How "Familiness" Influences the Business:

Cases from the Luxury Industry

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Abstract—**In the current literature, several authors have explored the peculiarities of family businesses (Aronoff & Ward, 1995; Astrachan & Shanker, 2003; La Porta et al., 1999). On the other hand, attention has been devoted on the characteristics of luxury firms (among others Mosca, 2008; Brioschi, 2005; Aiello & Donvito, 2006). However, to the best knowledge of the authors, no attempts have been made so far to investigate the "familiness" and the entrepreneurial orientation in family firms operating in the luxury market. This article starts from the available literature on the subject, and aims to show how the strengths arising from the fact of having an entrepreneurial family and being a luxury brand, are interwoven. The synergy that is thus created, leads to a fundamental competitive advantage, creating loyalty and making the products highly desirable. The paper further investigates the relationship that exists between successful brands in the luxury market and the family component of the company. It also shows how "familiness"[1] can contribute actively to the success of a brand in the market of high-end goods, and how it can ensure the longevity of family businesses operating on the luxury market.**

Keywords: luxury; family firms; product; new product development; entrepreneurial approach

I. INTRODUCTION

Family businesses play a crucial role across economies and social scenarios in the world (Shanker & Astrachan, 1996; Venter et al., 2005; Lee, 2006; Aronoff & Ward, 1995; La Porta et al., 1999). In fact, family firms are the most common type of ownership structure and company management in the whole world and there is also a growing body of empirical evidence showing that family firms often show better performance than public companies.

However, despite their points of strength, family businesses tend to have a shorter life span and to remain small in size all along: only 30% of businesses reach the second generation and a mere 15% gets to the third (Matthews et al., 1999; Ibrahim et al., 2009). This seems to confirm the famous saying "The first generation builds the business, the second enjoys the wealth and the third loses everything".

The main difference between firms that successfully survive for decades or even centuries and those who fail, often lies in the ability to seize opportunities and changes taking place in the market, and to correctly manage company and family dynamics: ownership, business and family, in order to create a competitive advantage hard to imitate (Pearson et al., 2008).

Furthermore, a growing body of empirical evidence shows that family firms leverage technological innovation to nurture their competitive advantage and overcome economic and financial downturns (Gudmundson et al., 2003; McCann et al, 2001).

In today's literature family businesses characteristics have often been analyzed in depth, highlighting strengths and weaknesses of this management model. It is widely acknowledged that the family involvement in ownership, governance and management affects how resources are managed and deployed and determines distinctive incentives resulting in unique advantages and disadvantages that may affect the features of the technological process in family firms (Sirmon & Hitt, 2003; Fama & Jensen, 1983).

Family businesses operating in the luxury segment, however, compete in a particular context, in which the advantages and disadvantages of the family model are put to the test. In this frame, competition is less related to price, a variable easy to influence, and more focused on product quality, innovation and persistent consistency with global trends. These variables have a strong impact on the firm's reputation, as well as the reputation of the family, which can really easily be ruined while it is extremely hard to improve it. In family businesses the reputation plays a key role since the products/services provided are linked not only to the company, but also to the family and its people, becoming part of a larger system (Ferda, 2010).

Furthermore, consumers in the luxury segment are characterized by three main features: they are few, they have a wide availability of expenditure and they are extremely demanding. The unit price of luxury goods is high and the quantities sold are limited. Therefore, the competitive advantage resides not as much in the price as in the quality, the ability to innovate, the adherence to the trends of the moment, the time to market (Mosca, 2008).

[1] Familiness, a concept introduced by Habbershon and Williams (1999), refers to the unique set of resources of a family business which arise from the interactions between the family system as a whole, the individual family members, and the business itself. That is, familiness refers to the set of resources which are the hallmark of an enterprise as a result of the involvement of the owning family. Habbershon, Williams, and MacMillan (2003) note that familiness can be a source of competitive advantage.

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The price of luxury goods is generally indicative of the product's quality, of the innovation it includes, of the type of material it was created with and, last but not least, of its being more or less fashionable (Amatulli, 2005). In fact, in the luxury market products and services by definition have very high prices precisely because they include all the above-mentioned features, plus exclusiveness, since luxury goods are generally available in limited numbers compared to mass products (Mosca, 2010).

Very often consumers associate the features of a product or of a service to a brand and, in the case of family businesses, to a family. Consequently, the success or the failure of a product/service may affect the success or the failure of the family firm. This is why family members involved in the process of developing new products are totally dedicated and their commitment goes beyond details and incorporates a frame of variables not only in the working environment but also in the personal one. In fact, the individual error of introducing a wrong product in the market could ruin forever the brand reputation and the family that would have lived for years thanks to the revenues of that product and of the subsequent ones (Saviolo & Corbellini, 2009). The products often remain faithful to the style impressed by the family and when it does not happen, the brand risks to lose enamel, like in the case of Gucci: in 1982 the brand entered into crisis as a result of the decision linked to the listing and changing of the products' style (Sgibeneva, 2009).

Therefore, this paper tries to investigate the relationship between family and the luxury business in order to understand whether, and how, the "familiness" affects the success of new products and whether there are common values that may ensure the longevity of family businesses in the luxury market.

II. LITERATURE REVIEW

A. *Family business definition*

In 1989 Handler stated that "defining a family firm is the first and most obvious challenge facing family business researchers" (Handler, 1989). In fact, thinking of qualifying family businesses in an unambiguous way would be extremely difficult. As of today, there isn't a universally shared and widely accepted definition of family businesses (Littunen & Hursky, 2000).

Astrachan & Shanker (2003) proposed three definitions of family businesses:

- A "broad" definition: it includes those businesses where a family controls the strategic direction of the firm, and also participates in the business
- A "middle" definition: additionally, the business is run by a founder or descendant, and is intended to remain in the family
- A "narrow" definition: it adds the extra criteria of multiple-generation participation in the business, and more than one member of the owner's family having management responsibilities.

Recently the European Commission has put forward a simple and unambiguous definition (in 2007), in order to ease the process of data gathering and comparison, both within the same country and among different ones:

"A firm, of any size, is a family business, if:

1) The majority of decision-making rights are in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child or children's direct heirs.

2) The majority of decision-making rights are indirect or direct.

3) At least one representative of the family or kin is formally involved in the governance of the firm.

4) Listed companies meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25 per cent of the decision-making rights mandated by their share capital[2]. This definition does not mention any specific sector, business type nor firm size; the latter is therefore irrelevant, as argued by Birley and Godfrey (1999).

This work falls perfectly within the European Commission definition, as it analyzed listed and non-listed businesses, managed by family members, joined by an external manager at times, and children or grandchildren who are entering or are already part of the family business.

B. *The definition of luxury*

In literature there seems not to exist a unique definition of luxury, however researchers generally agree on the major characteristics that the consumers of luxury goods seek for. In fact, in the process of purchasing a luxury good, consumers do not consider only functional core features, but rather a broader set of values and symbolic meanings attributed to the product (Mano, Oliver, 1993). The common denominators of luxury products are considered beauty, rarity, quality and price, and also an inspirational brand that endorses the good (Godey et al., 2011).

To identify the companies operating in the luxury goods market, we will adopt the definition of luxury offered by Aiello & Donvito (2006), which has been developed starting from the various connotations of luxury provided by different authors over the years and collected by Brioschi (2000):

1. Veblen (1899): Ostentatious consumption; Pecuniary emulation; & Wealth Status; Comparing envious; Distinction; Fashion; Bourgeoisie; Upper classes; Wealthy class; Pleasure
2. Leibenstein (1950): Snob Effect; Bandwagon Effect; Aesthetic quality
3. Mason (1981): Ostentatious consumption; Search for Status; Scarcity; Distinction; Conformity; Success

[2] The European Commission set up a working group called Expert Group on Family Business with the objective of describing family entrepreneurship in Europe, specifying its peculiarities, needs, existing relevant institutional initiatives, etc. Thus, the European Commission is able to focus on specific subjects regarding family businesses and launch corrective initiatives to help the different countries further develop family entrepreneurship.
EUROPEAN COMMISSION, 2009. Overview of family business relevant issues: research, networks, policy measures and existing studies. Report.

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4. Horiuchi (1984): Price; Limited production; Low purchasing frequency; Social identification; Pleasure and satisfaction; Not necessary; Historical brands
5. Bearden, Etzel (1982): Ostentation; Exclusive; Excellence in functionality and style; Craftsmanship; Public or private consumption
6. Rossiter, Percy (1987): High involvement; Flamboyant brand; Social approval; Finding an audience; Personal recognition; Sensory gratification
7. Quelch (1987): High price; Selective distribution; Qualitative excellence; Tradition; Prestigious image; Status symbols; Limited advertising; Investment factor
8. Garfein (1989): Expensive; Limited supply; High quality; Being one of the few selected; Evaluation capacity; Impeccable taste; Admiration and envy; Snobby and elitist appearance
9. Richins (1994): Ostentation; Social visibility; Expensive; Concerns of status; Success; Obtaining results; Self-expression; Stereotypes; Happiness; Hedonistic pleasure
10. Dubois, Laurent (1995): Very expensive; Elitism; Few people; Allows you to stand out; Snob; Best quality; No mass production; Imitation of the affluent; It reveals who you are; Refined persons; Hedonistic motivations; It makes life more beautiful; For your own pleasure; To offer as a gift
11. Dubois, Paternault (1995): Expensive; Exclusive clientele; Scarcity; Extreme quality; Crafts; Hedonistic and emotional emotions; Aesthetic pleasure; Rituals; Worthlessness/futility
12. Kapferer (1997): The price of quality; Realized with the utmost perfection; It allows you to express your good taste; It ennobles the object and its owner; Artistic/creative; Sensual dimensions
13. Nueno, Quelch (1998): Premium pricing; Association with a country of origin; Limited production and distribution; Exclusive; Uniqueness; Style/design recognizable; Quality; Traditional craftsmanship; It provides information about social status
14. Wong, Ahuvia (1995): Ostentatious; Wealth and social class; Expensive; Materialism; Compliance versus distinction; Brand name manufacturer; Producer country; Public appearance; Self-concept; Personal success; Reputation; Hedonic value; Consumer experience pleasure; Gift..

The analysis of the different definitions proposed by different authors over the years has lead Aiello & Donvito to identify a number of common elements that characterize luxury goods. According to the author, luxury is described by the following attributes: Status (the superior status that an object confers to the owner/user), Emotion (self-realization with the property of the good), Qualitative Excellence (in materials or innovation), Aesthetic refinement (design), Exclusive (very few customers in number), Rarity (reduced availability of the product), High Price (sacrifice made for purchase), Tradition (craftsmanship or style), Investment (durability).

Brioschi also focused the attention on three types of effects that luxury goods exercise on consumers and their buying motivation: The Veblen effect, the “snob” effect and the “bandwagon” effect.

The Veblen effect appears when individuals use the price of goods to externally display their level of wealth. In fact, goods that can be publicly consumed are more inclined to provoke the Velben effect than the goods consumed at home.

The “snob” effect stimulates consumers to buy luxury goods for their rarity. In fact, the scarcity and exclusivity of luxury goods satisfy the need of “snob” consumers to feel unique.

Finally, the “bandwagon” effect stimulates consumers to buy luxury goods in order to be accepted by a specific group of people. The possession of luxury goods helps consumers to be recognized and accepted as members of this group.

Therefore, it is possible to affirm that consumers buy luxury goods for three main reasons: to publicly display their wealth, to feel unique and to be part of an exclusive community. This is why they are generally willing to pay a higher price for a successful product (Colucci, 2010).

C. The role of the brand

One of the most mentioned definitions of brand is the one proposed by Kotler, Armstrong and Wong (1996), used from the American Association Committee on Definition in 1960, according to which a brand is "a name, word or symbol or design or combination of them aimed to identify a one or more than one sellers’ good or service and differentiate it from those of competitors". However, even if accepted and widespread, this definition does not consider the entire strategic potential associated to the brand in the current competitive environment.

Thus, the definition of brand used herein is that one proposed by Zara (1997): "a complex of values aggregation, associations, expectations, around specific recognition signs, to which customers assign a value that goes beyond the products attributes and technical features identified by the brand itself ".

In the literature, we talk about "materialism" (Belk , 1985) to define the importance that the possession of a branded good represents for the consumer. The consumer identifies himself with the brand, because he shares the same values. In general, however, the role of the brand is linked to ostentation: people consuming a branded good, whatever it is, want to communicate outside their own values.

In other words, it could be said the brand is what allows the consumer to identify with a range of products, which share a common brand. According to Belk (1985), the brand goes besides the product itself, and it is a strong customer loyalty facilitator (Belk, 1985). The consumers’ identification with the brand’s values and possession of goods as a means to be recognized and accepted by a specific group of people is even more important when it is referred to luxury goods. Clearly, luxury acts like a badge, indicating to the outside world the social status of those who possess that good. Somehow, it recreates social stratification which, in the past, was granted by birth. Today, wealth is no longer a prerogative of a few families, but it can be conquered by anyone. Hence, the luxury

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brands play a key role in order to redesign the social ladder, showing it outside (Morris & White, 2003).
However, the luxury brand cannot be an empty symbol, otherwise the owner would be fickle, and he would pass from one brand to another one with great ease. The brand in the luxury market has to be synonymous with quality and tradition (Kapferer, Bastien, 2009).
A fact in the market for luxury goods is that most of them coincide with the brand name of a person or a family (Chevalier, 2008). Examples are: Chanel (from the fashion designer Coco Chanel), Salvatore Ferragamo, Giorgio Armani and Valentino Garavani in fashion, Boucheron, Bulgari and Cartier, in jewelry, Louis Vuitton in the accessories, are all names of business families, regardless of current ownership. The family name also gives an impression of familiarity, in the sense that it gives the customer a human image, a legacy passed on in time, and the idea that products were made by putting passion from one person to other people.
In the luxury goods market, the story of the company and of the way it has been founded often represents a strategic communication tool about the value, the continuity and the consistency over time, through a clear and at times legendary indication of its origins and its success. In fact, many family businesses build their brand through their own personal stories, an additional reason to allow the identification with the brand in the consumer mind, through the purchasing of products (Montemaggi, Severino, 2007).
Therefore, the role of family in luxury family businesses is crucial: it communicates tradition, quality, and it instills a sense of security. It invites the consumer to identify himself/herself with the whole family history, that very often non-family businesses in the luxury market do not possess.
A family luxury brand is powerful, as it affects the consumer identification process within social hierarchy, connoting products of a set of values and history much stronger and more durable than a traditional brand. These features make these products more desirable, more exclusive, less attackable by competitors, and, finally, timeless (Magee, 2004).

D. The importance of new product development in luxury family businesses

If analyzed from an economic point of view, products are defined as "a set of tangible and intangible features aimed at bringing benefits to a user" (Pellicelli, 2006).
In marketing, products are one of the so-called "4Ps of the Marketing Mix": product, price, place, promotion (McCarthy, 1960). They include everything that can be offered on the market to satisfy a consumer's desire or need. Therefore products are not just the tangible object *per se,* but they also include services, people, places, organizations and ideas (Kotler, 1999).
As previously mentioned, in the world of luxury the product brings with itself a number of intrinsic messages that its owner wants to output to the others. At the same time, since the company and the brand represent a single entity in the consumer's mind, the values of the family are often embodied in products.
Thus, the product is filled with symbolic meanings and this is why the development process of new products is absolutely central for the company's success, family business or not, over time.
As identified by Crawford & Di Benedetto (2006), the new product development process is fundamental to the growth and longevity of the business: the launch of a product which turns out to be successful creates several advantages for the company, more than anything else that can happen. The reason for the very existence of a business is the benefit it creates for its clients or the added value it is able to put on the market through everyday operations.
Furthermore, due to the growing competition and progressive globalization of markets, including that of high end products, companies must offer goods or services that, for some reason or another, reach a higher level compared to other products already offered on the market by competitors.
This is certainly not the only feature granting success to the firm: launching a successful product just once is not enough for the firm to establish itself on the market and keep its acquired market share (with some exceptions, such as Rolex). Firms also need to quickly and timely respond to the new and ever- changing dynamics of the global market, anticipate competitors' next moves, monitor market tastes, adapt their products and properly communicate their positioning (e.g. De Woot, 2002). If consistently pursued, this is the only policy enabling companies to maintain their competitiveness and improve their performance in any segment, but particularly in the luxury market. In fact, firms have been proven to gain the vast majority of their revenue from the development of new products that turn out to be successful [3] (Crawford & Di Benedetto, 2006).
In order to do so and to reach success in the luxury market, a number of actions must be implemented, both for family businesses and public companies.
Within the company, the product development process is managed by product development experts. At times, especially in small or family businesses, the inputs for the creation of a new product come from the entrepreneur's personal vision of the market (Calabrese, Coccia, Rolfo, 2002). As shown in this research, the entrepreneur considers him/herself to be a manager with transversal competence and wants to be the

[3] "The fact is: a successful new product does more good for an organization than anything else that can happen. The very reason for an organization is the benefit or value its operations provide to others, and for which they pay. And in a competitive world this means that what we offer – be it physical good or a service – must be better than what someone else offers, at least part of the time. This is true in all organizations, including hospitals, churches, colleges, and even political parties. […] Business firms expect, and get, a high percentage of their sales and profits from new products. A study of business managers by the Product Development & Management Association showed that, on average, about a third of company sales come from products introduced within the past five years. A recent best-practices study by Cooper showed that the top performing firms did even better, gaining over 49 percent of current sales from new products. This same study also showed how profitable new products can be: among the successful new products studied, half achieved at least a 33 percent return on investment, half had payback periods of two years or fewer, and half achieved at least 35 percent shares." CRAWFORD, M., DI BENEDETTO, A. (2006). New products management (8th Edition). Milano: McGraw-Hill Irvin.

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protagonist of all the fundamental moments of the process, from R&D to final authorization.

What, then, can help and guide entrepreneurs of family businesses to make the right decisions concerning new products entering the market? Are there certain values that, if followed consistently, help to maintain the success on the market more than others?

At present, it seems that there is a lack in the literature concerning the product development process in family businesses that are active in the luxury market.

However, we are witnessing a growing interest in product development in family businesses: several studies focus on the role of the family in the new product development (NPD) process of small family businesses (SFBs) (De Massis, 2011), or on the peculiarity of the process related to the choice of new products to launch in the market by family businesses (Bertoldi et al, 2011).

A study on these issues in relation to the productive industries of high-end goods seems to be a new challenge that can bring an added value to more general topics in literature.

E. The entrepreneurial orientation and its dimensions

A Family businesses operating in the luxury segment compete in a particular context, where the competition is less related to price and more related to the quality of products, the innovation ability and the persistent consistency with global trends.

Research indicates that entrepreneurial orientation is an effective means for coping with competitive threats and avoiding competitive pressures (Lumpkin & Dess, 1996). The entrepreneurial orientation guides managerial decisions by continually refining the existing skills, resources and knowledge within an organization. Furthermore, a firm needs to adopt an entrepreneurial mindset in order to explore emerging and/or unarticulated customer needs (Atuahene-Gima & Ko, 2001). This leads to higher product innovativeness, product development speed, customer-focused performance and financial performance (Chen, Li & Evans, 2012).

Recent literature has shown that entrepreneurial orientation is positively related to innovation (Rhee et al, 2010; Pérez-Luno et al., 2011) and also that there is a positive correlation between entrepreneurial orientation and firm performance (Rauch et al., 2009).

According to the literature, the entrepreneurial orientation is mainly characterized by three dimensions (Kreiser et al., 2002; Matsuno, Mentzer & Ozsomer, 2002; Rauch et al., 2009):

- Proactiveness refers to the degree to which a firm acts in anticipation of future market needs and changes (Kreiser et al., 2002; Lumpkin Dess, 1996) and it is closely associated with striving for the first mover advantages (Pérez-Luno et al., 2011).
- Innovativeness refers to the degree to which a firm engages in new ideas, novelty, experimentation and creativity that may lead to new products, services or processes (Lumpkin & Dess, 1996; Wang, 2008).
- Risk taking reflects the organizations willingness to use new approaches and the desire to venture into the unknown without knowing the probability of success (Clausen & Korneliussen; 2012). It also refers to the degree to which managers are willing to make large and risky resource commitments (Miller & Friesen, 1978).

In fact, an entrepreneurial firm has been defined as a firm that "engages in product market innovation, undertakes somewhat risky ventures and is the first to come up with proactive innovations, beating competitors to the punch" (Miller, 1983).

III. RESEARCH QUESTIONS

This analysis is based on the following questions, to which the authors want to find an answer:

- "How the entrepreneurial orientation of family members in luxury family businesses can enhance the success of new products?" "What are (or should be) the reference points and the values that luxury family business entrepreneurs should take into consideration in the new products development process?"

In particular, we will try to understand the degree of involvement of families in the most important process of the business through theoretical and empirical approaches, in order to observe the differences and to extrapolate common elements that can represent sources of competitive advantage. The aim is to explore the guidelines that family firms operating in the luxury market follow in order to thrive in a hypercompetitive and global market, by being always in step with the times and entering the market with successful products.

IV. RESEARCH METHODOLOGY AND DATA COLLECTION

A. Family businesses in Italy

Even if it is not easy to compare data on family firms because of the issue regarding the their definition, here there are some data on Italian family businesses.

Italy has been chosen as lead country for this research because in Italy more than 90% of the firms are family ones (Pratesi, 2008). Furthermore, Italian family businesses are estimated to produce 70% of the total GDP (CERIF, 2011). More specifically, according to the Osservatorio AIdAF-Unicredit-Bocconi (2010), among medium and large enterprises operating in the luxury segment in Italy, around 80% are controlled by an entrepreneurial family.

Some distinctive features make the Italian family businesses different from those of the rest of the world: first of all, a large portion of the controlling family wealth is invested in the company (Markarian, Pozza, Prencipe, 2008). In particular, more than 75% of family assets are invested in the firm, compared to less than 30% for family businesses in United States (Ibid.). As a consequence, the family is much more involved in the company's activities.

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Financial institutions in Italy participate for a small part in the capital of listed family companies, with no active role: they are often involved in the company as lenders of debt capital rather than as shareholders (Markarian, 2008). For this reason, too, Italy has been chosen as a focus country: Italian family businesses are often self-financed, so it is even more important for them to reach sufficient cash flows to cover investments. Consequently, the launch of new products on the market becomes a particularly delicate process.

In general, Italian family firms have a very strong culture of good standing, quality and brand (Attanzio, 2011). They are agile too: being managed by a limited group of people, their decisions are made quickly (Miller & LeBreton-Miller, 2005). The final approval on a new product is often given by the family member who is leading the company (Bertoldi et al., 2011) in a more rapid and effective way than that of new product development committees in public companies (Mussati, 2008).

B. Participants

To identify the companies operating in the luxury goods market, we will adopt the definition of luxury offered by Aiello & Donvito (2006). Therefore, the concept of luxury is described by the following attributes: Status (the superior status that an object confers to the owner/user), Emotion (self-realization with the property of the good), Qualitative Excellence (in materials or innovation), Aesthetic refinement (design), Exclusive (very few customers in number), Rarity (reduced availability of the product), High Price (sacrifice made for purchase), Tradition (craftsmanship or style), Investment (durability).

The selected companies produce goods or services that meet all these attributes. In order to measure these components, a survey has been conducted on 30 potential consumers of the selected firms. The respondents were asked to verify the coincidence between Aiello & Donvito's attributes and the product, the brand and the image of the mentioned brands. Such coincidence has been confirmed by the respondents in 100% of the cases. This way we have verified the actual membership of the selected companies in the luxury segment.

As of the representativeness of the mentioned companies, a sample of nineteen firms that operate in Italy and, for the most part, in the global market too has been selected. In order to create a sample as heterogeneous as possible representing different industries, we have selected companies producing the most varied array of goods: from jewelry to furniture, from clothing to yachts.

The panel has been created by identifying the turnover category to which the companies belonged and, through direct contacts, the actual family brand was confirmed. Then we have checked whether the company was available for an interview and, if so, we have arranged an appointment with the owner or with a family member with a thorough knowledge of their business dynamics. Data have been gathered between May and November 2011.

The sample includes nineteen companies to which the questionnaire has been administered.

All companies operate on the luxury market and, in particular, they belong to the following sectors:

1. Jewelry
2. Silverworks
3. Home design
4. Luxury doors and windows
5. Boats
6. Clothing
7. Other

The following companies have been interviewed:

TABLE 1. DESCRIPTION OF PARTICIPANTS

Firm	Year of establishment	Production	Number of employees	Number of family members involved	Turnover category
a	1911	Mosaics	5	2	0-1 M€
b	1988	Cat and dog food and supplies	5	3	0-1 M€
c	1993	Artistic Ceramics	6	2	0-1 M€
d	2009	Clothing	1	1	0-1 M€
e	1995	Clothing	1	1	0-1 M€
f	2000	Majolica stoves	1	1	0-1 M€
g	1969	Jewelry	NA	2	0-1 M€
h	1985	Jewelry	3	2	0-1 M€
i	2002	Jewelry	13	2	0-1 M€
l	1890	Furniture	30	5	1-10 M€
m	1982	Jewelry	10	2	1-10 M€
n	1989	Jewelry	5	3	1-10 M€
o	1961	Silverwork	27	4	1-10 M€
p	1965	Chandeliers	100	4	10-50 M€
q	1966	Elevators	220	2	10-50 M€
r	1969	Yachts	2500	3	>100 M€
s	1975	Doors	750	15	>100 M€
t	1938	Billiards	15	2	NA
u	1959	Carpets	8	3	NA

These companies have very heterogeneous turnover results: some of them represent SMEs but some other are important examples of successful companies at a global level. For privacy reasons, business names are not disclosed.

The companies are mainly based in Northern (73%) and Central Italy (16%), while destinations of their products are mainly global, with a higher number of export towards the US and Western European countries: Spain and Portugal in particular.

The reference target is the mass luxury market, with the exception of three jewelry companies whose luxury products are inaccessible[4] (Alleres, 1990).

Generally speaking, these companies have already gone through an intergenerational transfer (53% of the sample) and the following one is due to take place in the next 10-20 years. Others (26% of the sample) are going through the transfer at this moment, so they are progressively including new generations in the businesses.

C. Procedure

The methodology adopted in this research is qualitative. As suggested by Yin (1984), the qualitative approach is the most

[4] Alleres (1990) identifies three levels of luxury goods: inaccessible luxury (highly limited number of goods distributed on selective circuits, at extremely high prices and with a strongly evocative brand), intermediate luxury (including goods produced like the inaccessible luxury ones, but not as customized, though they are still adaptable to clients' needs; they are selectively distributed at high prices) and accessible luxury (serially-produced goods distributed on a large scale).

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suitable for researches aiming at analyzing a phenomenon which is linked to a complex social context, such as that of family businesses.

Selected companies were presented with a questionnaire, divided into three sections:

1. General questions on family and firm
2. Family values and firm values (open-ended questions)
3. Product development process (close-ended questions).

There were around ten questions in each section. For some companies, the questionnaire has been sent directly to the person in charge by email; in other cases, we had a live interview, and in still other cases a telephone conversation.

Findings were then processed, analyzed and combined with available bibliography, documents given by companies, and Internet websites. Such triangulation (Olsen, 2004), made it possible to investigate the phenomenon effectively.

All information gathered has been analyzed by identifying common trends or dichotomies, with the aim of giving a precise answer to the Research Questions submitted and checking the effective influence of the entrepreneurial orientation of the family in the new product development process in family businesses producing high range goods.

In this regard, specific questions have been asked to understand how many family members are involved in the production process and in which phase.

In addition, we have identified common values that should guide family luxury enterprises in the process of creating new products, to enable them to maintain competitiveness and increase their market success.

The questions designed to answer this matter were mainly open-ended questions included in the second part of the questionnaire. This part dealt with five specific areas:

1. Characteristics of the services offered to clients
2. Relations with suppliers
3. New family resources training process
4. Assignment of profits
5. The secret of products' success

D. Results of the study and final remarks

Information Information and data obtained have been collected in a single database, in order to put light on common features and dichotomies. The results obtained have been interpreted in the light of the sector characteristics, of the available literature and of the company specific situation.

The results often varied from firm to firm, mainly due to the heterogeneity of the sample considered, but we have identified a common framework of values and needs that goes beyond individual company characteristics.

The interviewed sample was various not only in the sector, but also in the stage of development where each firm is: in 47% of the cases the first generation is at the head of the company, in 18% of the it is the second generation, in 29% the third generation, in the remaining 6% the fourth generation is at the head of the company.

A common feature of all companies surveyed was the following: within the companies, in most of the cases family members play leadership roles. Respondents are classified as: president, chief marketing officer, director, owner, sales manager, vice president, sales director.

A family member is CEO for all the companies, and in two cases he is supported by external managers. In these two cases the relationship between family and company management are formal: everyone plays his role with accountability, consistency and correctness.

Relationships between family members are regulated by formal family agreements only in three cases. In the remaining part of the business, tasks and succession are governed by oral agreements or practices rooted.

Most companies internally perform all phases of the development of new products. 24% of businesses launch from 1 to 3 new product line each year. 35% launch from 4 to 6 new products line each year. The remaining 41% launch more than 10 new product lines All businesses involve family members in the product development.

Phases in which family members are involved are: idea generation and design, to a lesser extent in market research and production. These data suggest that family members are placed where the core competencies of the company reside.

Before they hit the market, products are always approved by a member of the family, which usually holds the position of owner/administrator.

35% of companies think that the contribution of the entrepreneurial orientation of the family in the development phase of the product is 90%. For 29% of respondents this percentage rises to 100%. 24% believe that the contribution of the family is 50%, while smaller percentages think that the family is influential by 70-80%.

These data give an idea of the degree of involvement of family members in the process of creating, developing and launching new products on the market. Family members are heavily involved in this process, in roles of great responsibility and with the ability to strongly influence business decisions through their entrepreneurial orientation.

In order to find an answer to the second research question (what are the values that should guide luxury family businesses in the selection of new products to launch and manage the production process) specific questions were carried out related to five specific areas:

1. Characteristics of the services offered to clients
2. Relations with suppliers
3. New family resources training process
4. Assignment of profits
5. The secret of products' success

Analyzing the answers given by the selected sample, common features have been identified, regardless of the companies' sectors. Information has been gathered through multiple-choice questions, which gave detailed data, and allowed for statistical elaboration.

TABLE 2. DETAIL OF ANSWERS

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Firm	Generation leading the firm	New products launched per year	Familt members involved in new product development	% of family members in product development	Final approval of the new product	Values inherent in new products	Importance of the product's respect for family tradition	Importance of the family component of the trademark abroad
a	Third	4 to 6	2	100%	Family	Quality Innovation	2	2
b	First	1 to 3	2	67%	Family	Quality Innovation	2	2
c	First	More than 10	2	100%	Family	Quality Prestige	3	1
d	First	More than 10	1	100%	Family	Quality	1	0
e	First	More than 10	1	100%	Family	Quality Family Tradition	3	3
f	Second	More than 10	1	100%	Family	Quality Prestige	2	2
g	Second	More than 10	1	50%	Family	Quality Prestige	3	3
h	Second	More than 10	1	50%	Family	Quality Prestige	3	3
i	First	More than 10	2	100%	Family	Quality Innovation	1	1
l	Third	1 to 6	3	60%	Family	Quality Prestige	3	2
m	Third	More than 10	2	100%	Family	Quality Innovation	3	2
n	Second	More than 10	1	33%	Family	Quality Prestige	2	1
o	Second	More than 10	1	25%	Family	Quality Prestige	3	3
p	First	More than 10	4	100%	Family	Quality Prestige	3	2
q	First	1 to 3	2	100%	Family	Quality Innovation	3	2
r	First	4 to 6	2	67%	Family	Qualità Prestige	3	2
s	First	4 to 6	10	67%	Family	Quality Innovation	3	2
t	Second	1 to 3	2	100%	Family	Quality Innovation	3	2
u	Third	4 to 6	3	100%	Family	Quality Innovation	2	2

- **Pursuing high product quality and other shared values:** all interviewees said they give priority to quality of raw materials and product manufacturing.
  Particularly, all the entrepreneurs stated that quality is the essential characteristic of their products, in some cases paired up with other recurring values.

- *Product prestige:* a set of features such as design, cost, fashion, etc. They all contribute to the good's "aura of luxury".
- *Innovation inherent in the good:* not only in the product strictly speaking, but also in the manufacturing process. Often due to the different academic training they had before joining the business, successors have always shown an impetus for innovation. This may have been implemented in a wider distribution strategy, or in a retail one, in the production of more high end goods, or in new lines, though always bearing in mind their starting point and the essence of tradition.
- *Tradition*: the second or third generations interviewed have never subverted their company's soul and only introduced incremental improvements. Oftentimes, even after the intergenerational transfer, the family members who left remained to support the new managers and to make sure that tradition is respected.
- *The quality of finished products* of design and manufacturing is never left up to fate, but is based on a careful choice repeated overtime. Suppliers are often kept by the new generation thanks to personal relationships based on mutual trust.

- **High level of control on the production process by the family**: owners are often the ones who design products, and even when this is not the case, before production and launch on the market, the final approval is always left to family members.
  This trend is even stronger when the firm is young: the companies operating in the clothing sector were the most recently established. Within them, family control is very powerful because the entrepreneurial activities stem from the founder's idea[5] and in the first operating years they and their family are the ones having know-how, creativity, knowledge of the market and financial assets. Therefore they have absolute power on the new products to be launched on the market.
  As the company grows, both in terms of experience and size, more and more people will possess the necessary know-how to create new products. However, in every family business, the final green light on every project is always given by a family member, in 100% of the interviews, regardless of the business' year of establishment and the managing generation.
- **The idea that family tradition is an added value to compete on the market.** All the interviewed firms deemed the family and the entrepreneurial orientation of the family members fundamental to the business' success, for several reasons. First of all, because family members in general were trained during their whole life and started learning the company's dynamics very young. Thus, every family member joining the company would certainly be more competent and specialized than external members. Moreover, the family component is highly important also for clients, as family members put themselves on the line every time they place a new product on the market. So customers believe that, being fully responsible for every success or failure of their own brand, they strive to create quality products in line with market expectations.

This being said, only some of the sampled companies insist on the family factor while advertising their products. This is because, in the luxury segment, advertising either has a strong impact, which requires great investments, or it should not be done at all, as it is likely to give a mediocre image of the business. That's why the small firms interviewed do not advertise their products at all, while the large ones organize highly innovative advertising campaigns, spending

[5] See Schumpeter's idea of the entrepreneur, for example in: PONTAROLLO, E. (2002). La fabbrica degli imprenditori. Milano: IBS.

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considerable sums in on-line and off-line communication, in which the beauty of their products is enhanced by very famous celebrities. The family is never mentioned: individuals are kept in the background to protect the brand (linking too closely the image of a brand to that of a family runs the risk of tying sales to public opinion), as well as privacy.

A remark needs to be made on the evolution of the different brands due to recent historical changes, such as the advent of global markets and the negative economic and financial situation affecting the Western world.

Luxury family businesses' products have shown two trends: one leaning towards more retail sales, in order to cut out intermediaries and have higher margins, and the other going for a product repositioning towards higher targets. This is because, once a good reputation on the market is achieved, all that is unnecessary is eliminated: incomes can be invested in creating a wholly owned trading network abroad, managing company outlets, increasing product prestige.

V. CONCLUSIONS

With regards to the first research question – how does the entrepreneurial orientation of family members promote the successful marketing of new products – we were able to find common dynamics independent from the specific field of membership, which showed the degree of involvement of family members in the new products development process in luxury family businesses. What emerged from this work is that there is a strategic relationship between the family nature of the company and being a successful luxury company.

Questionnaires were then analyzed to identify those values that should guide families in launching successful products on the market. The results of this analysis show that the ethical dimension in luxury family businesses is extremely important, and should be implemented in daily operating activities and in relations with all stakeholders.

This sense of ethics and fairness toward the market must be translated in the quality and prestige of the products as a fundamental component in order to maintain reputation and family tradition. Family ownership follows excellence for special care in product quality, and the interviews showed that the attention for details makes the quality of luxury products. Continuity in the family allows companies to accumulate and transfer knowledge that allows generations to grow and develop talent with passion for the product. In addition, family size can create co-operative ties with the various players in the competitive system and it is a guarantee of authenticity for consumers of luxury product.

This research shows some common trends and opens the way for more extensive research, both nationally and internationally, to confirm the results identified and/or to add new insights to identifying characteristics of luxury family businesses, in order to achieve definitive results. In particular, it would be interesting to interview a larger panel of companies, especially in those sectors that in this research were mentioned only marginally, going deep and identifying characteristics of each sector of luxury. Thus, it would be interesting to examine whether and how the values identified in this work may find a different effect in the different areas and why.

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