

“Cantine Giorgio Lungarotti”: tradition, innovation and territorial embeddedness

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ABSTRACT

This paper presents an historical analysis of the strategies and development of one of the Umbrian wine leading firm: Cantine Giorgio Lungarotti (the third in Umbria in terms of total turnover). Cantine Giorgio Lungarotti is, in the Umbrian and Italian wine sector, a company which, over the years, has been able to link cultural tradition, economic innovation and territorial embeddedness. Its organisational aspects and historical development represent its specificity strategy, in comparison to many other leading companies in the national wine industry.

From its origin to nowadays, Cantine Lungarotti has been a family company (it was founded in the Sixties by Giorgio Lungarotti and, now, it is managed by his daughters) and its business is represented by the production and selling of wine. The upstream activities in the supply chain (essentially the production of grapes), instead, are carried out by other firms, also belonging to the Lungarotti family, creating, in this way, a group of company strongly linked and integrated.

At the origins, as well as in its first growth stages, the firm was characterized by an innovative approach in the whole management. Initially, in fact, the innovative aspect of the firm was strongly influenced by its founder who decided, for example, to introduce experiments in innovative vineyards, to put his commitment to let the Torgiano area obtain DOC and DOCG certifications and to enhance the image of Italian wine in the world.

A very important aspect of the Giorgio Lungarotti strategic choices is to continually pursue the strengthening of the link between the firm and the local territory (Torgiano area). For this reason the history of Cantine Giorgio Lungarotti significantly differs from the strategies pursued by other medium and large Italian wine producers, oriented to a multi-localization of their vineyards in different region. From this viewpoint, he has started operating (in the local area) in different

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activities as well as his core business, in order to create a strong linkage between wine, territory and culture. There was, therefore, the opening of the historical wine museum and olive oil (run by the Lungarotti Foundation), as well as the management of some high quality accommodation structures and restaurants localized in the local territory.

This paper also analyses an important step of Cantine Giorgio Lungarotti: the family business succession (after the death of the founder). In reality, it did not represent a critical moment for the company, both for the characteristics of the inherits (they were yet well-integrated in the firm and they have skills and capabilities coherent with the carried out business) and for the maintaining of the managerial settings of the founder, pursuing, sometimes, path-dependent strategies. In fact, according to the past experience, the new management of the company continues to investing on the strong linkage with the territory, on an increase of the international openness (searching new foreign markets) and on productive and product innovations.

From the study of the company history it is possible to individuate some key-factor characterizing Cantine Lungarotti: the embeddedness on the territory, the ability to internalize innovations (coming from other geographical sites) and activate new experimentations on vineyards and wines and, finally, the capability to face successfully the family business succession.

In synthesis, Cantine Giorgio Lungarotti represents an example of family business able to conciliate, throughout its history, innovation and tradition. Despite the role of innovation in productive processes and products, the company has always maintained a link with the past and the tradition, considered as attachment and embeddedness in the culture, the history and the local territory.