive sector at the Italian Farmers Confederation, released an interview to an Italian olive oil magazine, stating: "we should include professionals who are not traditionally related to the olive oil chain and expand our vision from the production chain to the production system".

1.4.1.3 Modernization

In a fragmented reality like the Italian one, plant modernization is not always feasible. Not all producers, in fact, have the financial means to support these investments - indeed, in the vast majority of cases they do not at all. However, businesses that succeed in innovating are able to definitely enhance their competitive position in the medium to long term. The latest generation mills (two-phase plants or plants that work in a controlled atmosphere), in fact, can maximize efficiency and product quality standards, which represent two important sources of competitive advantage. Not only that: the new features of today's oil mill allow both optimization and diversification of processes. In this way, management can leverage on new synergies and redesign competitive supply chains, implementing winning market strategies and enhancing the overall firm performance.

Besides *incremental* innovation of plants, there are the *radical* olive oil chain innovations, which move the discussion towards the wider, more ambitious concept of agriculture 4.0. This term refers to the evolution of precision agriculture thanks to the use of sensors, special devices or any other third source that automatically collects, integrates and analyzes data from the field. Adopting the 4.0 paradigm, the farmer can be supported by digital technologies in the decision-making process, not only in the one regarding his individual business, but also in the relationship with other subjects of the supply chain. The knowledge created by these technologies therefore potentially allows to break firm's boundaries, with the ultimate aim of increasing the profitability, fostering economic, environmental and social sustainability of agriculture. For example, one of the revolutionizing technologies imported in the agriculture sector from other application fields is the blockchain, a distributed ledger capable of granting quality and traceability of products and that gives birth, as a consequence, to a new, unique consumption experience.

Modernization also regards the adoption of digital channels for product commercialization. In this sense, the oil sector has a lot to learn from the wine sector. Many wineries and especially small ones, in fact, have developed new business models encouraging the online market that, at the moment, is still in an embryonic phase in the olive sector. The concept of modernization often coincides with that of sustainability, since making a production process sustainable often involves adopting specific enabling technologies. Moreover, according to certain studies, integrating circular economy within the business model represents an opportunity that provides additional income to the enterprise.

Thanks to the transformation of both liquid and solid production wastes, in fact, the business could reuse energy that would otherwise be dispersed in the environment, optimizing the related costs; also, it is possible to recover water and even value-added products such as olive pits coming from the pressing process. However, as stated before, these types of recovery plants require certain economic and financial solidity, often associated with the company's ability to make economies of scale, a reality that belongs only to a minority of firms in the sector.

1.5 Final considerations

This analysis highlighted Italian olive oil sector's main features and uncovered the aspects of a still very traditional production. Relevance was given also to the impact of Covid-19 Pandemic, being source of both weaknesses and opportunities. More, this study shows that family firms' role in the industry varies according to their relationships with the LRT, their level of business diversification, their size and competitive potential. However, their common denominator is the preservation of quality and excellence of made-in-Italy in the world. This overview also suggests there is a lot of untapped potential and provides roots for family businesses to follow, recognizing their crucial position in the sector development. We therefore deduce how important for them is the adoption of a business model that enhances the existing offer and, at that the same time, crosses the boundaries of the core business by embracing new market segments. Despite Italian productive reality still seems too tied to tradition, there are some interesting cases of family businesses where tradition was leveraged in order to pursue innovation strategies and obtain a lasting competitive advantage. This research is inspired by the renewed interest of these Italian players to innovate their business not only at the process and product level but also at the business model one, without renouncing tradition.

CHAPTER II

Leveraging tradition for Business Model Innovation.

The theoretical background

2.1 A brief overview

Tradition, in Italian olive oil sector, represents the soul of a centuries-old production, predominantly family-owned. Italian olive oil, in fact, is symbol of history and values handed down from generation to generation. However, sector studies show that this high attachment to traditional ways of doing business limits Italy's competitive potential, which is why major exponents of the sector urge Italian producers to find a balance between traditional methods and innovation. In particular, business model innovation (BMI) appears as a crucial goal to pursue, as emerged in our sector overview. Academic studies show that it is possible to innovate by leveraging tradition, but only focus on product and process innovation. Furthermore, literature on olive oil sector is rather scarce and mainly investigates product and process innovation, only Donner et al. (2021) addressed BMI, but in the view of sustainability and without focusing on family businesses. Drawing on existing research, we provide a theoretical background useful to understand what role tradition could play in innovating olive oil family business models. Finding out the mediating role of dynamic capabilities for family firm innovation, we argue that this role identified by scholars may also apply to BMI in olive oil family firms. In addition, we investigate the impact of Covid-19 Pandemic arguing it may have a peculiar effect on leveraging tradition, enhancing BMI of olive oil family firms.

2.2 Theoretical background

2.2.1 Innovation in family business

Innovation consists in the continuous renewal process an organization operates in order to achieve long-term success (Schumpeter, 1934) and represents a driver of superior firm performance, being directly linked to the achievement and sustenance of competitive advantage. Freeman in 1976 defines innovation as the set of activities a firm embraces to introduce not only new products or processes but also business models. Family businesses, challenged to maintain competitive advantage and to renew their performance across generations, face the critical and arguably crucial issue of innovating. The long-term orientation such as the one characterizing family businesses, in fact, would suggest an implied propensity to invest in innovation, yet the literature have often stigmatized family systems as conservative organizations that shrink from exploring new opportunities. The first empirical research states that family firms give less relevancy to innovation rather than non-family firms (Donckels & Fröhlich, 1991). Many other scholars rely on empirical evidence to demonstrate negative associations between family firms and innovation (Block, 2012; Chen & Hsu, 2009; Chrisman & Patel, 2012) and observe a tendency to underinvest in research and development

privileging investments with low levels of uncertainty. According to studies applying behavioral agency theory, risk aversion is traceable to owner's willingness to avoid higher agency costs caused by potential family conflicts (Chrisman & Patel, 2012; Gomez-Mejia et al., 2014). Levinson (1991) states family business' traditions do not encourage technological innovation. However, some interesting statistics reveal an opposite result: in line with Forbes (2014), over 50% of the most innovative European businesses are family-controlled. This evidence suggests that previous applied theories lack of coherent explanation of family firm innovation patterns. In the attempt to shed light on this paradox, research has dedicated growing attention to family influence on innovation activities. In the first place, scholars searched for family firms' behavior determinants inside the organizational structure. Referring to versatility of decision-making, flexibility and low level of formalization (Craig & Dibrell, 2006; De Massis et al., 2013) some findings argue family business' superior ability in resource allocation processes, especially in implementing idiosyncratic resource bundling (Carnes & Ireland, 2013), which would represent favorable conditions to innovative development. The resource-based view (Barney, 1991), in fact, explains several resource orchestration advantages of family firms (Sirmon et al., 2011). However, it is necessary to point out that studies supporting family firms' proneness to innovate have often failed to predict why they actually end up in investing less, falling short of conclusive findings. Aiming to disentangle the puzzling effects present in the literature, research has shifted the analysis perspective proposing a new kind of investigation. More attention has been given to the difference between family firms and nonfamily ones, looking for specific discriminant factors between their respective innovation processes (De Massis et al., 2013). Two key priorities, for example, were recognized: the goal of control and intra-family succession, which by consequence create harder challenges for discontinuous technology adoption (König et al., 2013), raising the perceived risk and discouraging investments. Anyways, as claimed by this study, when the effort to overcome adoption barriers is made and the business embraces the risk, it can thereafter benefit from faster implementation thanks to their structural and organizational prerogatives (prerogatives that were already scanned – but not coherently framed – by previous research). Along with this perspective, an increasing body of literature contributed to the better understanding of family firm's distinctive features, profiling the so called “idiosyncrasies”, such as high levels of control, family wealth concentration, the relevance of nonfinancial goals (e.g. Duran, 2016), long-term orientation, tacit knowledge, reluctance to share control with non-family members, lack of requisite skills (Chrisman et al., 2015) and so on.

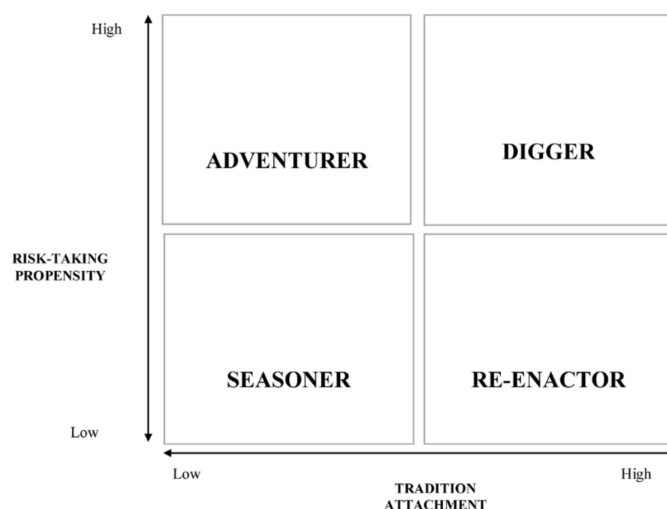
Thanks to this theoretical framework, scholars unfolded family business ambiguous behavior, revealing that these idiosyncrasies enable to compensate lower innovation-related financial investments (that is, innovation input) with major efficiency in producing innovation output. This peculiar mechanism is also famed by some other scholars as the “willingness-ability paradox” (Rondi

et al., 2019): driven by family idiosyncratic components, this paradoxical tension is described as the lower inclination to innovate (*willingness*) despite the higher *ability* to process innovation as compared to non-family counterparts. In short, family firms can innovate more with less.

Once unveiled the inherent innovation potential of family businesses – in other words, how they can *potentially* innovate – it is possible to focus on how they *actually* innovate: a multiplicity of innovation approaches has been observed, drawing the attention of scholarly debate. To start with, heterogeneity derives from degree to which the family and the business overlap, hence the level of family influence on the business (Habbershon & Williams, 1999). In fact, the peculiar interaction between the family, the firm and family members, gives rise to a unique entity, with own values, rules, and human resources (Zahra et al. 2004), hence, to one particular innovation approach. To follow with, a compelling study by Miller et al. (2015) associates the innovation level to family’s socioemotional wealth goals. Other studies propose a set of family-related enabling and constraining factors for product innovation (Cassia et al., 2011).

A decisive turning point to the literature was given by Rondi et al. (2019), who examined the variety of family business innovation behaviors deducting a typology of four “postures” (Seasoner, Re-Enactor, Digger, and Adventurer) in relation to two dimensions: risk-taking propensity and attachment to tradition. Each one of these heterogeneous combinations, as stated, lead the relative family business to unlock its innovation potential and “engage in highly innovative behavior”. This implies that business with high attachment to tradition can be as innovative as less attached ones. As such, this study represents an initial precious suggestion of how firms can leverage tradition for innovation.

Figure 2: Typology of family business innovation posture



Source: Rondi, E., De Massis, A., & Kotlar, J. (2019). Unlocking innovation potential: A typology of family business innovation postures and the critical role of the family system. *Journal of family business strategy*, 10(4), 100236.

In line with this view, a minor scholarly interest makes its way in the wider literature stream of family firm innovation and pioneers the role of tradition in innovation, calling for a revisitation of the common idea of the past in organizational decisions.

The paucity of previous research relies on the conventional belief that successful innovation demands a search and recombination process of the most recent knowledge (Argote, 1999), hence, the past was perceived as a cause of resistance and, more specifically, inertia, excessive path dependency, generating the liability of senescence (Barron, West, & Hannan, 1994) and core rigidity (Leonard-Barton, 1992). Organizational challenges and strategic decisions require to be updated in order for the business to meet current environmental needs and expectations but, as claimed by these studies, old knowledge would act like an obstacle to the business renewing process, limiting the value and effectiveness of new products that embed such knowledge (Sorensen & Stuart, 2000). Literature has therefore long gravitated around this unfavorable position over the role of the past in innovation, which has possibly led to a "recency bias" that induces firms to give disproportionate weight to the recent knowledge, and to neglect the potential of older one. (e.g. Katila, 2002). Challenging previous literature, scholars provided deeper understanding of tradition, discussed the advantages of searching over time for innovation and delved into competitive implications.

2.2.2 Tradition in family business

Ahead to disclose the conceptual essence of tradition, Petruzzelli & Albino (2012) define it as the stock of knowledge, competencies, materials, manufacturing processes, signs, values, and beliefs pertaining to the past. This generation-crossing heritage contributes to shape the identity of individuals, organizations, and territories (Hibbert & Huxham, 2010). In another perspective, tradition can be framed as the set of *sources* from where the business retrieves past knowledge (such as the territory or firm dimension itself) internalizing it in different *forms*. Renowned taxonomies distinguish tacit and codified forms of knowledge (Cowan et al., 2000). The formers, such as beliefs, perceptions and assumption, are harder to extract and imitate, because they lie in the peculiar origins of business culture; the latter, such as raw material, symbols and product sign, strongly characterize the firm, building the brand image and conveying special messages to consumers. Tradition is thus pictured as a distinctive resource; indeed, the exclusivity and firm-specificity of tradition makes its imitation harder. But that is not all – it can also become a source of competitive advantage. In fact, in 1991 Barney provided a framework of four requisites that resources (and their combination) should meet in order to generate durable competitive advantage. These four demanding conditions are identified by the acronym VRIN: Valuable, Rare, Imperfectly imitable, and Non-substitutable. Sticking to this vision, we argue that long-lasting family businesses benefit from their privileged

access to past knowledge as a VRIN resource. The resource-based view originally theorized by Edith Penrose represents the starting point in the analysis of tradition's role. Once established the idea of tradition as a useful – indeed unique – resource, we draw on Penrosian studies and spot an inherent managerial opportunity, that is, to obtain new offerings by combining traditional resources in several ways. Thereafter, management is called upon to develop a proper strategy, namely, to find the right fit between the internal business environment (where resources are combined) and the external one, identifying the best market opportunities (Teece, 2014). The resources approach shed light on how to pursue such strategy and argues that competitive advantage can derive either from weighty endowment or from the “right” investment decisions. The former option alludes to the behavior of organizations that typically pursue the so called “prospector” strategy, exploring new opportunities with high innovation-related investments (Miles & Snow, 1978). However, if we drop this assumption into the issue of family firm innovation, the latter option seems to better mirror the actual behavior of these family-owned smaller businesses. As stated before, their idiosyncrasies generally lead to risk aversion, translated into lower innovation inputs. So, they tend to compensate with a peculiar resource orchestration and plan lower but efficient investments. This particular balance they show among *exploitation* of existing resources and *exploration* of new ones (Gupta et al., 2006) suggests their inherent potential to successfully leverage tradition in order to innovate. Literature has recently made a step further in defining how family businesses can leverage tradition unlocking innovation potential. Empirical evidence supports the importance of conceiving the past as a source of innovation. The conceptual model of “Innovation-through-tradition” provided by De Massis et al. (2016) emerges in literature as a useful framework for family businesses to innovate by looking at their past. According to this model, successful innovations arise as the result of traditional methods or commodities recombined with new technologies, both at product and process level. This “recombinant perspective” is founded on the idea that “the creation of any kind of novelty in art, science or practical life consists – in substantial measure – of a recombination of previously existing conceptual and physical materials” (Savino et al., 2017). To notice that this special recombinant perspective differs and confutes the belief it is the most recent knowledge that has to be recombined in order for the firm to gain successful innovation (e.g., Argote, 1999).

This renewed study of tradition, on the one hand, encourages managers to abandon the assumption that dismissing “the past” is a binding condition to embrace “the new”. On the other, it represents an opportunity for businesses to overcome the innovation gap produced by technology adoption barriers. In fact, being technologically advanced is not always equivalent to successful innovation – even high-potential resources must be astutely managed to boost enterprise performance. By reflex, less technology-endowments does not necessarily mean lower innovativeness, as proved by the efficient

conversion process put in place by family businesses. In fact, scholars explain why some firms are particularly well equipped in order to leverage tradition and demonstrate the crucial role of dynamic capabilities in allowing a firm to delve into a specific tradition for innovation purposes (De Massis et al., 2014; Giddens, 1990).

2.2.3 The enabling role of dynamic capabilities

Capabilities represent a key source of firm's competitive advantage (Barney, 1991). The boundaries among the concept of "capability" and of "resource" are often blurred but literature is aligned on the idea that capabilities are generally non-tradeable and differ from resources because they are difficult to transfer from one firm to another, due to their intangibility and tacit nature. In fact, existing literature provide evidence of dynamic capabilities' mediating role in leveraging traditional resources for innovation purposes.

Dynamic capabilities consist in a special subset of a firm's capabilities. Their fundamental role lies in enabling a firm to profitably build and reconfigure its bundle of resources over time, aiming to strategically react to environmental changes. By consequence, dynamic capabilities allow the effective exploitation of past knowledge, triggering the innovative value creation and ultimately nurturing competitive advantage (Giddens, 1990). Therefore, qualifying tradition as a VRIN resource is necessary but insufficient condition for the generation of long-term enterprise value. Instead, for durable growth and survival of the business, they traditional resources must also be intelligently orchestrated by a "dynamically capable" management team and an effective strategy. Within the wider set of dynamic capabilities, two are specifically relevant for family businesses to extract value from tradition: the capabilities to interiorize and reinterpret past knowledge. Interiorization consists in the management capability to internalize virtually worthwhile knowledge from the past. More specifically, this process occurs thanks to a temporal search that brings past knowledge culturally closer to employees, especially the ones involved in innovation processes. Two sources of past knowledge are recognized in literature: the firm itself and the territory it belongs to (Petruzzelli & Albino, 2014). Tradition is therefore retrieved from either one of these two sources, brought within organizational boundaries, and absorbed by the firm and its individuals. Thanks to the arising sense of cultural proximity, employees can fully assimilate this heritage and share cognitive schemes and tacit interpretations (Jensen & Szulanski, 2004), ultimately displayed under the form of context-specific routines. The interesting aspect of interiorization, in fact, is that all this engrossed knowledge is not disclosed in explicit forms, but keeps working tacitly. Interiorization implies the possibility to foster the innovation process avoiding the risk of incorrect applications due to forgotten practices, lost records, and staff turnover (Argote, 2012). Reinterpretation is the capability to leverage this

internalized past knowledge by combining it with up-to-date technologies. Accordingly, traditional resources are reinterpreted in the light of customer satisfaction, taking into consideration current market trends and customer needs – in other words, are made marketable. Interestingly, the scope of the reinterpretation process is widened by the possibility for the business to adopt either technologies close to firm's industrial field or, alternatively, technologies distant from it (Petruzzelli & Savino, 2014). Introducing technologies from different contexts unlocks more than one opportunity for the firm: first, the renew of firm's competence base, that is, the development of the necessary know-how to work imported technologies; second, the reduction of obsolescence risk; third the promotion of firm's newness (Ahuja & Lamp 2001) via business diversification.

This literature review has so far shown that (1) family business tradition is not to be demonized (2) it actually consists in a useful resource (3) its usefulness notes also in terms of innovation (4) dynamic capabilities enable tradition's innovation potential. In the following section we disclose business model innovation (BMI) being a research gap present in the topic of family firms' innovation through tradition, even more with respect to the olive oil business innovation literature. More, we dwell on Covid-19 Pandemic impact arguing it may have produced a peculiar effect on leveraging tradition, ultimately leading to improved BMI for olive oil family firms.

2.3 Leveraging tradition for BMI and Covid-19 Pandemic impact

Besides product and process innovation, BMI is key to the continuous renewal of the firm. Foss & Saebi (2018) defined BMI as the set of “designed, novel, nontrivial changes to the key elements of a firm's business model and/or the architecture linking these elements”. Accordingly, BMI is crucial to pursue long-term competitive advantage and survival. As stated by Osterwalder & Pigneur (2010) “a business model describes the rationale of how an organization creates, delivers and captures value” therefore, renewing this mechanism and making it consistent with environmental change is a fundamental concern for the firm to achieve successful performance.

Despite literature scarcely investigate BMI in family-influenced firms in general, some initial suggestions tend to support the importance of BMI for long-term success. As an example, De Massis et al. (2015) state that BMI is “a very powerful source of competitive advantage” in family firms, but they also recognize the implied challenges, such as the “deeper changes to established routines and mental models” compared with product or process innovation.

2.3.1 First research gap: leveraging tradition for BMI in olive oil family business

While there is increasingly substantial literature for family firm innovation, research has still not properly examined innovation at business model level, much less it has investigated if and how family firms can leverage tradition to obtain BMI. In fact, prior family firm research has mainly focused on product and process innovation activities, highlighting the peculiar difference with comparable innovation behaviors in nonfamily firms, due to the specific resources and idiosyncratic characteristics generated by family systems. Furthermore, literature on olive oil sector is rather scarce and mainly investigates product and process innovation, only Donner et al. (2021) addressed BMI, but in the view of sustainability and without focusing on family businesses. However, precisely because of family business' peculiar capabilities and olive oil rich tradition, scholarly interest should delve into their BMI. We therefore address the following research question:

RQ1: Can olive oil family firms leverage tradition in BMI? How?

In order to shed light on the role of family firms' tradition in BMI we draw on the concept of "signature business models" (Gratton & Ghoshal, 2005) and advance a hypothesis. Signature business models arise from a company's heritage, including its prior management actions, past irreversible investments and context-specific learning. This definition does anything but excluding tradition from its conceptual scope. Actually, when defining tradition, we exactly refer to something that deeply characterizes firm-specific learning and heritage – we are thus able to trace signature business models back to tradition. Hence, in line with our study, we can recognize tradition either as a business model constitutive element and as a business model shaping factor: tradition becomes a constitutive element when interiorized, while it acts like a shaping factor when reinterpreted. Ultimately, considering the action of interiorization and reinterpretation capabilities, we don't limit ourselves in framing tradition as a mere constitutive element or shaping factor, but we may furtherly reconfigure it as a factor of BMI. In other words, tradition impresses its "signature" on the business model and, enabled by dynamic capabilities, boosts BMI.

2.3.2 Second research gap: Covid-19 Pandemic impact on BMI

The Covid-19 pandemic has had a profound impact on social life and worldwide economic activities (Clark et al., 2020). Existing business models have faced strenuous challenges due to lockdown and other restrictive measures (Breier et al., 2021), calling for reactive crisis management. By now, it has been clearly observed Covid-19 ambivalent effect: on the one hand, it has radically modified the modus operandi of numerous firms, on the other, induced many organizations to drastic decline and even failure. Research reserves particular interest to the accelerated digitalization and technology

adoption produced by Covid, being a disruptive consequence with notable business model implications. Above all, commercial activities have significantly shifted from physical channels to online selling platforms. The need for change echoed through a large variety of industries due to both stringent restrictions and the implied shift in consumer behavior from store to online access. This profuse digital flow enabled severe information gathering which, processed by analytics systems and tools, provide precious market insights and improve firm's performance. This inevitably produced the rearrangement of the overall way of doing business, asking firms to revisit resources, skills and processes and undermining the competitive position of firms lacking such innovative strategies. This "global disruption", as defined by technology professionals, seems to uncover the opportunity – however challenging it may be – to achieve superior performance via business model transformation. In the wide scenario of firms' survival attempts, family-owned smaller businesses have often shown particular ability in reacting to the Pandemic. Empirical evidence proves their fast reactivity, adaptability and culture revisitation efforts, possibly due to their stronger cohesion and solidarity (Costa, 2022). Small and medium-sized family businesses often uncovered opportunities behind pandemic hard challenges, ending up in reinventing their business strategies and value-delivery, for example, by promoting digital transformation. Actually, for many SMEs, going digital was essential to sustain competitiveness, productivity, and business performance (Gregurec et al, 2020). Sticking to our olive oil sector analysis, we observe that the Pandemic have significantly impacted the way of doing business, giving rise to both challenges and opportunities. We therefore address the following research question:

RQ2: How has Covid-19 Pandemic impacted BMI in Italian olive oil family business?

The Pandemic outbroke in the form of a deeply impactful "environmental dynamism", defined as "the amount of uncertainty, complexity, and change emanating from the external environment" (Chirico & Baù, 2014, p. 212). In this regard, Teece and his colleagues (1997) state that environmental pressure induces firms to develop dynamic capabilities to deal with sudden circumstances. In particular, family firms increase their knowledge exploitation (Chirico & Nordqvist, 2010) and search for easily accessible skills within firm's boundaries. Sticking to this evidence, tradition – that does represent a form of (past) knowledge – should as well be more exploited through enhanced internalization and reinterpretation capabilities. We therefore advance the hypothesis that olive oil family firms, in front of such a drastic circumstance as Covid – and related business uncertainties – may have reacted leveraging tradition more effectively, leading to increased BMI.

2.4 Methodology

This study investigated the under-researched relationship among tradition and BMI in olive oil family business, by also considering Covid-19 environmental pressure. In order to do so, a qualitative approach was adopted, which enabled in-depth analysis of such a peculiar phenomenon and favored the understanding of concepts, thoughts and context-specific experiences. The multiple case-study methodology was preferred to the single one because it offers the possibility of analytical generalization of the phenomenon studied. More, replicating the case study on multiple geographical realities allows to make comparisons in a broader vision and to detect the impact of territorial typicity, a decisive concern to our research topic. Both primary and secondary data were exploited in this research (Bell, Bryman & Harley, 2019). Primary data collection was conducted via semi-structured interviews, which have targeted business owners as key-informant subjects due to their direct involvement both in family tradition and business management. Their distinctive contribution was also traced back to their ability to provide different point of views of examined phenomenon. Semi-structured typology was chosen to allow freedom for varied or unexpected answers and to leave room for the deepening of issues considered significant. Interviews were drafted basing on olive oil sector analysis, literature and insights found on corporate websites. Interviews were conducted along the period of August - September 2022, they took place via phone call and recorded by note-taking. Data elaboration relied also on corporate websites information and secondary data gathered through online Google search of articles, websites and magazines (e.g. Olive Oil Times) in order to integrate and harmonize interviews' data. The authenticity of our research (Lincoln & Guba, 1985) ensures that the findings are reliable not only from the participants' perspective but also concerning the wider research impact. Trustworthiness of our findings (Lincoln & Guba, 1985) fulfills the criteria of (1) credibility, because this study was conducted using standard procedures typically used in the indicated qualitative approach; (2) dependability, because our data remained stable over time and over the conditions of the study; (3) confirmability, given the neutrality and consistency that make our findings confirmable and repeatable; (4) transferability, given the usefulness and relevance of our findings also in other settings, such as family businesses operating in other industries. This study attempted to explore with one-hour interview if and how tradition is leverageable for innovation purposes, in particular examining:

1. Family firms' tradition presence in the business model;
2. If and how the recombination of traditional components can generate BMI;
3. Covid-19 Pandemic implications

We therefore used a semi-structured questionnaire split into 3 different issues:

- Tradition
- Business Model Innovation
- Covid-19 Impact

3.1 Sampling and analytical tools

The starting point for constructing our sample was the crowd of firms positioned in The EVOO World Ranking, a non-profit ranking that rewards EVOOs basing on firms' outcome at worldwide competitions held during the year considered. The classification by continent and country allowed us to know which Italian EVOO's producers are in 2021 the most awarded in the world. Then, in line with the purpose of this study, we focused on family businesses by excluding non-family subjects and derived a selection of 30 family firms. In line with the purpose of this study to investigate the role of tradition in innovation, we relied on prior sector analysis (presented in the first chapter) to assume that selected award-winning firms are also technology-endowed firms, hence, the most innovative ones. Each firm's endowment was subsequently verified through online search and review of company websites, online articles, research project reports. We finally confirmed the previously identified sample of 30 subjects. The willingness and availability of business managers to conduct interviews was a final factor for proceeding with the case studies. The search resulted in 13 studies of olive oil family businesses from the following Italian regions: Sicily (2 cases), Apulia (2 cases), Calabria (1 case), Sardinia (2 cases), Basilicata (1 case), Abruzzo (1 case), Campania (2 cases), Lazio (1 case), Umbria (1 case). In appendix more sampling details are provided. In line with our research objectives, we exploited the Business Model Canvas (Osterwalder & Pigneur, 2010) as a tool for the analysis. We therefore went through the value proposition building block, followed by the value creation section (key activities, resources and partnerships) and the value delivery (key customers, marketing and distribution channels and customer relationships). The value capture section of the business model (revenue stream and cost structure) was not included in our analysis, which is not focused on the economic impact of value creation and delivery but only their inherent potential to innovate through tradition. Canvas model allowed us to fathom firm's traditional components in each business aspect and to examine how those components influence the overall model beyond block's boundaries, hence, the overall firm's innovativeness.

CHAPTER III

The multiple case-study: Results and Discussion

In the following sections we show the results following the methodological structure of our analysis, hence, we first highlight traditional factors shaping the business model and then go through the business model itself by examining each Canvas' building block and finally assess the Pandemic impact.

3.1 Traditional values and their role in the business model

An element common to all interviewed businesses is the traditional value dimension. All corporate cultures, in fact, are founded on the bond with the family and with the land. The family system, by definition, ensures that values such as the passion and respect for the land cross the generations and consolidate over time. Hence, territory and family intertwine with important business implications. Starting with the family bond, it is enough to consider that the future owners are educated since childhood on product quality, which, as we will see, represents the heart of these businesses' value proposition. In fact, by already participating as children in agricultural and milling activities, they immediately learn to recognize aromas, perfumes and scents, developing skills that are difficult to acquire without experience. The sensory experience, as stated by Domenico Manca, owner of the San Giuliano Oil Mill, must be "tried, lived and memorized", stressing the importance of bringing daughters and sons on field and to pass on to them the knowledge and passion for the land. The family bond also finds expression in the creative marketing communication: logos, labels and packaging often pay homage to the founding family members from whom the business was inherited.

Moving to the territorial bond, we notice that every company holds a tacit knowledge, tacit because it is strictly linked to the typicality of the territory and the olive groves, therefore it cannot be either codified or transferred. Each oil, in fact, presents certain characteristics depending on the plant from which it is obtained, ergo, depending on the territory in which it grows. This is why each company carries out its own particular territorial bond. The "symbiotic relationship with the land" is presented as a necessary (but not sufficient) condition for the success of the company - it is always Domenico Manca stating that "without it we would not be who we are now", that is, at the top of the world rankings. This reveals how deeply certain values are able to shape corporate culture, while also affecting business performance and managerial choices. To provide some evidence about it, the respect for the land has in many cases moved the choices in terms of both organic and sustainable agriculture, thus promoting innovative business models of circular economy. An example of this is the Leone Sabino farm, which "commits every day to achieve the criteria of environmental sustainability through the protection and care of the territory it belongs to". The enhancement of the territory translates into the safekeeping of the secular heritage, as well as the acquisition of new land

and the promotion of biodiversity. For example, Claudio di Mercurio, owner of Frantoio Hermes, although defining himself as a “innovator” recognizes his “traditionalist spirit” in the passion he put in protecting and promoting the native biodiversity of his land.

3.2 The business model analysis

Ahead to discuss the role of tradition on BMI, we first address the analysis of the business model itself, aiming to find patterns and critical features among interviewees. In order to do so, we go through value proposition, creation and delivery shedding light on the eventual traditional components and if/how they are leveraged.

3.2.1 Value Proposition

Despite showing different shades of corporate visions, the businesses interviewed share the same value proposition: to provide aware folks with a superior product performance by maximizing quality under both aspects of sensory properties – thanks to the extraction of the maximum organoleptic potential from the raw material – and health properties – thanks to the search for the best chemical-physical profile. The proposed value responds to the arising consumer segment of “quality seekers” and addresses the intensified need for a more sophisticated product quality, as a consequence of the repositioning of olive oil in food and culinary habits. In fact, while it was before treated as a simple cooking fat or condiment, today olive oil becomes, for the conscious consumer, a real ingredient capable of playing a leading role in the dish.

3.2.2 Value Creation

In this section we investigate tradition’s role on value creation. We therefore disclose what key resources, key activities and key partners characterize the businesses, we spot traditional components and assess if/how business strategies leverage on them.

3.2.2.1 Key resources

What kind of key resources does the above-mentioned value proposition require? Our research revealed that both the territory and the technology are essential to the business.

The territory is a key resource underlying family values which, as we have seen, pervade the corporate culture. Research data show an ambivalent importance of the territorial resource: on the one hand, an

extrinsic value, that is, the set of soil and climatic characteristics on which the predisposition for agricultural exploitation depends; on the other hand, an intrinsic value, which disregards the objective parameters of practicability and expresses particular meanings related to territorial tradition. Due to the extrinsic valence, in Italy there are regions more suited to olive growing than others, in fact southern Italy, which has more favorable environmental conditions for olive cultivation, comes from a productive past and is still responsible for most of Italian production (in particular Puglia, Calabria and Sicily), while the North continues a more commercial vocation. From an extrinsic point of view, therefore, it can be said that a territory is better than some other. From an intrinsic point of view, however, there is no better territory than some other. Due to the intrinsic valence, in fact, each territory has its own particular tradition, which is why it is unique compared to the others. Together, the intrinsic and extrinsic value define the territorial typicity of the bottled product: each business interviewed produces an oil which, being traditionally linked to a territory and to a native raw material, presents compositional and sensorial characteristics that are clearly distinguishable from similar products. The uniqueness of an oil is therefore also linked to the territory in which it is produced and is an expression not only of the particular environmental situations and agronomic conditions in which the plant grows (extrinsic aspect), but also of the cultivation techniques adopted, the historical context and the particular relationship that man has established with its territory (intrinsic aspect). Recent studies identify this set of circumstances with the term “terroir” and even attribute a decisive role to it on the quality of the final product. This makes us realize how important the local resource can be for businesses that make quality the heart of their value proposition. In order to protect territorial typicity the Protected Designations of Origin (PDO) and Typical Geographical Indication (IGT) have been introduced, ensuring that the cultivation characteristics of the olive groves are traditional and area-specific, guaranteeing that product was subjected to strict traceability checks and organoleptic analysis by an official Panel. Tradition is thus enhanced for market purposes.

3.2.2.1.1 Leveraging territorial tradition

Managerial strategies by interviewed businesses leverage territorial tradition in different ways: some like the Apulian farm Donato Conserva, that aspires to a future focused entirely on Apulian monovarietal olive oils, choose the enhancement of native species as their core specialty; others diversify their offer and integrate international cultivars to satisfy other market segments with different organoleptic tastes, such as the San Giuliano Oil Mill. The latter, for example, in order to satisfy the more delicate tastes of some market segments, combines the spicy and decisive oil typical of the native Sardinian cultivars with the gentler and more aromatic oil of international cultivars. The

territorial tradition is therefore relevant in terms of positioning choices (focus or diversification). Some businesses like Frantoio Cutrera farm have made agricultural organization choices in favor of maintaining centuries-old olive groves. Others, such as the Marvulli farm, preserve the spontaneity of the inherited olive groves to enhance the offer to the customer. In this latter particular agricultural reality, the spontaneous arrangement of the olive groves, while sacrificing production efficiency, favors the well-being of the plant by generating particular organoleptic features: thanks to the airiness enjoyed by the fronds, the olive is better able to absorb the aromas of the surrounding naturalistic elements such as the dense forest of Matera's province. Interestingly, the interviewee stated that this typicity not only guarantees quality for consumers but assumes a mediatic value that is possible to leverage through marketing communication.

3.2.2.1.2 Territorial typicity and business model typicity: Sicily and Umbria in parallel.

Sicily is one of the Italian regions with the richest olive growing tradition. In fact, thanks to the centuries-old skill and experience of both olive growers and oil millers, it has obtained high quality oils which have been awarded by the PDO. The two Sicilian companies interviewed both boast PDO products from the Iblei Mountains, a vast hilly area in the extreme south-eastern part of Sicily that involves the provinces of Ragusa, Syracuse and Catania. This area is affected by a vast limestone massif that emerged two million years ago from the Mediterranean Sea. The orogenetic movements and the continuous uplifting of the crust have determined the current configuration of the territory, creating the rocky masses, the characteristic hollows that slowly descend towards the sea and the spectacular canyons. The area is subjected to particular temperature variations between day and night, particularly important phenomena for enhancing the peculiar characteristics of agricultural production and olive growing. Here the cultivation of the olive tree dates back to ancient times, so ancient that today the area is called "the door of the olive tree in Europe": the productive economies of Greek civilization were founded on the nature and landscapes of this large territory, testified by the ancient "Pandette" agreements, it used oil as a valuable currency. One of the most cultivated indigenous varieties in this area is the *Tonda Iblea*, a centuries-old cultivar from which an oil with a medium-intense fruity taste is obtained. The organoleptic characteristics of this oil also derives from its proximity to other typical crops of the Iblei such as carob groves, almond groves, vineyards, citrus groves and areas cultivated with vegetables often placed on the edge of olive groves, which therefore absorb their fragrances. Not surprisingly, for local farmers the *Tonda Iblea* is nicknamed "ciaurusa", or the olive that scents.

Umbria is a territory with a strong olive-growing vocation, not so much for the amount of production as for the quality and typicality of the product – for centuries its inhabitants have learned to grow olive trees in difficult conditions. Among the Umbrian hills that embrace the Spoleto valley stands the headquarters of Monini, historic producer of EVOO. In an interview with the online magazine LifeGate, Zefferino Monini, President and CEO of the company, as well as the founder's grandson, explains the role of olive oil in Umbria's culture and socio-economic fabric. "If in southern Italy the climatic and environmental conditions favor the cultivation of the olive tree, in Umbria olive growing is the result of the tenacity of the people" explained Monini. "In fact, the plants have little land available, little sun and must resist the sudden changes in climate linked to the proximity of the mountains. This is why the olive trees are smaller and less productive than in the south, but precisely for this reason the oil trees produce is special. The commitment required to produce EVOO in such unfavorable conditions gives the product an additional value. In Umbria, each family has its own small olive grove and most of the oil produced is intended for self-consumption. The deep bond between this land and the olive tree is due to the hermits who between the fifteenth and sixteenth centuries retreated between the solitude and quiet of the Umbrian valleys. They literally wrested the land from the woods to cultivate olive trees, giving life to that difficult but precious relationship between Umbrian and olive trees, which gives life to a unique and particular oil ". Referring to the Umbrian case of Castello Monte Vibiano Vecchio, firm belonging to the sample interviewed, it is possible to make a further observation: the typicality of the Umbrian territory corresponds to a typicality of the business model. The Umbrian company has in fact reinterpreted the value proposition by introducing for the first time the concept of frozen single-dose, which maximizes product quality thanks to this innovative type of bottling, absolutely new to olive oil usual distribution. This innovation, in fact, makes it possible to preserve the chemical parameters until serving and lends itself to particular niche of customer segments such as luxury airlines. This business model thus presents a typicality not found in the others. In fact, while the strong Sicilian territorial practicability gives rise to business models based on larger-scale productions, Umbria's reduced practicability leads to even greater efforts on quality, giving birth to original solutions.

This parallelism suggests that there is a special relationship between territory and business model. Olearia San Giorgio's interviewee also highlights a peculiar aspect of the Calabrian "terroir", defining it as traditionally suited to lamp olive oil production (low quality). As stated, the earliest generation of family control pioneered the vertical integration and technological change of their production chain, cutting with wholesale and focusing on high-end olive oil. Today, they aim to "be humble prophets of the regeneration of Calabrian olive growing ". Such radical detachment from

territorial tradition mirrors the technological revolution this sector experienced, as reported in the following paragraph.

3.2.2.1.3 Technology

The technological resource represents a key component of the business. However, in order to grasp its meaning, it is necessary to make a historical premise. In recent decades, the push towards technological innovation in the field of EVOO has had the characteristics of a cultural revolution, comparable to that of '80s taking place in the wine sector. This revolution was driven by the scientific re-evaluation of olive oil's health properties, which traditional methods were compromising. Before, in order to produce an EVOO it was enough to respect a few poor practices of good oil milling, while the other plant aspects, the purely agricultural ones, were to be considered "details" of little importance for qualitative purposes. When canons of quality began to overwhelmingly include the sensory aspect, only then it was discovered that the details of the technology made the difference. Thus, the foundations of the technological revolution were laid in the mechanical extraction process of EVOO. In the '90s obligations of organoleptic analysis were introduced; the agricultural phase, was considered to be able to affect the qualitative yield, as well as the processing phase. The consumer also had to re-educate himself to new quality standards, changing the use of oil from a simple cooking fat to an enhancing condiment. New market segments have emerged alongside the public of connoisseurs and high-end catering: even quality-oriented families now belong to this niche market. Having understood that thanks to technological innovation the oil has undergone a radical change of image, we can now investigate the specific case of the businesses interviewed, aware of the inevitable break with tradition that they must have put in place to meet the qualitative standards required by the market.

From the interviews the crucial importance of technology emerges along all the stages of the production process, namely cultivation, harvesting, transport and processing. There is, in fact, no phase of the process that does not affect the olive and has repercussions on the health properties and sensorial peculiarities of the final product. As for the cultivation phase, it emerges that precision agriculture is widely adopted by the interviewed sample. Precision agriculture provides methods and techniques capable of optimizing production and responding to the specific needs of crops (for example, through control, forecasting and traceability systems), bringing multiple benefits. The centralized management of irrigation, as highlighted by one of the interviewees, makes it possible to intervene on the ripening stages of the olives to optimize harvesting. The agronomic choices, thanks to the use of these technologies, even manage to affect the sensory characteristics of the final product, enhancing particular aromas. Therefore, the implications of such a technological approach on

company performance are both in terms of production efficiency and qualitative effectiveness. In the sample interviewed, smaller farms have less modernized and more traditional cultivation techniques. With regard to harvesting techniques, some companies claim to have opted for uniquely traditional methods such as hand-harvesting in order to preserve the quality of the olives, others find a efficiency-effectiveness trade-off by integrating mechanical methods with manual ones, especially in the cases where production scale is greater. The slight damage to the crop that the mechanical methods inevitably imply is compensated for by shortening the arrival times of the olives at the mill, in order to minimize the oxidation of damaged parts and preserve quality. Note how the traditional harvesting option can actually enhance the quality of the product as it safeguards the health of the olive tree, although it is rightly less preferred by larger farms. The respondents with higher production volumes, having to collect respectively larger quantities, look for the trade-off mentioned above.

Regarding milling stage, traditional methods definitely compromise quality, and since quality is the heart of the value proposition, all selected firms have equipped themselves with the latest generation mills, radically cutting with tradition. It is very important to notice that all of them affirm that innovation enhances their tradition: new technologies indeed cut with the manufacturing tradition, but they do so precisely to enhance the territorial tradition. In this regard, an interviewee declares to adopt diversified extraction techniques based on the cultivar, confirming the importance of technology in defending the territorial typicity.

3.2.2.2 Key partners

The companies interviewed present basic forms of buyer-supplier relationships for the technologies and materials involved in the production chain. They mainly maintain historical relationships with key suppliers, thus being able to count on their loyalty. This allows them, on the one hand, to counteract price increases and remain competitive on the market, on the other hand, to be more efficient in resource management thanks to continuous monitoring and the timeliest problem resolution. Here too we notice a traditional component from which the business benefits by pursuing both inward-looking objectives (efficiency) and outward ones (market effectiveness). However, some other companies show a more explorative approach and opt for keeping some historical partnerships while also introducing new ones. Interestingly, these companies also show a particular market orientation. This evidence suggests the successful choice of reconciling tradition with innovation also in terms of partnerships in order to achieve a better market orientation. For example, looking at Donato Conserva farm's partnerships, a strong commitment in innovation emerges: driven by the authentic ambition to extract the maximum potential from its "Olio Mimi", the firm established

collaborations with universities and engaged in research and development in pharmaceutical, mechanical and nutraceutical fields. Meanwhile, the firm does not give up on historical suppliers. Its commitment to experimentation is particularly striking if we consider the type of partnership this firm boasts with its milling machines supplier, who reserves for them the possibility to test brand new machines for experimental purposes.

3.2.2.3 Key activities

The production activity dominates the business models of the firms interviewed. The traditional component in this key activity was already analyzed when investigating the role of technologies along the production chain. However, besides production activity, most of the companies interviewed include or intend to include oleotourism-related activities such as visiting and tasting programs or/and hospitality for overnight stays. The Antico Frantoio Romano farm from Campania, for example, intends to rehabilitate the ancient farmhouse with the old oil mill to allow guests to touch the history of the company and immerse themselves in a dimension where the past of an authentic family tradition echoes. The Monte Vibiano Vecchio Castle not only offers tours in its 1st century AD structure, but also reinterprets oleotourism in an ecological key: the eco-tour participants arrive at the Eco Wine Bar, a facility made of recycled materials. Here is thus shown the possibility for olive oil family businesses to use eco-sustainable practices to deliver value to tourists, letting them get in contact with firm's traditional values of passion and respect for the territory.

3.2.3 Value delivery

Once investigated the traditional component in the value creation, we move to value delivery. We therefore disclose what customer segments, channels and customer relationships characterize the businesses, spotting traditional elements and assess if/how business strategies leverage on them.

3.2.3.1 Customer segments

Although the high-end quality is at the heart of interviewees' value proposition, the adopted market strategies are only in a few cases exclusively focused on the niche segment. In fact, several of them segment the market on the basis of organoleptic taste and price, also providing medium and medium-low range offers. Interestingly, some of the best performances are attributable to those companies that, in addition to the niche segment, also cover the medium or medium-low segment and that choose sales channels such as national and international LRT alongside gourmet ones. This type of market

approach characterizes the larger firms and reflects, as mentioned, a type of segmentation based not only on price but also organoleptic. In fact, there are some specific segments, both Italian (Northern Italy) and foreign (e.g. USA), that due to their culinary culture prefer the sweeter taste of oils obtained from more mature olives, hence, with a less sought-after chemical-physical profile. Consequently, the company that aims to satisfy also this type of segment possibly includes the large-scale distribution channel. Some of the companies also cover other food segments (flours, legumes, ready-made sauces and similar products) and cosmetics. It is also possible to notice a distinction between B2B and B2C segments. The formers mainly include Horeca clients – only 2 out of 13 companies do not include it among their market segments. These clients weigh in some cases more, in others less on the total turnover. Some show other key segments such as automotive and airline companies, which interviewees state to be serving as the result of their BMI effort. To consider that such clients become particularly key as the typicity of business model increases (typicity we noticed to be linked to territorial tradition). Monte Vibiano's luxury airline clients are an example of that: the particular bottling strategy this family business is adopting is able to maximize quality and at the same time answer to the needs of single-dose consumption on the plane. In this way, the value proposition of Castello Monte Vibiano coincides with luxury airlines' necessities, creating a perfect match. Last, oleotourism segment plays a key role in delivering traditional value to guests and potential buyers, as acquainted in the analysis of activities' and as will be deepened in the following sections.

3.2.3.2 Channels

The table below presents a holistic classification of the channels mentioned by the interviewees. In particular, the channels are differentiated according to whether it is online or physical sales and on the basis of intermediation (direct vs indirect).

Figure 3. Channel classification

CHANNEL TYPE	DIRECT	INDIRECT
ONLINE	e-Commerce e-Mail Telematic	Online resellers Online platforms
PHYSICAL	On site	Owned retail shop LRT Niche import buyers Wholesale

Interviews bring out heterogeneous marketing choices. Only one claims to adopt an omnichannel approach, while all are present on the main online and product resale platforms, which in the last ten years succeeded in achieving a rich user base.

3.2.3.2.1 Direct sales

Not all interviewed businesses have their own e-commerce. Interestingly, the analysis of corporate websites reveals that tradition is involved in the online storytelling of all businesses. In fact, online communication seems to be strongly based on family tradition and displays firm's desire to exploit innovation for enhancing it. The online channel seems to act like a gateway to firm's reality, enabling consumers to correctly evaluate the offer and favoring firms in delivering their value proposition. In fact, unless the consumer physically visits the site, he would not be able to grasp its particular tradition. For example, Sabino Leone farm puts special attention to describing what is behind each single bottle, telling the past it comes from, over and above its hedonic features. It should also be noted that, within the online channels, even specialized resale platforms such as "OliveYou" enhance the tradition of business partners, dedicating them spaces to describe their particular territorial and family realities. Tradition is therefore leveraged as an important communication element, both in the evaluation and the delivery phase of online channel. Telematic channels and in-box mailing are typical of the most consolidated relationships such as those with historical customers and those with a good degree of loyalty. These include families or private individuals who have been sourcing their supplies for years. Direct selling draws its roots from the personal relationships that companies have established at the dawn of their business and that have progressively intensified thanks to the increase in promotional activities and word of mouth. The latter's importance was emphasized by businesses in the growth phase, hence, still mainly focused on the private segment, but it was also highlighted by some more established businesses. On site selling involve both loyal consumers and clients from third parties' activity, a typical segment for firms that since the earliest generations have been milling peasant families' olives. In addition, the companies that have accommodation facilities (three in the selected sample) are able to derive their revenues not only from hospitality activities but also from the sale of their products to such customers. Oleotourism, as an on-site sales channel, is particularly able to convey firm's value proposition, because it allows guests to touch both the traditional component (the family, the structure, the land and the territory) and the innovative one (technologies). Note that tradition is leveraged in the evaluation and delivery phase of both the online channel and the on-site oleotourism channel, as shown in the following figure.

Figure 4. Tradition along channel phases

		CHANNEL PHASES				
		AWARENESS	EVALUATION	PURCHASE	DELIVERY	AFTER SALE
ONLINE		How do we raise awareness about our company's products and services?	How do we help customers evaluate our organization's Value Proposition?	How do we allow customers to purchase specific products and services?	How do we deliver a Value Proposition to customers?	How do we provide post-purchase customer support?
		-	Leveraging tradition through web page marketing communication	-	Leveraging tradition through e-commerce purchase experience	-
ON SITE		-	Leveraging tradition through farm visits	-	Leveraging tradition through on site purchase experience	-

Source: authors elaborations based on Osterwalder, A., & Pigneur, Y. (2010). *Business model generation: a handbook for visionaries, game changers, and challengers* (Vol. 1). John Wiley & Sons.

3.2.3.2.2 Indirect sales

While direct and online channels are in all cases present, on the contrary indirect sales vary significantly among interviewees. In fact, each business has its own specific intermediary companies to market the product, both nationally and abroad. The smaller ones prefer the short supply chain, hence, direct sales, due to the erosion of margins that the presence of intermediaries implies. Only five interviewees sell through LRT. Interestingly, the adoption of the LRT channel tends to go hand in hand with the volumes produced and with the degree of market orientation. Only one company interviewed owns its retail point, while all of them rely on gourmet retailers such as wine bars and niche shops. Some firms state that they have established direct relationships with some foreign distributors, while continuing to rely in parallel with niche international resellers.

3.2.3.3 Customer relationships

The importance of the personal relationship emerges: aiming to "tell" the quality of the product and to earn credibility, firms base their personal relationships with clients on transparency, respect and honesty. These values represent a traditional component that survives and plays its part in value delivery. It was thanks to the business' first management generations that the basis for customer retention and loyalty were laid. Before, in fact, there were not the same product quality regulations as now, which is why relationships were strongly based on honesty. Furthermore, such values not only give rise to the most lasting relationships, but favor the establishment of new ones, triggering word of mouth that generates further customer acquisitions. Personal approach is typical of relationships with historical customers, both B2B and B2C. An interviewee states that "the niche product can only be sold if correctly told", pointing to the trust-based relationship the firm carries on especially with foreign retailers. The self-service relationship, on the other hand, characterizes e-commerce customers.

3.3 Covid-19 Pandemic impact

Protagonist par excellence of the Mediterranean diet, for its nutraceutical and food properties, EVOO experienced a real boom in the year of Covid, as a consequence of the increase in meals consumed at home and due to the increased attention reserved in Italy and abroad to a healthier diet. However, the impact of the Pandemic on the business of the companies interviewed is not always positive. In fact, the businesses focused on the Horeca segment have been negatively affected due to the blockade of both Italian and foreign catering. Others were able to offset losses from Horeca with the increase

in turnover from the private segment. In two cases the Pandemic was an opportunity to open up to LRT, which has proved to be an important channel to rely on during the Pandemic. The success of the online channel is common to all companies. In several cases the pandemic had a positive effect on the digital professionalization – some interviewees claim to have worked on improving web interfaces and on the online purchase experience. Additionally, firms highlight that they have benefited from the success of small gourmet online retailers as well as physical retailers. From an organizational point of view, several cases encountered problems generated by the Pandemic, such as the management of third parties, the difficulties in accessing funds and the slowdown of investment programs. Peculiar was the case of Gioacchini Antonio & Antonio farm, who chose to open its own e-commerce platform right in the Pandemic outbreak but, as stated, suffered the competition of other Italian players endowed with established e-commerce businesses.

Interestingly, all the business interviewed stated that Covid was irrelevant to the firm's relationship with its own tradition, so family firms did not respond to the environmental pressure leveraging tradition more in terms of either interiorization or reinterpretation.

3.4 Discussion

The family bond, enhanced by marketing communication, allows tacit knowledge and territorial value to be transferred. The territorial value, in turn, is expressed in the actions to protect the native heritage and biodiversity, actions that often involve innovative choices of circular economy and organic agriculture, that is, business model innovations. Therefore, we can deduce not only that traditional values promote BMI, but that the family business is particularly suitable to this purpose. Due to its idiosyncratic long-term orientation, these values cross the generations, are “interiorized” (De Massis, 2016) and consolidated, favoring or at least not hindering BMI. Further research should compare olive oil family businesses with their non-family counterparts in order to discover more on that.

Starting from value creation, the first traditional component was identified in the territorial resource. We have seen how the competitive strategy can leverage the territorial tradition in different ways, choosing to focus only on segments attracted by the typicity of the product or to diversify with other non-typical products. However, this is not sufficient to assess a BMI through territorial tradition. Rather, the Sicily-Umbria comparison was more revealing in this regard, because it suggested that a territorial typicity can also correspond to a business model typicity. We found such typicity in the innovative model of Castello Monte Vibiano, which demonstrated that territorial tradition can actually be leveraged for BMI: the Umbrian "terroir" makes production more difficult but, for this reason, special, as the original *modus operandi* of the company interviewed shows. We have seen how the radical technological change, despite having supplanted traditional methods, has yet

enhanced the quality and the flavors of cultivated species, namely, it has enhanced territorial tradition. This is a clear example of what literature defines “the recombination of traditional elements” (native olives) “with new technologies” (state-of-the-art oil mills). It is also the demonstration of how family business can “reinterpret” (De Massis, 2016) their resources in order to generate innovation, specifically BMI, since such innovativeness has shown to produce implications at the business model level. In fact, we spot this recombinant perspective through all Canvas' building blocks: in the key partners section, besides traditional suppliers, new key partnerships (e.g. research centers) are introduced; the key activities' block highlights how firms recombine the highly technological production activity with hospitality-related business, which, as emerged from interviews, leverages tradition to deliver value (visits and stay at the ancient farmhouse, historical oil mills, etc.) also in innovative ways (eco-tours).

Following with value delivery, key B2B segments (automotive and airline companies) arise as the result of BMI effort. Interestingly, the mediatic value of tradition emerged. In fact, traditional values are leveraged in online communication strategy: even the absence of technological intervention in the agricultural phases of the smallest firms, according to the interviewees, expresses an idea of authenticity and transports the consumer into an uncontaminated dimension far from chaos of today's world. We can therefore attribute to tradition an important role in the innovation of sales channels, hence, in BMI. Furthermore, oleotourism boosts offline sales channels leveraging tradition, because it allows guests not only to buy a product but also to experience first-hand the tradition it hides, without excluding the opportunity for firms to leverage territorial typicity (and the relative tradition) for such BMIs.

Covid impact is positively related to LRT and online channels, negatively related to Horeca channel. The Pandemic has then accelerated innovation on value delivery side, but not always on value creation side (many businesses' innovation projects have stalled). Although we did not detect any specific impact of Covid on family firm's ability to leverage tradition, we did however detect the boom in digital channels, channels that these family businesses exploit to leverage tradition. We can therefore deduce that the spread of the online have favored firms in leveraging their tradition because, as online purchases increase, the consumer's contact with the tradition increases as well, which enhances the value delivery. Therefore, the improved leveraging tradition is not the result of a dynamic capability, as it was previously hypothesized, but the result of an automatic process triggered by the Pandemic's environmental pressure.

Conclusions

This study investigated the role of tradition in BMI, providing evidence on how traditional components of the olive oil family business can propose, create and deliver value to consumers if effectively leveraged. A business model approach was urgent considering the critical implications of process and product innovation we were able to detect at business model level. In our qualitative analysis based on a multiple case-study we conducted in-depth interviews on a sample of 13 Italian olive oil family businesses to address the following research questions:

Can Italian olive oil family firms leverage tradition in BMI? How?

How has Covid-19 Pandemic impacted BMI in Italian olive oil family firms?

To answer the former one, we searched for traditional factors shaping the business model, then we went through the business model itself, aiming to detect traditional components from each Canvas' building block. Thus, we examined their role in BMI. In the first place, we found out that traditional values encompassed in the corporate culture are shaping factors and are decisive for BMI: the family bond, as a generation-crossing value, enables knowledge transfer and consolidates the territorial bond. The territorial bond, in turn, represents the source of ideals such as respect and passion for the land, which inspire the adoption of circular economy and organic agriculture, hence, promote BMI. In the second place, traditional elements encountered along Canvas' building blocks do not compromise firm's value proposition – based on superior product quality – rather, they enrich it. Territorial typicity represents the most characterizing tradition of the olive oil family business, to such an extent that it can translate into a business model typicity, displaying a peculiar innovation approach. In the third place, a radical detachment from tradition occurs for the milling technology: a highly innovative alternative supplants traditional methods and allows product quality maximization, hence, becomes crucial to value creation. However, as the manufacturing tradition is rejected, the territorial tradition is enhanced, precisely because of such technological change. Interestingly, our research finds out that manufacturing tradition loses its function in the production activity but assumes a new one both in the oleotourism activity and in the online marketing communication. This shows two main evidences: (1) recombining tradition with technology is a way to leverage tradition that gives rise to BMI, (2) even the rejected tradition, when reinterpreted, can reinforce the value proposition and promote BMI.

To answer the second research question, we analyzed the overall Pandemic impact on the business model and then on BMI, tackling in particular the effect on firm's ability to leverage tradition in

BMI. We discovered that Covid-19 Pandemic has not accelerated the innovation on value creation side, but it has positively impacted the digital transformation of sales channels, that is, it has promoted BMI on value delivery side. However, unlike our hypothesis, the Pandemic has not increased family firm's ability to leverage tradition, rather, it has incentivized consumers to access online channels, where it is the storytelling that enhances the family and territorial tradition.

Our research presents some limitations, one is due to the sample size and to the availability of interviewees. This led to include fewer regional realities, while larger sample size could have generated more accurate results especially regarding the correlation between territorial typicity and business model innovation typicity. Another limitation resides in the heterogeneity of sample subjects which, if on the one hand allows to detect the many different ways of leveraging tradition in BMI, it weakens the definition of certain patterns and commonalities. More, the heterogeneity in production scale leads our analysis to neglect the impact of firm's dimension on the ability to leverage tradition.

Our findings suggest a renewed perspective to address innovation in the Italian olive oil sector, disclosing the innovative potential hidden behind traditional components of olive oil family businesses. We reconcile sector studies with existing literature by offering a solution to the excessive traditionality claimed by industry reports, however not pointing at renouncing such traditionality but, in line with the new scholarly attitudes, at bringing it to the service of innovation and exploiting the digital acceleration produced by the Pandemic to enhance the value delivery. Future research should explore the role of family business' tradition in other industries and application fields, considering the relevance many scholars attributed to the family business type in innovation process. Scholarly interest should also direct the influence of family system on BMI and explore the role of tradition comparing family businesses with their non-family counterparts. More, research should deepen relationships between (1) firm tradition and territory tradition, (2) territory tradition and BMI. Another interesting direction for future research could be the investigation of the role of family owners and managers in BMI, deducing drivers and determinants especially in relation to their ability/willingness to leverage tradition.

Bibliography

- Ahuja, G., & Morris Lampert, C. (2001). Entrepreneurship in the large corporation: A longitudinal study of how established firms create breakthrough inventions. *Strategic management journal*, 22(6-7), 521-543.
- Amankwah-Amoah, J., Khan, Z., Wood, G., & Knight, G. (2021). COVID-19 and digitalization: The great acceleration. *Journal of Business Research*, 136, 602-611.
- Argote, L. (2012). *Organizational learning: Creating, retaining and transferring knowledge*. Springer Science & Business Media.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, 17(1), 99-120.
- Block, J. H. (2012). R&D investments in family and founder firms: An agency perspective. *Journal of business venturing*, 27(2), 248-265.
- Breier, M., Kallmuenzer, A., Clauss, T., Gast, J., Kraus, S., and Tiberius, V. (2021) The role of business model innovation in the hospitality industry during the COVID-19 crisis. *International Journal of Hospitality Management*, 92, 102723.
- Cacchiarelli, L., Carbone, A., Laureti, T., & Sorrentino, A. (2016). The value of the certifications of origin: a comparison between the Italian olive oil and wine markets. *British Food Journal*, 118, 824–839.
- Carnes, C. M., & Ireland, R. D. (2013). Familiness and innovation: Resource bundling as the missing link. *Entrepreneurship Theory and Practice*, 37(6), 1399-1419.
- Cassia, L., De Massis, A. V., & Pizzurno, E. (2011). An exploratory investigation on NPD in small family businesses from Northern Italy. *International Journal of Business, Management and social sciences*, 2(2).
- Chen, H. L., & Hsu, W. T. (2009). Family ownership, board independence, and R&D investment. *Family business review*, 22(4), 347-362.

Chirico, F., & Bau', M. (2014). Is the family an “asset” or “liability” for firm performance? The moderating role of environmental dynamism. *Journal of Small Business Management*, 52(2), 210-225.

Chirico, F., & Nordqvist, M. (2010). Dynamic capabilities and trans-generational value creation in family firms: The role of organizational culture. *International Small Business Journal*, 28(5), 487-504.

Chrisman, J. J., Chua, J. H., De Massis, A., Frattini, F., & Wright, M. (2015). The ability and willingness paradox in family firm innovation. *Journal of Product Innovation Management*, 32(3), 310-318.

Chrisman, J. J., & Patel, P. C. (2012). Variations in R&D investments of family and nonfamily firms: Behavioral agency and myopic loss aversion perspectives. *Academy of management Journal*, 55(4), 976-997.

Clark, C., Davila, A., Regis, M., and Kraus, S. (2020) Predictors of COVID-19 voluntary compliance behaviors: an international investigation. *Global Transitions*, 2, 76. –82.

Clauss, T., Breier, M., Kraus, S., Durst, S., & Mahto, R. V. (2022). Temporary business model innovation–SMEs’ innovation response to the Covid-19 crisis. *R&D Management*, 52(2), 294-312.

Cola M., Sarnari T. (2020) La competitività della filiera olivicola. Analisi della redditività e fattori determinanti. Document produced as part of the 2014-20 National Rural Network Program. Project sheet Ismea 10.2 Competitività e filiere.

Costa, J. (2022). Internationalization Strategies at a Crossroads: Family Business Market Diffusion in the Post-COVID Era. *Economies*, 10(7), 170.

Cowan, R., David, P. A., & Foray, D. (2000). The explicit economics of knowledge codification and tacitness. *Industrial and corporate change*, 9(2), 211-253.

Craig, J. B. L., & Dibrell, C. (2006). The natural environment, innovation and firm performance: a comparative study. *Family Business Review*, 19(4), 275-288.

De Andrei P. (2021). Report: Only One-Third of Italian Olive Oil Producers Are Competitive. Olive Oil Times. Available online: <https://it.oliveoiltimes.com/business/report-only-one-third-of-italian-olive-oil-producers-are-competitive/97112>

De Andrei P. (2021). Organic and PDO Producers at Heart of Italy's Latest Oleotourism Initiative. Olive Oil Times. Available online: <https://www.oliveoiltimes.com/business/organic-and-pdo-producers-at-heart-of-italys-latest-oleotourism-initiative/96773>

Del Bravo F. et al. (2021). Emergenza COVID-19: IV Rapporto sulla domanda e l'offerta dei prodotti alimentari nell'emergenza Covid-19. ISMEA mercati. Available online: <https://www.ismeamercati.it/flex/cm/pages/ServeAttachment.php/L/IT/D/1%252Fe%252F6%252FD.d5d4d932c549e47bb011/P/BLOB%3AID%3D11273/E/pdf>

De Massis, A., Di Minin, A., Frattini, F. (2015). Family-driven innovation: Resolving the paradox in family firms. *California Management Review*, 58(1), 5–19.

De Massis, A., Frattini, F., Kotlar, J., Petruzzelli, A. M., & Wright, M. (2016). Innovation through tradition: Lessons from innovative family businesses and directions for future research. *Academy of management Perspectives*, 30(1), 93-116.

De Massis, A., Frattini, F., Pizzurno, E., & Cassia, L. (2015). Product innovation in family versus nonfamily firms: An exploratory analysis. *Journal of Small Business Management*, 53(1), 1-36.

Donckels, R., & Fröhlich, E. (1991). Are family businesses really different? *Family Business Review*, 4(2), 149-60.

Donner, M., & Radić, I. (2021). Innovative circular business models in the olive oil sector for sustainable mediterranean agrifood systems. *Sustainability*, 13(5), 2588.

Duran, P., Kammerlander, N., Van Essen, M., & Zellweger, T. (2016). Doing more with less: Innovation input and output in family firms. *Academy of management Journal*, 59(4), 1224-1264.

D'Adamo, I., Falcone, P. M., Gastaldi, M., & Morone, P. (2019). A social analysis of the olive oil sector: The role of family business. *Resources*, 8(3), 151.

D'Adamo, I., Falcone, P. M., & Gastaldi, M. (2019). Price analysis of extra virgin olive oil. *British Food Journal*, 121, 1899–1911.

European Commission. The EU Olive and Olive Oil Sector Main Features, Challenges and Prospects. Available online: https://ec.europa.eu/agriculture/olive-oil_en

Foss, N. J., & Saebi, T. (2018). Business models and business model innovation: Between wicked and paradigmatic problems. *Long range planning*, 51(1), 9-21.

Giddens, A. (2007). *The consequences of modernity*. 1990.

Gomez-Mejia, L. R., Campbell, J. T., Martin, G., Hoskisson, R. E., Makri, M., & Sirmon, D. G. (2014). Socioemotional wealth as a mixed gamble: Revisiting family firm R&D investments with the behavioral agency model. *Entrepreneurship Theory and Practice*, 38(6), 1351-1374.

Gupta, A. K., Smith, K. G., & Shalley, C. E. (2006). The interplay between exploration and exploitation. *Academy of management journal*, 49(4), 693-706.

Gratton, L., & Ghoshal, S. (2005). Beyond best practice. *MIT Sloan Management Review*, 46(3), 49.

Gregurec, I., Tomičić Furjan, M., & Tomičić-Pupek, K. (2021). The impact of COVID-19 on sustainable business models in SMEs. *Sustainability*, 13(3), 1098.

Habbershon, T. G., & Williams, M. L. (1999). A resource-based framework for assessing the strategic advantages of family firms. *Family business review*, 12(1), 1-25.

Hibbert, P., & Huxham, C. (2010). The past in play: Tradition in the structures of collaboration. *Organization Studies*, 31(5), 525-554.

Ismea (2021). Analisi della catena del valore di filiere agroalimentari biologiche: filiera olio d'oliva. Available online: <https://olivoeolio.edagricole.it/wp-content/uploads/sites/17/2022/03/analisi-della-catena-del-valore-di-filiere-olio-bio-2021.pdf>

Jensen, R., & Szulanski, G. (2004). Stickiness and the adaptation of organizational practices in cross-border knowledge transfers. *Journal of international business studies*, 35(6), 508-523.

König, A., Kammerlander, N., & Enders, A. (2013). The family innovator's dilemma: How family influence affects the adoption of discontinuous technologies by incumbent firms. *Academy of management review*, 38(3), 418-441.

Levinson, R. E. (1989). *Problems in managing a family-owned business* (Vol. 3). US Small Business Administration, Office of Business Development.

Miller, D., Wright, M., Le Breton-Miller, I., & Scholes, L. (2015). Resources and innovation in family businesses : the Janus-face of family socioemotional preferences. *California management review*, 58(1), 20-40.

Miles, R. E., Snow, C. C., Meyer, A. D., & Coleman Jr, H. J. (1978). Organizational strategy, structure, and process. *Academy of management review*, 3(3), 546-562.

Osterwalder, A., & Pigneur, Y. (2010). *Business model generation: a handbook for visionaries, game changers, and challengers* (Vol. 1). John Wiley & Sons.

Petruzzelli, A. M., & Savino, T. (2014). Search, recombination, and innovation: Lessons from haute cuisine. *Long Range Planning*, 47(4), 224-238.

Petruzzelli, A., & Albino, V. (2014). *When tradition turns into innovation: how firms can create and appropriate value through tradition*. Elsevier.

Rondi, E., De Massis, A., & Kotlar, J. (2019). Unlocking innovation potential: A typology of family business innovation postures and the critical role of the family system. *Journal of family business strategy*, 10(4), 100236.

Sarnari T. et al. (2012). Filiera olivicola: Monitoraggio di un campione di imprese e studi di settore. UNAPROL. Available online: <http://www.unaprol.it/images/stories/documenti/Monitoraggio%20di%20un%20campione%20dimp%20rese%20e%20studi%20di%20settore%202012.pdf>

Sarnari T. (2021). Scheda di settore: Olio d'oliva. ISMEA mercati.

Savino, T., Messeni, P. A., & Albino, V. (2017). Search and recombination process to innovate: A review of the empirical evidence and a research agenda. *International Journal of Management Reviews*, 19(1), 54-75.

Schumpeter, J. (1934). *The theory of economic development* Harvard University Press. Cambridge, MA.

Sirmon, D. G., Hitt, M. A., Ireland, R. D., & Gilbert, B. A. (2011). Resource orchestration to create competitive advantage: Breadth, depth, and life cycle effects. *Journal of management*, 37(5), 1390-1412.

Soluk, J., Miroshnychenko, I., Kammerlander, N., & De Massis, A. (2021). Family influence and digital business model innovation: the enabling role of dynamic capabilities. *Entrepreneurship Theory and Practice*, 45(4), 867-905.

Teece, D. J. (2014). The foundations of enterprise performance: Dynamic and ordinary capabilities in an (economic) theory of firms. *Academy of management perspectives*, 28(4), 328-352.

Vallone, C., & Iannone, B. (2020). Innovation through tradition in family business. *International Journal of Business and Management*, 15(1), 2020.

Weimann, V., Gerken, M., & Hülsbeck, M. (2020). Business model innovation in family firms: dynamic capabilities and the moderating role of socioemotional wealth. *Journal of Business Economics*, 90(3), 369-399.

Zahra, S. A., & Sharma, P. (2004). Family Business Research: A Strategic Reflection. *Family Business Review*, 17(4), 331-346.

Sitography

<https://www.innovarurale.it/it/innovainazione/casi-di-successo/prodotti-ad-alto-valore-aggiunto-dai-sottoprodotti-del-frantoio>

<https://it.euronews.com/2020/11/04/la-crisi-dell-extravergine-e-gli-effetti-della-pandemia>

<https://olivoelilio.edagricole.it/economia/aumento-dei-costi-12-per-cento-per-produrre-olio-extravergine-oliva/>

<https://www.innovarurale.it/it/innovainazione/notizie-ed-eventi/agricoltura-e-covid-19-strumenti-di-rilevazione-lanalisi-delle>

<https://www.areznotizie.it/attualita/olio-quarto-incontr-covid.html>

<https://www.innovarurale.it/it/innovainazione/notizie-ed-eventi/innovazione-e-tecnologia-nei-campi-ecco-il-manifesto>

<https://www.innovarurale.it/it/innovainazione/notizie-ed-eventi/olivanteit-la-prima-piattaforma-digitale-italia-specializzata-sul>

<https://www.internationaloliveoil.org/wp-content/uploads/2022/06/IOC-Export-figures-EU-27.html#export-unit-value-index-2>

<https://www.internationaloliveoil.org/wp-content/uploads/2022/06/IOC-Consumer-behaviour-study-in-Spain.html>

<http://www.forbes.com/innovative-companies/list/>

<http://www.agciagricol.it/wp-content/uploads/2016/04/Piano-di-settore-olivicolo-oleario-2016.pdf>

<https://www.teatronaturale.it/strettamente-tecnico/l-arca-olearia/7639-qualita.htm>

<https://olivoelilio.edagricole.it/oliveto-e-frantoio/anche-la-qualita-delle-olive-da-mensa-dipende-dal-terroir/>

<https://www.olimonovarietali.it/terroir/>

<https://olivoelilio.edagricole.it/oliveto-e-frantoio/anche-la-qualita-delle-olive-da-mensa-dipende-dal-terroir/>

<https://www.edagricole.it/wp-content/uploads/2020/03/5582-Lolivo-a-vaso-policonico-SFOGLIA.pdf>

<https://www.qualigeo.eu/prodotto-qualigeo/sardegna-dop-olio-evo/>

<https://www.qualigeo.eu/prodotto-qualigeo/sicilia-igp-olio-evo/>

<https://www.calabriatours.org/tag/oli-dop.html>

<https://www.montiblei.com/olio-dop-monti-iblei/>

<https://www.montiblei.com/il-territorio/>

http://turismo.provsr.it/documents/la_via_dell_olio.html

<http://www.anapoo.it/la-storia-delloililio/lolio-nella-storia/>

<https://www.cittadellolio.it/2017/06/15/olio-cucina-4-secoli-storia/>

<https://olivoelilio.edagricole.it/oliveto-e-frantoio/qualita-dell-olio-innovazione/>

<https://www.lifegate.it/civilta-olio-come-olivo-ha-modellato-cultura>

Appendix

Sampling Table

	Firm	Founded	Region	Interviewee's position	Interviewee's name	Generation of family control
1	Oleificio San Giuliano	1916	Sardinia	Owner	Domenico Manca	Third
2	Frantoio Oleario Romano	1840	Campania	Owner	Alberto Romano	Fourth
3	Azienda Agricola Marvulli	1960	Basilicata	Owner	Giovanni Marvulli	Second
4	Fattoria Ambrosio	1938	Campania	Owner	Massimo Ambrosio	Third
5	Frantoio Cutrera di Cutrera Giovanni e C. S.N.C.	1906	Sicily	Owner and commercial manager	Sebastiano Salafia	Second
6	Azienda Agricola Donato Conserva	1980	Apulia	Production and sales manager	Emanuele Lamboni	Second
7	Azienda Agricola Leone Sabino	1970	Apulia	Owner and Marketing Director	Nino Leone	Third
8	Azienda Agricola Fisicaro Sebastiana	1952	Sicilia	Owner	Giovanni Galioto	Fourth
9	Frantoio Hermes	2009	Abruzzo	Owner	Claudio di Mercurio	Second
10	Azienda Agricola Gioacchini Antonio e Antonio	1936	Lazio	Owner	Giovanni Gioacchini	Fourth
11	Accademia Olearia Srl	2000	Sardinia	Owner	Alessandro Fois	Second
12	Olearia San Giorgio Fratelli Fazari S.N.C.	1906	Calabria	Owner	Antonio Fazari	Third
13	Castello Monte Vibiano Vecchio S.R.L.	1892	Umbria	Owner	Lorenzo Fasola Bologna	Second

Interview Guide

1. Literature studies define tradition as the firm's stock of knowledge, competencies, materials, manufacturing processes, signs, values, and beliefs pertaining to its past (Petruzzelli & Albino, 2012). Given this definition, what kind of tradition characterizes your firm, both at a territorial and family level?
2. In the business management decisions, over the years, has it been important to preserve tradition?
3. Which traditional aspects, in particular, was it important to preserve / discontinue / innovate at the value creation level (key partners, key resources, key activities)? Why?
4. And at value delivery level (customer segments, customer relationships, channels)?
5. Has innovation enhanced or marginalized your tradition?
6. How has Covid-19 Pandemic impacted your business?
7. Has the Pandemic brought business closer or further away from your tradition?
8. Has the Pandemic accelerated or inhibited the innovation of your business?
9. In particular, has value creation (key partners, key resources, key activities) changed? How?
10. What about value delivery (customer segments, customer relationships, channels)?

Abstract

Family business is protagonist in Italian olive oil production, whose origins date back to most ancient populations. Inspired by the innovative approach of some leading actors, this research aims to explore the relationship between tradition and Business Model Innovation (BMI). Despite sector studies complain of the high attachment to tradition, which accordingly would limit Italy's competitive potential (Cola & Sarnari, 2020), recent literature addresses the possibility for family firms to create and appropriate value through tradition (Petruzzelli & Albino, 2014). In fact, it is increasingly accepted that tradition might not represent an obstacle but an enabler of innovation (Rondi et al., 2019). However, its role specifically in BMI is overlooked in theory. Our purpose is therefore to fulfill this research gap and at the same time help solve the above-mentioned paradox by reconciling sector studies with scholarly research. As such, this analysis envisages to unveil the inherent innovation potential of family firms by looking at traditional components in their business models. Aware of strenuous challenges business models faced due to the Pandemic outbreak (Breier et al., 2021), this study also focuses on firms' reaction to such environmental pressure (Teece et al., 1997). We therefore addressed the following research questions:

Can Italian olive oil family firms leverage tradition in BMI? How?

How has Covid-19 Pandemic impacted BMI in Italian olive oil family firms?

Ahead to answer these questions, the first chapter provides an overview of the sector, the role of family business and the Covid-19 Pandemic impact. Drawing on present literature, the second chapter encompasses a theoretical background, highlighting family firms' dynamic capabilities in interiorizing and reinterpreting tradition for innovation (De Massis et al., 2016). To follow with, we dedicate the third chapter to a qualitative analysis based on a multiple case-study. We conducted in-depth interviews on a sample of 13 Italian olive oil family businesses. To answer the first research question, we searched for traditional factors shaping the business model, then we went through the business model itself, relying on Business Model Canvas (Osterwalder & Pigneur, 2010) aiming to detect traditional components from each Canvas' building block. Thus, we examined their role in BMI. To answer the second research question, we analyzed the overall Pandemic impact on the business model and then on BMI, tackling in particular the effect on firm's ability to leverage tradition in BMI.

The analysis in the first chapter highlights Italian olive oil sector's main features, including Italy's competitive position in the global context and the Italian industry profile. The superior performance

in extra-virgin olive oil allows Italy to disengage from the dynamics of the Spanish market, which instead maintains leadership in standard oil production. Relevance was given also to Covid-19 Pandemic, which positively impacted the percentage variations of consumption, imports and exports. The effect on market actors, however, mainly depended on whether they relied on Large-scale Retail Trade (LRT), which was able to offset the decline of the national and foreign Horeca (*Hotellerie-restaurant-café*) channel. Thus, a bad blow was dealt to smaller actors such as small and medium-sized enterprises (SMEs) being mainly linked to the Horeca. High-end olive oil market benefited from purchase polarization as a consequence of the Pandemic outbreak, which has also proved to be an accelerator of innovation and promoter of interesting changes also for the olive oil business, such as the increase of oleotourism phenomenon. More, our initial overview shows that family firms' role in the industry varies according to their relationships with the LRT, their level of business diversification, their size and competitive potential. However, their common denominator is the preservation of quality and excellence of made-in-Italy in the world. We also pointed out to the great untapped potential and provided roots for family businesses to follow, recognizing their crucial position in the sector development. We enucleate three main trajectories for entrepreneurs to follow to deal with low and costly production issues and to increase their profitability: (1) integration and collaboration, (2) diversification and (3) modernization. Then, we show the importance of adopting a business model that enhances the existing offer and, at that the same time, crosses the boundaries of the core business by embracing new market segments. Despite Italian productive reality still seems too tied to tradition, there are some interesting cases of family businesses where tradition was leveraged in order to pursue innovation strategies and obtain a lasting competitive advantage. Tradition, in Italian olive oil sector, represents the soul of a centuries-old production, predominantly family-owned. Italian olive oil, in fact, is symbol of history and values handed down from generation to generation. Scholars show that it is possible to innovate by leveraging tradition, but they have only focused on product and process innovation so far. Furthermore, literature on olive oil sector is rather scarce and mainly investigates product and process innovation, only Donner et al. (2021) addressed BMI, but in the view of sustainability and without focusing on family businesses. Drawing on existing research, in the second chapter we provide a theoretical background useful to understand what role tradition could play in innovating olive oil family business models. Finding out the mediating role of dynamic capabilities for family firm innovation, we argue that this role identified by scholars may also apply to BMI in olive oil family firms. In addition, we hypothesize that Covid-19 Pandemic may have had a peculiar effect on leveraging tradition, enhancing BMI of olive oil family firms.

The third chapter shows our qualitative analysis' results. A business model approach was urgent considering the critical implications of process and product innovation we were able to detect at business model level.

An element common to all interviewed businesses is the traditional value dimension. All corporate cultures, in fact, are founded on the bond with the family and with the land. The family bond represents a traditional value that marketing communication particularly enhances. This value allows tacit knowledge and territorial value to be transferred. The territorial value, in turn, is expressed in the actions to protect the native heritage and biodiversity, actions that often involve innovative choices of circular economy and organic agriculture, that is, business model innovations. Therefore, we can deduce not only that traditional values promote BMI, but that the family business is particularly suitable to this purpose. Due to its idiosyncratic long-term orientation, these values cross the generations, are "interiorized" (De Massis, 2016) and consolidated, favoring or at least not hindering BMI. Further research should compare olive oil family businesses with their non-family counterparts in order to discover more on that.

Starting from value creation, the first traditional component was identified in the territorial resource. We have seen how the competitive strategy can leverage the territorial tradition in different ways, choosing to focus only on segments attracted by the typicity of the product or to diversify with other non-typical products. However, this is not sufficient to assess a BMI through territorial tradition. Rather, the Sicily-Umbria comparison was more revealing in this regard, because it suggested that a territorial typicity can also correspond to a business model typicity. We found such typicity in the innovative model of Castello Monte Vibiano, which demonstrated that territorial tradition can actually be leveraged for BMI: the Umbrian "terroir" makes production more difficult but, for this reason, special, as the original *modus operandi* of the company interviewed shows. We have seen how the radical technological change, despite having supplanted traditional methods, has yet enhanced the quality and the flavors of cultivated species, namely, it has enhanced territorial tradition. This is a clear example of what literature defines "the recombination of traditional elements" (native olives) "with new technologies" (state-of-the-art oil mills). It is also the demonstration of how family business can "reinterpret" (De Massis, 2016) their resources in order to generate innovation, specifically BMI, since such innovativeness has shown to produce implications at the business model level. In fact, we spot this recombinant perspective through all Canvas' building blocks: in the key partners section, besides traditional suppliers, new key partnerships (e.g. research centers) are introduced; the key activities' block highlights how firms recombine the highly technological production activity with hospitality-related business, which, as emerged from interviews, leverages tradition to deliver value (visits and stay at the ancient farmhouse, historical oil mills, etc.) also in innovative ways (eco-tours).

Following with value delivery, key B2B segments (automotive and airline companies) arise as the result of BMI effort. Interestingly, the mediatic value of tradition emerged. Traditional values are leveraged in online communication strategy: even the absence of technological intervention in the agricultural phases of the smallest firms, according to the interviewees, expresses an idea of authenticity and transports the consumer into an uncontaminated dimension far from chaos of today's world. We can therefore attribute to tradition an important role in the innovation of sales channels, hence, in BMI. Furthermore, oleotourism boosts offline sales channels leveraging tradition, because it allows guests not only to buy a product but to experience first-hand the tradition it hides. Without excluding the opportunity for firms to leverage territorial typicity (and the relative tradition) for such BMIs.

Covid impact is positively related to LRT and online channels, negatively related to Horeca channel. The Pandemic has then accelerated innovation on value delivery side, but not always on value creation side (many businesses' innovation projects have stalled). Although we did not detect any specific impact of Covid on family firm's ability to leverage tradition, we did however detect the boom in digital channels, channels that these family businesses exploit to leverage tradition. We can therefore deduce that the spread of the online have favored firms in leveraging their tradition because, as online purchases increase, the consumer's contact with the tradition increases as well, which enhances the value delivery. Therefore, the improved leveraging tradition is not the result of a dynamic capability, as it was previously hypothesized, but the result of an automatic process triggered by the Pandemic's environmental pressure.

To conclude, we hereby report our main findings in relation to each of the research questions.

RQ1: Can Italian olive oil family firms leverage tradition in BMI? How?

To answer this question, we searched for traditional factors shaping the business model, then we went through the business model itself, aiming to detect traditional components from each Canvas' building block. Thus, we examined their role in BMI. In the first place, we found out that traditional values encompassed in the corporate culture are shaping factors and are decisive for BMI: the family bond, as a generation-crossing value, enables knowledge transfer and consolidates the territorial bond. The territorial bond, in turn, represents the source of ideals such as respect and passion for the land, which inspire the adoption of circular economy and organic agriculture, hence, promote BMI. In the second place, traditional elements encountered along Canvas' building blocks do not compromise firm's value proposition – based on superior product quality – rather, they enrich it. Territorial typicity represents the most characterizing tradition of the olive oil family business, to such an extent that it can translate into a business model typicity, displaying a peculiar innovation

approach. In the third place, a radical detachment from tradition occurs for the milling technology: a highly innovative alternative supplants traditional methods and allows product quality maximization, hence, becomes crucial to value creation. However, as the manufacturing tradition is rejected, the territorial tradition is enhanced, precisely because of such technological change. Interestingly, our research finds out that manufacturing tradition loses its function in the production activity but assumes a new one both in the oleotourism activity and in the online marketing communication. This shows two main evidences: (1) recombining tradition with technology is a way to leverage tradition that gives rise to BMI, (2) even the rejected tradition, when reinterpreted, can reinforce the value proposition and promote BMI.

RQ2: How has Covid-19 Pandemic impacted BMI in Italian olive oil family firms?

To answer this second research question, we analyzed the overall Pandemic impact on the business model and then on BMI, tackling in particular the effect on firm's ability to leverage tradition in BMI. We discovered that Covid-19 Pandemic has not accelerated the innovation on value creation side, but it has positively impacted the digital transformation of sales channels, that is, it has promoted BMI on value delivery side. However, unlike our hypothesis, the Pandemic has not increased family firm's ability to leverage tradition, rather, it has incentivized consumers to access online channels, where it is the storytelling that enhances the family and territorial tradition.

Our research presents some limitations, one is due to the sample size and to the availability of interviewees. This led to include fewer regional realities, while larger sample size could have generated more accurate results especially regarding the correlation between territorial typicity and business model innovation typicity. Another limitation resides in the heterogeneity of sample subjects which, if on the one hand allows to detect the many different ways of leveraging tradition in BMI, it weakens the definition of certain patterns and commonalities. More, the heterogeneity in production scale leads our analysis to neglect the impact of firm's dimension on the ability to leverage tradition.

Our findings suggest a renewed perspective to address innovation in the Italian olive oil sector, disclosing the innovative potential hidden behind traditional components of olive oil family businesses. We reconciled sector studies with existing literature by offering a solution to the excessive traditionality claimed by industry reports, however not pointing at renouncing such traditionality but, in line with the new scholarly attitudes, at bringing it to the service of innovation and exploiting the digital acceleration produced by the Pandemic to enhance the value delivery. Future research should explore the role of family business' tradition in other industries and application fields, considering the relevance many scholars attributed to the family business type in innovation process. Scholarly interest should also direct the influence of family system on BMI and

explore the role of tradition comparing family businesses with their non-family counterparts. More, research should deepen relationships between (1) firm tradition and territory tradition, (2) territory tradition and BMI. Another interesting direction for future research could be the investigation of the role of family owners and managers in BMI, deducing drivers and determinants especially in relation to their ability/willingness to leverage tradition.