Branding your identity online!
The importance of the family dimension for Italian family wine businesses’ foreign turnover

Monica Faraoni - Matteo Devigili - Elena Casprini - Tommaso Pucci - Lorenzo Zanni

Abstract

Purpose of the paper: Drawing on the resource-based view and moving from Devigili et al.’s (2018) framework on wine brand identity, the paper aims at investigating which brand identity dimensions family wine businesses are benefiting from in their foreign sales turnover. In particular, it focuses on the impact of the territorial identification (distinguishing between denomination, locality, region and country) and the governance attributes (looking at family, tradition, innovation and storytelling) on foreign sales turnover.

Methodology: A unique database consisting of 120 family wine businesses has been analysed through an OLS regression model. Questionnaires were collected between 2017 and February 2019 through wineries’ websites and phone calls.

Results: Our results indicate that family wine businesses are hampered by and benefit from the adoption of specific brand identity’s sub-dimensions. More precisely, the region of origin (territorial identification) and the use of tradition (governance attribute) have a negative impact on wineries’ foreign sales turnover, while only the use of family (governance attribute) has a positive impact.

Research limitations: The paper is built on a sample of Tuscan family wine business.

Practical implications: The study demonstrates that wineries need to pay attention to their online brand strategies. More precisely, family wine businesses should better emphasise their family dimension, while being careful of the region of origin and tradition sub-dimensions.

Originality of the paper: The paper contributes to research on the internationalisation of family businesses and brand management by illustrating the main brand identity dimensions that lead to higher foreign sales turnover.

Key words: family firms; foreign sales turnover; firm’s brand name

1. Introduction

Given the important share in the global market, the internationalisation of Italian wineries is a key factor in maintaining the economic and social importance of the wine industry and in providing a strong and long-term competitive advantage. In 2018, the Italian wine industry gained its role
as a world leader in production and consolidated its position as an exporter. It produces 55 million hectoliters with an increase of 29% on an annual basis, of which almost 20 million are sold abroad. With a record export value of 6.2 billion euros, it is only second behind France in world suppliers of wine (Ismea, 2019a). Ismea (2019a) highlights the 70% growth in export value over the last decade, consolidated by 3.3% growth last year and by an 8% growth in the first three months of the current year. It is therefore evident that foreign markets represent an important target of the marketing strategies of Italian wine companies which are mostly small and medium-sized family businesses.

Family businesses are, in effect, very common in the wine sector (Gallucci and D’Amato, 2013; Georgiou and Vrontis, 2013). In family businesses, family and business dynamics are highly interrelated (Aldrich and Cliff, 2003). By definition, a family business is “a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families” (Chua et al., 1999, p. 25). According to the resource-based view, family businesses possess unique resources (Carney, 2005; Casprini et al., 2019; Habbershon and Williams, 1999). In particular, family wine businesses are building on unique resources such as their family name, real estate and heritage behind the country-of-origin or the wine intrinsic characteristics (Balestrini and Gamble 2006; Pucci et al., 2017; Sogari et al., 2018), to increasingly differentiate, domestically and internationally. Indeed, online channels are helping family businesses in better communicating and reinforcing their identity. However, while empirical evidence shows that family businesses deal with different brand identity strategies (Micelotta and Raynard, 2011), little is known about how family wine businesses design their online brand identity strategy to reach international markets.

Indeed, the wine context represents a unique field of research. Brand identity results from an intricate set of attributes. According to Devigili et al. (2018), in the wine context, the brand identity comprises three macro-areas of attributes, namely (i) product/process-related attributes, i.e. deriving from the intrinsic characteristics of the wine and its production process, (ii) locational attributes, i.e. those attributes relating to where the wine is produced, and (iii) social attributes, i.e. those deriving from external approval (e.g. certifications/reviews) and governance attributes (i.e. the winemaker or the family). Therefore, family wineries can leverage on different attributes in their promotion strategies, spanning from product-related attributes to family-related attributes, and satisfying those consumers who are increasingly interested in knowing not only the wine, but also the firm behind the wine they buy. Thus, in the case of family firms, the potential benefits of having a family governance is linked to the degree of communication of the family history, values and identity through proper branding strategies. A marketing strategy focused on effective brand identity drivers could have a key role in determining the success of the winery’s promotional efforts.
Moving from Devigili et al., (2018) framework, this paper concentrates on the locational and the social attributes and focuses on two of their constituting dimensions, namely the *territorial identification* and the *governance attributes*, as determinants of family businesses’ foreign sales turnover. More precisely, the paper disentangles the effects of the sub-dimensions characterising territorial identification and governance attributes, namely denomination, locality, region and country (as sub-dimensions of the former) and family, tradition, innovation and storytelling (as sub-dimensions of the latter) on foreign sales turnover.

The paper begins with a review of the relevant literature that supports our research questions. In successive sections, we present the methodology (i.e. sample, operational measures and model), and describe the results. We close the paper with a discussion of our findings and offer suggestions for both academics and practitioners.

2. Theoretical framework

A brand has been defined as a “*name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of the competition*” (Keller, 2003, p. 12). On a general level, the firm’s brand identity and what it represents is the most important intangible asset for many companies and is arguably a primary basis for competitive advantage (Aaker and Biel, 1992). At its most simplistic, a company’s brand identity represents a set of promises that, for the buyer, implies trust, consistency and a defined set of expectations, expresses how managers and owners want the brand to be perceived, and conveys the firm’s culture, physical specificities, personality and relational style (Kapferer, 2012).

Brand plays an important role in explaining consumers’ behaviour and preferences. This is particularly crucial for those products, such as wines, that are complex in nature, i.e. whose quality cannot be assessed before consumption. Therefore, consumers tend to rely on different cues (Sogari *et al.*, 2018) in their buying journey such as the territory, the winery name and the wine grapes, among others. This information is not only available on the wine label but is also increasingly accessible through corporate websites (Taylor *et al.*, 2010; Triana, 2019), QR codes, wine e-magazines, blogs and social media (Capitello *et al.*, 2014). Consequently, companies, irrespective of their size, should diffuse information related to their product and leverage on those specific aspects that may be more appealing for different audiences, at the national and international level.

Companies that present a cohesive, distinctive and relevant brand identity can create a preference in the marketplace, add value to their products and services and may command a price premium (Simonson and Schmitt, 1997). However, it is not straightforward which brand identity attributes that companies should emphasise to improve their performance. Indeed, previous studies have focused on the description of how wineries have built their brand, such as the case of the British Paul Masson (Breach, 1989) and the Australian Casella Wines (Dufour and Steane, 2010), but
there is a lack of empirical evidence about which are the key dimensions that family wine businesses may leverage to improve the foreign sales turnover.

Focusing on the wine industry, this paper moves from Devigili et al. (2018) framework according to which the wine brand identity is defined along three attributes: product/process, locational and social. Each of them results from two dimensions, namely the product and the process characteristics, the territorial identification and the collateral experiences, the external approval and the governance attributes. This paper reviews two of these dimensions - the territorial identification and the governance attributes - as factors influencing the foreign sales turnover. In the following paragraphs, we provide a deeper description.

**Territorial identification.** The wine industry differs from many industries in the way that brand identity is inextricably linked to a spatially determined location. Geographical attributes play an important role in the wine business, acting as a tool to decrease consumer information asymmetries (Josling, 2006; Moschini et al., 2008) and buying risk perception (Atkin and Thach, 2012), thus creating expectations regarding quality (Verlegh and Steenkamp, 1999; Johnson and Bruwer, 2007). Consumer perceptions of wine quality can be affected by several elements as country of origin, region and sub-region, vintage, grape variety, productive style and vineyard. Several studies have found that wine origin is a quality indicator in the consumer decision process when purchasing wine (Balestrini and Gamble 2006; Pucci et al., 2017).

The wine quality perception is related to the geographical area because consumers believe in the decisive role of the soil and the climatic conditions of that particular territory. As a consequence the quality perception attaches to the wine area applies to each winery of that location.

This perceived collective quality is the result of a spatially determined process of identity construction (Pucci et al., 2018). Consequently, the winery of a region competes both locally with other similar wineries of the geographical area but, in a broader perspective, the regions it belongs to competes with other wine regions on the market. Then, both country-of-origin and region are useful branding tools to differentiate products from both foreign and national competitors (Bruwer and House, 2003; Pucci et al., 2017). The interrelation between individual and collective reputation leads the territorial brand to play the role of an umbrella brand, (Durrieu, 2008). Consumers build their quality perception on the umbrella brand and, since different products are identified by the same “country or region-of-origin” that perception is implicitly transferred to all the wines of the same region (cf. Schamel, 2006). As the umbrella brand communicates a precise identity to the consumer, it becomes evident that territorial attributes have an effective role in the process of building the brand image (Teuber, 2011). In wine branding, region-of-origin has acquired a greater importance than grape varieties, which can be farmed everywhere, because what is not replicable is the terroir (Johnson and Bruwer, 2007).

Based on the previous arguments, we propose the following research question:
RQ1. How does a corporate brand identity based on “Territorial Identification” affect international turnover in wine family businesses?

Governance attributes. According to Devigili et al. (2018), the governance attributes refer to the family, the innovation, the tradition and the storytelling. In the wine sector, often the winemaker is the family perse. The name of the family represents an important corporate branding attribute (Binz Astrachan et al., 2018; Lockshin et al., 2000; Lockshin and Hall, 2003) which increases sales and captures consumers’ attention (Craig et al., 2008). However, as shown by empirical analysis on companies’ websites, family businesses may adopt different strategies, emphasising different elements such as family-related features (e.g. family members and emblems) (Micelotta and Raynard, 2011), the importance of the past, traditions and innovation (Vrontis et al., 2016), and the role of the family within the family business. For example, Dufour and Steane (2010) describe the case of Casella Wines, Australia’s largest family owned wine company, emphasising the role of innovation and R&D as key determinants for its success as well as the importance of passing wine making skills along generations. Some other studies have examined the differences between family and nonfamily communication strategies on the websites. For example, focusing on the corporate social responsibility communicated via websites, an empirical investigation on Italian wineries shows that family businesses and nonfamily businesses tend to emphasise different words (Iaia et al., 2019). Specifically, the former highlight the “‘family’ (‘estate’, ‘generation’, ‘history’, ‘property’, and ‘life’)” (Iaia et al., 2019, p. 1455), while the latter emphasise the place of origin among others.

Exploiting the identity of the family brand can help foster the positive perception of consumers towards the family firm especially when company communication strategy focuses on history and heritage, (Blomback and Brunninge, 2016; Craig et al., 2008) balances innovation and tradition and translates family values (reliability and long-term value orientation) into corporate strategy (Binz Astrachan and Astrachan, 2015). In so doing, the family branding strategy creates long-lasting competitive advantages (Gallucci et al., 2015) as consumers perceive them as the most sustainable, social and fair form of organisation. These awards, coming from a large section of consumers, give dignity to the family nature, so that family firm can be considered as a brand on its own (Krappe et al., 2011) influencing the purchasing behaviours of consumers and, in turn, sales and growth rates.

Based on the previous arguments, we propose a second research question:

RQ2: How does a corporate brand identity based on “Governance attributes” affect international turnover in wine family businesses?
3. Research Design

3.1 Empirical Setting

The sample units of this research are 120 Tuscan wineries. Tuscany is among the most known Italian wine regions worldwide. In 2018, the total wine production of Tuscany was 2.4 million hectolitres, involving 23,166 firms (Ismea, 2019b). In terms of exports, the Tuscany denomination of origin (DO) still wines account for 27% (in value) of all Italian exports. Of the almost 55 thousand hectares cultivated with DO wine, the Chianti denomination accounts for 48.4%, Chianti Classico for 18.5%, and Brunello di Montalcino for 5.3%. The monthly average price at source (Jun-2019) confirms Brunello di Montalcino as the most valuable Italian wine (1085.00 €/Hl), followed, at a distance, by Chianti Classico with 282.5 €/Hl (Ismea, 2019c). The price trend of the Chianti denomination also shows a significant value decrease from 142.5 €/Hl (Jun-2018) to 112.5 €/Hl (Jun-2019). However, Chianti can count on an estimated brand value of 1.83 billion euro, with Brunello di Montalcino far behind with 0.79 billion euro (WineNews, 2015). Given their heterogeneity, these three wine clusters represent an ideal empirical setting. Hence, the sample belongs to three different consortia: 25 to Chianti, 61 to Chianti Classico, 32 to Brunello di Montalcino, and 2 wineries showing multiple affiliations. All wineries involved in this research are family firms.

3.2 Data Collection

To perform the analysis presented here, two databases were merged. The first one, collected in 2017, aimed to identify brand identity strategies employed online by wineries (Devigili et al., 2018). Data were gathered downloading the full content of wineries’ websites, page by page. After checking for corrupted or duplicated documents, the whole set of files was uploaded onto NVivo 11. Through a word frequency query, 457 words were selected and divided into 18 brand identity attributes. Thus, each website was analysed to identify the weighted frequency of attributes’ occurrence.
The second database was collected through a structured survey submitted to a sample of Tuscan wineries between January and February 2019. The survey was articulated in several questions concerning: basic descriptive data, governance and management composition, competences held, internationalisation strategies and results obtained. Questionnaire answers were gathered both through telephone and face-to-face interviews. To assure that the sample comprised family-owned businesses only, the following questions were asked: (i) “What is the percentage of shares held by the family?” and (ii) “Are you a family business?”. Therefore, we considered family businesses those with an amount of family shares equal to or greater than 50 percent and those giving an affirmative answer to question two (Craig et al., 2008). After controlling for missing values, we merged the two datasets obtaining 120 usable observations.

3.3 Variables Description

Dependent Variable. Foreign Turnover is operationalised, asking respondents to state the percentage of foreign turnover over the total turnover (Ren et al., 2015).

Independent Variables. Based on Devigili et al. (2018), we selected two sets of macro-drivers, namely territorial identification and governance attributes. Territorial identification drivers capture the crucial role played by terroir in the wine business (Johnson and Bruwer, 2007), thus we can distinguish: [1] denomination, [2] locality, [3] region and [4] country. Governance attributes are a kind of brand constellation cue referring to winemakers’ and wineries’ history (see, for example, Lockshin and Hall, 2003), thus: [5] family, [6] innovation, [7] tradition and [8] storytelling. Each of the former drivers is associated with a list of words coherent with its meaning, selected by the research team and validated in a previous research article (Devigili et al., 2018). Comparing the total words included in a website with that list of words, we calculated a weighted frequency of occurrence per each attribute on each website.

Control Variables. In line with previous research, we included both age and size as control variables (Pucci et al., 2020; Terjensen and Patel, 2017). Age is operationalised as the natural logarithm of number of years since its establishment and size as the total firm’s turnover. Furthermore, to take into account the differential effort on marketing, we controlled for the percentage of employees with marketing functions over total number of employees (Orr et al., 2011).

4. Results

Table 1 provides descriptive statistics and Pearson’s correlation among dependent, independent and control variables. Correlation coefficients do not highlight any problematic value, similarly, VIF scores (see Appendix A) are all below the value of 2. Thus, this research data do not appear to not suffer from any multicollinearity issue.
Tab. 1: Descriptive statistics and correlation analysis

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<tr>
<td>Family</td>
<td>0.094</td>
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<td>Tradition</td>
<td>-0.185</td>
<td>0.445</td>
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<tr>
<td>Innovation</td>
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<td>0.937</td>
<td>0.303</td>
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<td>Storytelling</td>
<td>-0.007</td>
<td>0.254</td>
<td>0.235</td>
<td>0.284</td>
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<tr>
<td>Denomination</td>
<td>-0.111</td>
<td>-0.149</td>
<td>0.015</td>
<td>0.013</td>
<td>-0.685</td>
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<td>Locality</td>
<td>-0.103</td>
<td>-0.091</td>
<td>-0.130</td>
<td>-0.146</td>
<td>0.320</td>
<td>0.007</td>
<td>0.382</td>
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<tr>
<td>Region</td>
<td>-0.228</td>
<td>-0.194</td>
<td>0.359</td>
<td>0.019</td>
<td>0.466</td>
<td>0.626</td>
<td>0.069</td>
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<td>Country</td>
<td>0.019</td>
<td>0.039</td>
<td>0.073</td>
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<td>0.168</td>
<td>0.702</td>
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<td>0.808</td>
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<td>100.000</td>
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<tr>
<td>Age (ln)</td>
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<td>0.119</td>
<td>0.133</td>
<td>0.108</td>
<td>0.112</td>
<td>0.104</td>
<td>0.097</td>
<td>0.084</td>
<td>0.038</td>
<td>0.128</td>
<td>0.111</td>
<td>1</td>
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<tr>
<td>Size (Tot. Turn.)</td>
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<tr>
<td>Mkg Employees (%)</td>
<td>0.170</td>
<td>0.181</td>
<td>0.152</td>
<td>0.046</td>
<td>0.173</td>
<td>-0.071</td>
<td>0.099</td>
<td>0.055</td>
<td>0.048</td>
<td>-0.128</td>
<td>-0.111</td>
<td>1</td>
</tr>
</tbody>
</table>

Obs. 120, R2 = 0.2111, R2 Adj. = 0.13

Note: all correlation coefficients greater than 0.15 (in absolute values) are statistically significant

Source: Authors

Table 2 displays the results of the Ordinary Least Square (OLS) regression performed through Stata 14. Regarding control variables, both Size and the number of Marketing Employees have a positive and significant effect on the dependent variable. On the other hand, Age does not show an effect statistically different from zero.

Among Territorial Identification drivers, only Region has a statistically significant effect on Foreign Turnover, but it is negative. Therefore, both Denomination, Locality, and Country drivers have no effect on the dependent variable.

In terms of Governance Attributes, both Innovation and Storytelling have a non-significant effect. On the other hand, Tradition shows a strongly significant and negative coefficient, while Family has a positive and significant one.

Tab. 2: OLS regression results

| Foreign Turnover (%) | Coef. | Std. Err. | t    | P>|t| | [95% Conf. Interval] |
|----------------------|-------|-----------|------|------|-------------------|
| Family               | 0.1958 | 0.1108 | 1.77 | 0.080 | -0.0238 | 0.4154 |
| Tradition            | -0.2634 | 0.0989 | -2.66 | 0.009 | -0.4595 | -0.0673 |
| Innovation           | -0.0064 | 0.1003 | -0.06 | 0.949 | -0.2052 | 0.1924 |
| Storytelling         | -0.0336 | 0.1002 | -0.34 | 0.738 | -0.2321 | 0.1650 |
| Denomination         | 0.0999 | 0.1118 | 0.89 | 0.373 | -0.1217 | 0.3214 |
| Locality             | -0.0942 | 0.0893 | -1.06 | 0.294 | -0.2712 | 0.0828 |
| Region               | -0.2795 | 0.1121 | -2.49 | 0.014 | -0.5017 | -0.0574 |
| Country              | -0.0617 | 0.0889 | -0.69 | 0.489 | -0.2379 | 0.1146 |
| Age (ln)             | 0.0056 | 0.0883 | 0.06 | 0.950 | -0.1693 | 0.1805 |
| Size (Tot. Turnover) | 0.1828 | 0.0877 | 2.08 | 0.039 | 0.0090 | 0.3566 |
| Mkg Employees (%)    | 0.2437 | 0.0915 | 2.66 | 0.009 | 0.0623 | 0.4251 |
| Constant             | -8.43E-10 | 0.0851 | 0 | 1 | -0.1687 | 0.1687 |

Obs. = 120, R2 = 0.2111, R2 Adj. = 0.13

Source: Authors
5. Discussion and conclusion

Brand identity is an important resource that businesses adopt to compete internationally. However, most of the previous research has focused on the impact of specific brand dimensions on consumers' buying behaviours (Chamorro et al., 2015), while less is known about which brand identity dimensions have the most influence on businesses' performance. Additionally, brand identity has rarely been investigated with respect to family businesses (Beck, 2016; Binz Astrachan et al., 2018), while from preliminary studies it clearly emerges that family businesses pursue very different brand communication strategies (Micelotta and Raynard, 2011). Consequently, focusing on family firms, this study aimed at understanding to what extent two constituting elements of a business brand identity (Devigili et al., 2018), namely territorial identification and governance attributes, influence foreign sales turnover. On the one hand, the choice of focusing on territorial identification relies on the specific role that territory plays for complex products, such as wine, whose intrinsic characteristics cannot be assessed before consumption (for a review see Sogari et al., 2018). Indeed, studies are stratifying about the several nuances that territorial identification embraces such as country-of-origin, region-of-origin (Pucci et al., 2017), locality (Chamorro et al., 2015) and the denomination of origin. On the other hand, the increasing interest of scholarly researchers on the unique characteristics of family businesses, as compared to their nonfamily counterparts, led us to investigate how they use brand identity's governance attributes in their communication. Indeed, family businesses not only possess unique resources (Habbershon and Williams, 1999) but also tend to communicate their brand through unique marketing strategies (Micelotta and Raynard, 2011). This is particularly evident in corporate websites where the family business may choose to give more emphasis to specific elements such as its family's history, its estates and heritage, the traditions linked to the product development as well as investments in innovative activities and continuous innovation among others. Our results indicate that family businesses benefit (or are hampered by) from the adoption of specific brand identity dimensions in their foreign sales turnover. The findings add interesting insights from both a theoretical and a practical perspective. Specifically, we believe that this paper advances a twofold contribution.

First, not all territorial identification dimensions have an impact on international performance. More precisely, only Region of Origin has an influence on foreign sales turnover, but this is negative. This is particularly interesting since, based on the resource-based view, the uniqueness of each wine region should have led to a positive impact. Instead, foreign sales turnover decreases when family businesses communicate their Region of Origin online. This might be explained by the fact that international consumers are not interested in region per se, but rather are interested in the wineries' specificities.

Second, not all governance attributes are equal. Indeed, describing the family pays off. Family businesses that describe elements such as the genealogy of the family, the family members and their roles in the company
present higher foreign sales turnover. This is interesting since family businesses are learning “how to sell” themselves at the international level. Being able to communicate the continuous involvement of the family in the winery helps in boosting foreign sales turnover. This challenges some of the previous studies that have suggested that family brand identity influences performance only as mediated by a customer-centric orientation (Craig et al., 2008). Although we did not verify for mediation effects, we believe that this result might contribute to that research considering foreign sales turnover. Moreover, we found that the tradition element seems to hamper foreign sales turnover. In other terms, those family businesses that are mainly focused on tradition export less.

This study is not without limitations. Firstly, we only focused on Tuscan wineries. It would be interesting to extend our sample to other regions. Secondly, we focused on family-owned businesses, and family business scholars clearly emphasise that family are heterogeneous including management aspects (see D’Angelo et al., 2016). For example, Gallucci et al. (2015) show that family involvement in management combined with a corporate brand strategy positively influences the firm’s performance. Indeed, it would be worthy to consider whether the presence of family or nonfamily managers strengthens or lessens the influence of governance attributes on foreign sales turnover. However, we believe that the paper is particularly interesting in terms of managerial implications and might represent a starting point for future research. Specifically, our findings recommend family businesses that are aiming to internationalise to highlight their family-related attributes when they communicate their business online, while avoiding an emphasis on tradition. In addition, we recommend that future studies might explore why territorial identification dimensions are not significant for - or have a negative relationship with - family firms’ foreign sales turnover. For this purpose, we recommend that scholars consider the role of territorial institutions in promoting regions and review which elements, from a place branding perspective, they should work on to help companies to better compete internationally.

References


Appendix

Appendix A: Multicollinearity analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>VIF Score</th>
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<tbody>
<tr>
<td>Foreign Turnover (%)</td>
<td>1.27</td>
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<tr>
<td>Family</td>
<td>1.73</td>
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<tr>
<td>Tradition</td>
<td>1.43</td>
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<tr>
<td>Innovation</td>
<td>1.38</td>
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<tr>
<td>Story Telling</td>
<td>1.37</td>
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<td>Denomination</td>
<td>1.72</td>
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<tr>
<td>Locality</td>
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<td>Region</td>
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<tr>
<td>Country</td>
<td>1.09</td>
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<tr>
<td>Age (ln)</td>
<td>1.07</td>
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<tr>
<td>Size (Total Turnover)</td>
<td>1.09</td>
</tr>
<tr>
<td>Marketing Employees (%)</td>
<td>1.22</td>
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</table>

Mean VIF = 1.36; Condition Number = 18.98

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