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**Business model evolution in the
Food&Beverage Industry during Covid-19**
A multiple case study analysis

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Abstract

The purpose of this research paper is to analyse, with a backward analysis perspective integration, the impacted present and future scenarios of economic actors operating in Food and Beverage sector in the challenging pandemic context.

The adopted approach enables the integration of a systemic literature review with a framework of emerging trends in terms of adaptation of business models in response to changes, strengthening the contemporary view about the way of contributing to well-being in times of social and economic upheaval.

This research thesis investigates how businesses in agri-food industry have been coping with the disruptions caused by the pandemic and it is enriched by a poll of cross-case and in-case studies among a sample of respondents from Italian corporations of the sector. The study of interviews aims to give insights into innovation and competition drivers the sector has focused on and the technologies selected as a means to react to the global health and economic crisis.

From findings, it emerges firms must balance risks and rewards and respond to uncertainty with flexibility and high resilience: digitalization acceleration and proximity as well as consumer centricism are key priorities.

Key words: Business Model, Food and Beverage, Covid-19, Innovation, Adaptability

Introduction

The purpose of this research thesis is to analyse the evolution of Business Models and of the correlated value creation, capture and distribution spreading across businesses operating in the Food and Beverage sector, in Covid-19 economic crisis scenario.

After developing a basic understanding of the Business Model concept itself, the study elaborates on Business Model Innovation to leverage sustainability and continuity in Covid-19 crisis, allowing firms to develop competitive capabilities to access opportunities, pilot projects selecting those allowing to scale-up and building skills to systematize efforts and repeat success in times of economic and social upheaval.

The circumstances of emergency, which the paper is contextualized on, enforces responses of flexibility and resilience by economic actors, pushed from the necessity of adaptation as a consequence of increased costs and complexity across value chain and of the complex set of supply chain challenges, from both demand and supply fronts. There follows the need for more stringent safety measures in businesses, alongside with potential scarcity of raw materials in production phase due to bottleneck effects in supply, increase in the costs of manufacturing and retail phase, creating shocks in production, processing, distribution and demand sides. The supply chain is also keeping pace with the enormous changes in demand side due to the oscillating consumption behaviours.

Resilience in all its manifestations is becoming as important as other strategic actions, such as cost and efficiency, for companies forced to readapt and rebalance their priorities (McKinsey & Company, 2020)¹.

The Food and Beverage industry is undergoing a revolution put forward by both exogenous and endogenous variables: firms turned to innovation in order to inspect and revise the business

¹ McKinsey & Company by Sneider K., Singhal S., 'The Future Is Not What It Used to Be: Thoughts on the Shape of the next Normal', April 2020.

model, through reinvented processes and operation side optimization. The disruptive consequences of the pandemic in both short and long-run, lead to a process of chasing innovation in business models, where either the newness or the radicalness of phenomena have been catalysed by the fast spread of the recession.

The innovation process is risen by the imposition of reflecting on the validity of business model and a notable change of perspective, for people and organizations living in a world characterized by the numerosity and the diversity among actors, by the dynamicity of the system and by uncertainty of decisions.

Beyond the fixed value of uncertainty denoting the future as well as the economic and social welfare, the still standing globalization and digitalization processes impose strategic challenges on organizations. But moreover, the discontinuity characterizing the present is a huge obstacle putting businesses to the test since the current health emergency conjunct with the consequent economic crisis are sharpening structural fragilities, outlining a profound uncertainty scenario. The fastest growing firms in these new environments are those exploiting the structural changes to innovate their business models in order to be able to participate differently in competition: at this purpose the etymology of the term “paradox” elucidates the existence in close proximity of inauspicious and favourable events. A paradox demonstrates its validity nonetheless the contradicting common opinion and its main characteristic is the presence of opposites: one does not exclude the other, rather, one would not exist without the other.

The Covid-19 pandemic advent springs a crisis management that is marked by a coexistence of both threat and opportunity in a scenario that hits the Food and Beverage industry, deeply changing the competitive game where businesses are playing. Business Model must be re-conceptualized as a combination of consumers as target, value proposition as expansion of offer, value chain as activities connecting resources and capabilities and the interdependencies with the surrounding ecosystem, and of profit mechanisms.

In order to evaluate the efforts made by the organizations to tackle the present, either embracing already apparent trends or adjusting and expanding the offer, the research thesis relies on a

multiple case study grounded on primary and secondary data gathered from Italian firms of the sector. The main purpose is to analyse the rapid responses and huge acceleration that have been registered in Business Models' evolution and innovation.

The findings of the multiple case study analysis conducted are addressed to inferring theories based on the common disruptive trends and challenges, in terms of managerial implication and strategies, emerged from the corporate performances considered.

1 LITERATURE REVIEW

1.1 BUSINESS MODEL: THEORETICAL ASPECTS

In businesses, organizational and strategic solutions are built to gain competitive advantages among competitors, both new entrants and incumbents, and the proper role of business model (BM hereafter) is to actualize this pathway.

There appears to be reasonably good conceptual understanding of business models, albeit, with several differing perspectives (Teece, 2010; Zott *et al.*, 2011; Bocken *et al.*, 2013).

The origins of the term are traced from a review of the recent literature. The first use of the expression “business model” was found in an academic article of Bellman *et al.* in 1957 (Osterwalder *et al.*, 2005)², that is the reason why the authors define it as a young phenomenon. Etymologically, the model is defined as a description, a synthetic representation of a complex entity or of a process; whilst business as an activity furnishes goods and services, involving financial, commercial, and industrial aspects.

An activity system perspective contributes to outlining the traits of the business model. BM is a bundle of activities, interconnected and interdependent, conducted in order to satisfy perceived needs of the market and to determine the way of doing business in relation to customers, possible partners and vendors of each company³.

² Alexander Osterwalder, Yves Pigneur, and Christopher L. Tucci, ‘Clarifying Business Models: Origins, Present, and Future of the Concept’, *Communications of the Association for Information Systems* 16 (2005), <https://doi.org/10.17705/1CAIS.01601>.

³ Christoph Zott and Raphael Amit, ‘Top10 Lessons on Strategy’, *Creating Value Through Business Model Innovation*, 2012, 2015 edition.

The assertion of the concept exerts leverage around four main topics: the emergence of BM as that of a new focus of analysis; the holistic vision approach explanatory of how firms exercise business; the strict connection of BM conceptualization with the firm activities and the value creation and capture processes (Zott *et al.*, 2011) ⁴.

The BM research progressed in prominence and from simply listing down all the elements proposed as belonging to the enterprise itself (Chesbrough and Rosenbloom, 2002)⁵, it enlarged to the application of the business model in management and in Information Systems (IS). In figure 1, it is observable the evolution of the concept in five different phases designed by Osterwalder, Pigneur and Tucci (2005), despite the authors never attempt to a convergence in definition

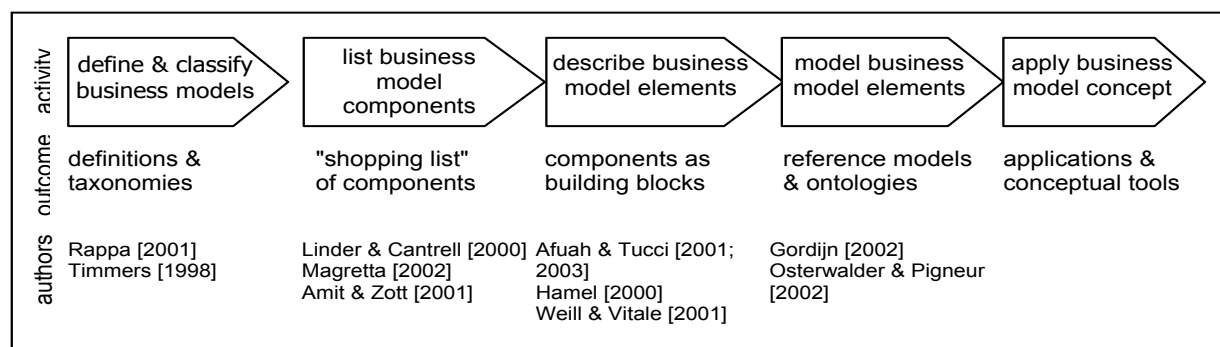


Figure 1 “Evolution of Business Model concept” Source: “Clarifying Business Models: Origins, Present, and Future of the Concept” by A. Osterwalder, Y. Pigneur, and C.L. Tucci, 2005

The business model in fact has been picked up regularly in the context of information technology, and mainly used in the sense of business modelling: Osterwalder *et al.* identify the

⁴ Christoph Zott, Raphael Amit, and Lorenzo Massa, ‘The Business Model: Recent Developments and Future Research’, *Journal of Management* 37, no. 4 (1 July 2011): 1019–42, <https://doi.org/10.1177/0149206311406265>.

⁵ H. Chesbrough, R. S. Rosenbloom, ‘The Role of the Business Model in Capturing Value from Innovation: Evidence from Xerox Corporation’s Technology Spin-off Companies’, *Industrial and Corporate Change* 11, no. 3 (1 June 2002): 529–55, <https://doi.org/10.1093/icc/11.3.529>.

belief of a strategic functional integration existing in IT and IS infrastructures, thanks to the concept of business model lying as an alignment at the intersection of the, respectively, business set and information system set.

Moreover, the query results of a study conducted with the application of a successful method by Abrahamson (Osterwalder et al, 2005) depicts an enough evident correlation between the topic of business model and the Internet advent in the business world. A relationship of the blueprint of how doing business with technology is more and more meaningful. The way of translating strategic issues, both positioning and goals, is converted in a concrete conceptual model, as Osterwalder *et al.* describe it, allowing the realization of operational as well as physical forms composed of systems designing and the realizing the business structure itself (Osterwalder *et al.*, 2005).

Osterwalder and Pigneur (2010) (Bocken *et al.*, 2013) associate the following elements to a BM:

- Customer segment and value proposition across channels and in line with customer relationships
- Value creation (how) throughout key resources, activities and partnerships; and
- Value capture as a sum of revenue streams and cost structure.

Before proceeding with the theoretical pathway of the business model concept, a clarification on the dissimilarity between business model itself and strategy is necessary. The distinction as a matter of fact emerges from the combination pooling both the concepts with the objective of gaining competitive advantage. The link among strategy and business model does exist, but the difference is more common (Magretta, 2002)⁶ and it stems from the tangible inclusion of competition in the former. Namely, strategy factors in the critical dimension of the firm to achieve some superior, unduplicable performances. Here the logic is linear, and it overcomes

⁶ ‘Why Business Models Matter’, *Harvard Business Review*, 1 May 2002, <https://hbr.org/2002/05/why-business-models-matter>.

the way in which the pieces of business fit together (Magretta, 2002), as BM concerns, but it points out the Michael Porter's "disruptive competition".

In Chesbrough and Rosenbloom publication of 2002 the concept of business model is associated with the value creation process whilst the capturing process, together with sustainability goals, deals with the strategic process of a business; in the same way, the focus of the value creation either to shareholders or to the business itself distinguishes BM from strategy, i.e., the former refers to strategy as comprehensive of financial dimension.

As above stated, the link between BM and strategic issue does exist and Casadesus-Masanell & Ricart refer to BM as "the reflection of the firm's strategy"⁷ as a one-to-one correspondence. The logic of the firm, periphrasis with which the authors refer to the BM, defines the way a firm operates and create value for shareholders and the choice of BM defines the strategy with which the firm goes to market (Casadesus-Masanell and Ricart, 2010).

Porter's text on business strategy claims that "initial conditions" and "managerial choices" determine advantages, e.g. low-cost and differentiation, enjoyed by firms (Hedman and Kalling, 2003)⁸. Drivers enables activities, activities once undertaken enables advantaged positions, which in turn are affected by decision taken on these purposes. This scheme makes it possible for firms to occupy strategic positions in the markets and industries, to this end of success.

Firm's success is bound up in differentiation, behavior, strategic choices and management and it is manifested in attaining competitive advantage leading to superior and sustainable financial performance (Porter, 1991).

The business model, notwithstanding the crucial role of strategy application, if successful, represent the best among alternatives in the market (Magretta, 2002) and it concerns the

⁷ Ramon Casadesus-Masanell and Joan Enric Ricart, 'From Strategy to Business Models and onto Tactics', *Long Range Planning* 43, no. 2-3 (April 2010): 195-215, <https://doi.org/10.1016/j.lrp.2010.01.004>.

⁸ Jonas Hedman and Thomas Kalling, 'The Business Model Concept: Theoretical Underpinnings and Empirical Illustrations', *European Journal of Information Systems* 12, no. 1 (1 March 2003): 49-59, <https://doi.org/10.1057/palgrave.ejis.3000446>.

business working as a system; whilst strategy includes implementation and execution (Ostenwalder *et al.*, 2005).

Moreover, with its the function of tie bonding strategy with organization and systems, business model carries itself out in structures, e.g. departments and units, in the processes as well as in infrastructures of the business.

Amit and Zott's definition is narrow but precise (Casadesus-Masanell and Ricart, 2010; Casadesus-Masanell and Ricart, 2007)⁹ and it categorizes BM as depicting structure, content and governance of “transactions designed so as to create value through the exploitation of business opportunities”¹⁰. The structure involves stakeholders participating in the business and all the ways of connecting they adopt, on the other side goods, information, resources and capabilities are part of the content and lastly, governance refers to the set of rules, principles and procedures followed and emended by business actors controlling the flow of information, resources and goods/services.

Making concrete choices implies facing consequences and this mechanism lies at the core of the BM structure. Referring to the machine analogy by Casadesus-Masanell and Ricart (2010), the consequences of the choices are assembled following the BM design, as different parts of mechanical devices are assembled to transmit energy, and different designs are correlated to different operational logics. Different logics accomplish different value to be either delivered to share- and stakeholders or captured.

⁹ Ramon Casadesus-Masanell and J. E. Ricart, ‘Competing Through Business Models’, SSRN Scholarly Paper (Rochester, NY: Social Science Research Network, 1 November 2007), <https://doi.org/10.2139/ssrn.1115201>.

¹⁰ Raphael Amit and Christoph Zott, ‘Value Creation in E-Business’, *Strategic Management Journal* 22, no. 6–7 (June 2001); C. Zott and R. Amit, Exploring the Fit Between Business Strategy and Business Model: Implications for Firm Performance, Working Paper (revised, May 2006); Christoph Zott and Raphael Amit, ‘Business Model Design and the Performance of Entrepreneurial Firms’, *Organization Science* 18, no. 2 (April 2007): 181–99, <https://doi.org/10.1287/orsc.1060.0232>; ‘2006-34.Pdf’, accessed 5 March 2021, https://flora.insead.edu/fichiersti_wp/inseadwp2006/2006-34.pdf.

Business models' departure and arrival point, as well as the trigger one, is value and its facets of creation, distribution and capture.

In Casadesus-Masanell and Ricart article (2007)¹¹ for the definition of BM as company's choices of policies and assets and of the consequences of such choices, it is provided a scheme. The tree diagram of the elements composing BM in authors' opinion is reported in Figure 2. The governance structure of choices is made by management specifically to define the line of operation of the company.

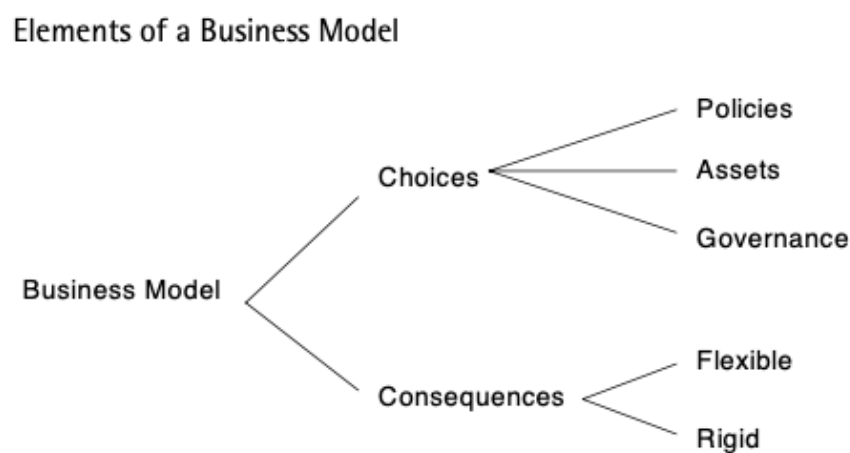


Figure 2 “Elements of a Business Model” Source: Casadesus-Masanell and Ricart, 2007

Choices, as the figure shows, connected to value creation and capture, are related to the arising consequences, either flexible or rigid. The classification of choices ranges over three types: firstly, the courses of action regarding operations (policy), secondly, the tangible resources (physical assets) and thirdly, the structure of contractual arrangements conferring decision making power (governance).

It is necessary for a firm, with respect to the coherence with its business model, to manage properly the supply chain, on both relationships with supplier themselves, possible partnerships and coordination of activities to offer superior value to stakeholders as a whole. Marketing

¹¹ Casadesus-Masanell and Ricart, ‘Competing Through Business Models’.

policies and distribution channels are also involved in management and they are followed by cost efficiency and revenue streams, later discussed as part of the BM concrete functions.

The BM is presented by Zott and Amit (2010) from an activity system perspective that views it as a network, exemplifying the need for BM to be developed with a perspective that is network-centric, rather than firm-centric, (Bocken *et al.*, 2013) across the totality of the value chain. The interdependent organizational activity taken singularly is described, by the authors, as a blend of human and capital resources to serve a specific purpose towards the fulfillment of an overall objective. The “ecology” the firm is embedded in is the architecture of choice, linkage and performance of activities whose interdependency is weaved in the system by transactions.

Activity-based system is supported also by Afuah and Tucci’s opinion, whose BM definition is “system that is made up of components, linkages between the components and dynamics” (Zott and Amit, 2010, p.219).

1.1.1 Value creation and value capture logics behind Business Model

BM seeks to explain both value creation and value capture: the former refers to the definition of activities, which will yield goods or services, along the supply chain aimed at creating a net value. The latter instead concerns capturing a part of the value dispatched to the firm itself to operate and developing it (Chesbrough, 2007) ¹².

In Osterwalder *et al.* the totality of objects, concepts, and relationship among these two, are considered as part of the business model defined like a tool to describe the business logics

¹² Henry Chesbrough, ‘Business Model Innovation: It’s Not Just about Technology Anymore’, *Strategy & Leadership* 35, no. 6 (13 November 2007): 12–17, <https://doi.org/10.1108/10878570710833714>.

behind each firm. Also, the financial consequences of the process of value provision are part of the conceptual tool.

Hence more than articulating the value proposition, once defined the value chain, the function of the business model is also the estimation of the cost structure and profit potential (Chesbrough and Rosenbloom, 2002) ¹³ . “How do we make money in this business? What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost?” Magretta (2002) argues these questions are answered by a good business model.

Teece in 2010 wrote “the essence of a business model is that it crystallizes customer needs and ability to pay, defines the manner by which the business enterprise responds to and delivers value to customers, entices customers to pay for value, and converts those payments to profit through the proper design and operation of the various elements of the value chain”: this is a clear reference to the role of BM as able to extract value from customers in order to create profit. Customer value is the reflection, as above stated, of the logics behind value creation and the strategic value delivery configuration and it follow a path dependency from the company’s central value proposition.

It is possible to conclude that profit generation is measure of success of a BM too: the articulation of revenues, costs and P/L composition are outlined together with the evidence through which the BM creates and delivers value to the final customer, at the end of the supply chain (Teece, 2010) ¹⁴ . Revenue model complements the design of a BM (Zott and Amit, 2010).

The various perspectives presented encompasses a holistic overview of the conversion of resources and capabilities into economic value (Bocken *et al.*, 2014).

¹³ Chesbrough, Rosenbloom, ‘The Role of the Business Model in Capturing Value from Innovation’.

¹⁴ David J. Teece, ‘Business Models, Business Strategy and Innovation’, *Long Range Planning* 43, no. 2–3 (April 2010): 172–94, <https://doi.org/10.1016/j.lrp.2009.07.003>.

The organizational and financial architecture of businesses include assumptions about the stakeholders' environment (Teece, 2010) and in Osterwalder and Pigneur's opinion it can be summarized as the sum of seven elements, respectively: value proposition, activities, resources, partnerships, distribution channels, cost structure and revenue model.

The set of seven elements presents three subsets, represented in Figure 3, as part of the pathway of the value chain: from value creation, passing through value proposition, to value capture.

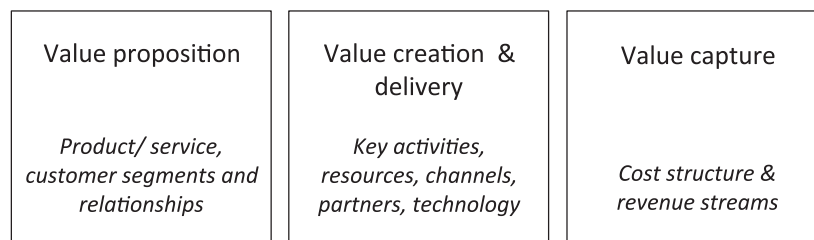


Figure 3 “Conceptual business model framework” Source: Adaptation by N.M.P. Bocken et al.

1.2 BUSINESS MODEL INNOVATION – BEYOND PRODUCT AND PROCESS

Chesbrough and Rosenbloom address the specific working definition “a better business model often will beat a better idea or technology” to BM.

In order to elaborate a more operative definition of BM, their thesis sustains it has six parameters identifying in which part of each industry innovation might generate value (Chesbrough, 2007), respectively: value proposition articulation, market segment targeting, value chain structure definition and complementary assets needed determination, revenue growth mechanisms specification, description of the firm's position in the value ecosystem and finally the competitive strategy formulation, implemented to hold advantage over rivals (Chesbrough, 2007).

The business model, either explicitly or implicitly employed, articulates the architecture of the company's process of conversion of resources and capabilities into economic value (Teece, 2010). It constitutes a potential strong innovation instrument and a true profit architecture.

The analysis of BM under innovation perspective is realized as “a coherent framework that takes technological characteristics and potentials as inputs and converts them through customers and markets into economic outputs. The business model is conceived as a focusing device that mediates between technology development and economic value creation” (Chesbrough & Rosenbloom, 2002, p. 532)¹⁵.

Innovation process aims at creating new ways to increase the value transferred and perceived by the final customer, through the commercialization of new ideas and new technology. The investments made to explore the newness must be balanced with the innovation of the BM itself, which, if great, may be more valuable than a mediocre technology (Chesbrough, 2010)¹⁶. It urges to notice the uncertainty characterizing these investments and their future return.

The innovation can consist of managing new activities, either adding or linking them or changing which party performing; but also upsetting the static nature of BM with novelty, lock-in, complementarities and efficiency may drive towards innovation (Amit and Zott. 2012)¹⁷. The process requires a huge effort on both product and process innovation in order to achieve a revenue growth and to improve profit margin or at least maintain it constant, but furthermore, it is noticeable the employment of financial and human resources involved, the time-consuming

¹⁵ Chesbrough, ‘The Role of the Business Model in Capturing Value from Innovation’.

¹⁶ Henry Chesbrough, ‘Business Model Innovation: Opportunities and Barriers’, *Long Range Planning* 43 (2010): 10.

¹⁷ Zott and Amit, ‘Top10 Lessons on Strategy’.

nature and the remarkability of investments from R&D to plants and equipment and to business unit restructuring too.

The key driver to succeed in innovation procedure is to attempt trials and errors and to adapt *ex post*, rather than try to foresight *ex ante* (Chesbrough, 2010).

It is inferred that innovation operates where competition does not have effect and if great, an innovative BM makes a company able to exploit new opportunities in the existing market or, rather, to create new markets (Amit and Zott, 2012).

Competition combines players in the same industry and market but expanding the locus of competition from the traditional product and processes innovation space to business model innovation, it could be a potentially powerful competitive tool for each actor and more difficult to replicate. The opportunities offered by BM innovation are substitute, or at least complement, to product and process innovation.

BM innovation matters: it often represents an underutilized source of future value with the potential to create new competitive dynamics, disrupting the traditional industry boundaries in which companies do business (Amit and Zott, 2012).

Amit and Zott (2012) identify three different approaches of occurrence of business model innovation in relation to three *design elements* respectively content, structure and governance. First, innovation may occur by integrating new activities (activity system) or selecting which to perform. Second, by reorganizing the connection of the same activities. Third, by changing a certain percentage of parties that were before in charge of one or more specific activities.

Amit and Zott describe moreover the *design themes* characterization. Novelty, lock-in, complementarities and efficiency orchestrate the activity system elements.

- Novelty concerns the adoption of new design elements;

- Lock-in concerns attracting third parties' power and it can be manifested through switching costs and network externalities;
- Complementarities appear when bundling activities in a system is more value-capturing than running them separately; and
- Efficiency achieved in reducing transaction costs.

Activity system perspective allows way of thinking in business model design that is holistic and systemic, rather than concentrated on isolated choices: “look at the forest, not the trees” (Zott and Amit, 2010).

The change is centered on the way of innovating and doing business, rather than on specifically what business is done.

1.2.1 Consumer Centrism : the failure of stakeholder capitalism

The economist Milton Friedman was the pioneer of the “shareholderism” and his theory addressed the “purpose of a corporation” and profit maximization only to shareholders, without considering at all the community in which the firm was integrated and detaching the firm from any social responsibility (Schumpeter, 2020)¹⁸; at this purpose, an article by E. Posner from University of Chicago Law School presents the interpretation of the theory like “Friedman’s theory was wildly popular because it seemed to absolve corporations of difficult moral choices and to protect them from public criticism as long as they made profits.” The theoretical rationale the scholar posed on the mission of firm has never been called into question until the

¹⁸ ‘Schumpeter - What Is Stakeholder Capitalism? | Business | The Economist’, accessed 11 March 2021, <https://www.economist.com/business/2020/09/17/what-is-stakeholder-capitalism>.

revolutions and evolutions of the XXI century. The theory of shareholder dominance was weakened and wavered due to the tendency to benefit other stakeholders as well: the idea was launched in 1932 *The Modern Corporation, and Private Property* by Adolf A. Berle and Gardiner C. Means (Denning, 2020)

Stakeholder capitalism has been the mantra of the Business Round Table and the theme of the Davos Manifesto 2020 ¹⁹, leading to the definitive abandon of the so called MSV (maximizing shareholder value).

The Davos Manifesto 2020, announced by the WEF's chair K. Schwab, presents an optional alternative to stakeholder capitalism, once excluded shareholder capitalism, i.e. the customer capitalism (Martin, 2010)²⁰. The key for success for a corporation today is to pursue Peter Drucker's "true North" (Denning, 2020) "there is only one valid purpose of a corporation: to create a customer" (from *The Practice Of Management*, 1954).

Martin wrote about the modern capitalism as "broken down into two major eras. The first, managerial capitalism, began in 1932 and was defined by the then radical notion that firms ought to have professional management. The second, shareholder value capitalism, began in 1976. Its governing premise is that the purpose of every corporation should be to maximize shareholders' wealth. If firms pursue this goal, the thinking goes, both shareholders and society will benefit. This is a tragically flawed premise, and it is time we abandoned it and made the shift to a third era: *customer-driven capitalism*."

The concept pivots around consumer centrism as basis for the supply of benefit to stakeholders as a whole and as the goal to be supported single-mindedly by all the forces of the firm.

¹⁹ Steve Denning, 'Why Stakeholder Capitalism Will Fail', Forbes, accessed 18 February 2021, <https://www.forbes.com/sites/stevedenning/2020/01/05/why-stakeholder-capitalism-will-fail/>.

²⁰ Term coined by Martin, R., "The age of customer capitalism" , *The Vatican of Management*, Harvard Business School, 2010

As a consequence, delivering value to customers at the end of the value chain results in capturing value, i.e. making money, for the firm itself and its shareholders. The result is distinguished from the goal, that is the above mentioned. There is not a biunivocal correspondence between customer value generation and stakeholders benefit generation, but only one way from generating value for customer to a consequent generated value for stakeholders.

1.3 TOWARDS SUSTAINABLE BUSINESS MODEL

Economy is centered on a wider concept of sustainable development and the issue of sustainability evolves from a circle concerning merely environmental aspects, to a revolution enlarging the boundaries towards economic and social aspects too. The core principle consists of preserving, and somehow saving, natural scarce resource in quality and quantity.

The Burtland report of 1987, by WCED, gave the first definition of sustainable development as the development able to meet needs of the present without compromising future generations' possibility of relish from their own needs' satisfaction.

The sustainable development is possible only with sustainable development of economic actors, firms and corporations and correlated managerial decisions, as largely influential on the economy and life.

It is widely recognized the importance of the corporate strategies in theme of sustainability.

The societal engagement of companies in fact may be in line with its economic goals and corporate sustainability strategies face the challenge of recognize both economic sustainability

and social and environmental sustainability (Schaltegger *et al.*, 2012) ²¹. Those strategies play a crucial role in giving direction to the company through social, legal, political and economic aspects related to sustainability and required to enter on market competition.

Environmental changes need responses and those action must be taken in parallel with economic and social change (Bocken *et al.*, 2014) ²².

The introduction of sustainability concept inside a corporate reality is explained and it needs to hold an enquiry in relation to the BM topic, especially in times of economic and social crisis. Society and economy are in this context not considered as separated entities but sustained together and also balanced one with the other. At this purpose, the attention is increasingly shifted on the effect of the neoclassical business model of organizations on both economy and society - for organizations to be sustainable, the neoclassical model needs to be transformed, rather than supplemented, by both social and environmental priorities e.g. environmental stewardship, respecting people and nature in all its forms, and social equity (Stubbs and Cocklin, 2008).

Social, economic and environmental issues together with the transformation processes, in order to participate with a contribution to sustainable development, are the part of the process sustainability management deals with. The process integrates company systems with sustainability considerations, in environmental, social and financial aspects, starting from an idea through R&D and commercialization. The integration applies to products, services and

²¹ Stefan Schaltegger, Florian Lüdeke-Freund, and Erik G. Hansen, 'Business Cases for Sustainability: The Role of Business Model Innovation for Corporate Sustainability', SSRN Scholarly Paper (Rochester, NY: Social Science Research Network, 2012), <https://papers.ssrn.com/abstract=2010510>.

²² N. M. P. Bocken et al., 'A Literature and Practice Review to Develop Sustainable Business Model Archetypes', *Journal of Cleaner Production* 65 (15 February 2014): 42–56, <https://doi.org/10.1016/j.jclepro.2013.11.039>.

technologies and to new business models in the same way (Charter *et al.*, 2008, Charter and Clark, 2007)²³.

Sustainability as new economic model encompass a purpose and a vision that does not merely concern economic value *per se*, but rather it drags social, economic and environmental goals in.

The sustainable development relocates the escape point of the perspective in a change viewpoint in which the use of resources of any kind, the investment projects and allocation, and the technological trajectories turn towards the future. The present is taken on as accorded to the future and posed on the same level of it.

1.3.1 Business Model innovation for sustainability: treating society and nature as stakeholders

The body of literature explores different type of concepts on the matter of sustainable business model (SBM).

However, as stated in the article by Evans et al (2017)²⁴ , economics lacks established theoretical grounding and a consequent paucity of empirical research, making the processes of identification, selection and innovation more challenging for firms. Significant challenges, and

²³ Martin Charter and Tom Clark, 'Sustainable Innovation Key Conclusions from Sustainable Innovation Conferences 2003–2006 Organised by The Centre for Sustainable Design', 1 April 2007.

²⁴ Steve Evans et al., 'Business Model Innovation for Sustainability: Towards a Unified Perspective for Creation of Sustainable Business Models', *Business Strategy and the Environment* 26, no. 5 (2017): 597–608, <https://doi.org/10.1002/bse.1939>.

threats, to health, well-being and natural environment arise from the changing consumption patterns coupled with growing global population (Evans *et al.* 2013))²⁵.

Schaltegger, Lüdeke-Freund & Hansen (2012) proposed a definition affirming: “A business model for sustainability helps describing, analyzing, managing, and communicating a company’s sustainable value proposition to its customers, and all other stakeholders, how it creates and delivers this value, and how it captures economic value while maintaining or regenerating natural, social, and economic capital beyond its organizational boundaries.”

The sustainable model creation is challenged by the need not to comply with standards, but to create competitive advantage and to deliver holistic changes in order to achieve long-term social and environmental sustainability (Bocken *et al.*, 2014) as well as a better organizational economic, environmental and social performance. At this purpose, SBM can be defined as a business model that creates competitive advantage through superior customer value and contributes to a sustainable development of the company and society” (Ludeke-Freund, 2010)²⁶.

There are several concepts characterizing SBMs and in Evans *et al.* it is assumed that changes in business models are recognized as fundamental to the realization of innovation project in terms of sustainability. Innovation towards SBM may lead to a better performance of organization in economic, environmental and social sense.

So far BM has been considered as the logic existing behind the act of doing business and as explanation of the dynamics of value creation, distribution and capture (Magretta 2002, Teece

²⁵ Nancy Bocken et al., ‘A Value Mapping Tool for Sustainable Business Modelling’, ed. Mollie Painter Gilbert Lensen Aileen Ionescu-Somers and Simon Pickard, *Corporate Governance* 13, no. 5 (1 January 2013): 482–97, <https://doi.org/10.1108/CG-06-2013-0078>.

²⁶ Florian Lüdeke-Freund, ‘Towards a Conceptual Framework of “Business Models for Sustainability”’, SSRN Scholarly Paper (Rochester, NY: Social Science Research Network, 19 September 2010), <https://papers.ssrn.com/abstract=2189922>.

2010, Evans *et al.* 2017) and innovation processes, in sustainable ways of doing business, refer to novelty in a much broader sense. It is not only a matter of technology, but also of processes, procedures and practices, and of business models themselves.

Value concept underpins the concept of business model and from a sustainability perspective, the value creation logics behind firm must consider also social and environmental goals in a more holistic value meaning (Schaltegger *et al.*, 2011)²⁷.

From Stubbs and Cocklin (2008) research, it emerges that an SBM entails a triple bottom line approach system at firm level perspective, to state purpose, vision and/or mission of the firm and its performance including stakeholders.

The view shifts from shareholders to stakeholders and an important element of conceptualization of SBM is the treatment of society and nature as stakeholders of the firm. The organization's success is linked to the success of its stakeholders, whose engagement and collaboration is a necessary condition of an SBM to become great. (Stubbs and Cocklin, 2008) Furthermore, an organization that implements an SBM creates internal structural and cultural capabilities to obtain a firm-level sustainability and engages stakeholders to achieve sustainability throughout the entire system (Stubbs and Cocklin, 2008).

In order to facilitate firm-level and system-level sustainability it is required the organizations to face some changes in structural and cultural systems of capabilities.

Redesigning business model is a careful tool to readily integrate sustainability in business (Stubbs and Cocklin, 2008; Bocken *et al.*, 2014) and BM innovation offers, moreover, the potential approach to deliver the required change through the re-conceptualization of the firm's

²⁷ Stefan Schaltegger and Marcus Wagner, 'Sustainable Entrepreneurship and Sustainability Innovation: Categories and Interactions', *Business Strategy and the Environment* 20, no. 4 (2011): 222–37, <https://doi.org/10.1002/bse.682>.

value creating logics rethinking and firm's purpose (Bocken *et al.*, 2014). The challenge of re-conceptualization still lies in designing a BM enabling firm to capture value, in an economic sense, for itself, while delivering social and environmental benefits. The transformation of social and environmental values in profit and competitive advantage is not immediate, with respect to the translation of efficiency and quality improvements (Schaltegger *et al.*, 2012; Bocken *et al.*, 2014).

According to Stubbs and Cocklin (2008) together with Lüdeke-Freund (2010) the attention to BM may drive sustainability innovation to proceed in identifying opportunities to gain a competitive advantage “in a world characterized by tightening regulation, contracting resource supplies, climate change effects and shifting social pressures.” (Bocken *et al.*, 2014).

Bokken *et al.* (2014) describe the BM innovations with scope of sustainability as “innovations that create significant positive and/or significantly reduced negative impacts for the environment and/or society, through changes in the way the organization and its value-network create, deliver value and capture value (i.e. create economic value) or change their value proposition”.

With the scope of tackling the challenging request of a sustainable future, BMs need to present high level of ambition in terms of innovation focused on maximizing societal and environmental benefits. Three typologies of strategies for BM innovation have been proposed by Schaltegger *et al.* (2012), respectively:

- *Defensive strategies* concern business models adjustment to protect their focus on risk and cost reduction policies – adjustment
- *Accommodative strategies* concern internal processes alterations – improvement and integration

- *Proactive strategies* concern the complete redesign of core BM to reach sustainable development – full integration

The concrete transformation from BM to SBM is neither easy nor effortless: it specifically requires changes across all the steps of the value chain and involvement of all the actors, stakeholders, across each passage of the supply chain.

An interesting perspective has been implemented in the text already mentioned above by N.M.P Bocken, S.W. Short, P. Rana and S. Evans. The authors introduce SBM archetypes to group mechanisms and possible solutions that can contribute to drive and implement corporate innovation for sustainability, embedded in business processes and purposes. Eco-innovations, eco-efficiency, and corporate social responsibility (CSR) are necessary but not sufficient conditions to deliver the holistic operations necessary to achieve long-term sustainability, in both social and environmental, more than economic, sense.

The proposed archetypes are grouped in technological, social, and organizational categories. The first refers to the use of renewable sources of energy and waste management. The second aims at increase sufficiency and furnish functionality. Finally, the third shifts the firm's focus to society and environment. The categorization moves the focus towards the creation of new systems and the generation of value across value network, away from technologies and individual firms. Technology, product and process innovations are not the only and most useful means through which achieve SBMs, business model innovation itself is the most efficient way to accomplish it (Yang *et al.* 2017)²⁸.

²⁸ Evans et al., 'Business Model Innovation for Sustainability'.

The value created by the company must have an overall view: the co-created value must indeed be addressed to the company itself, to the customers and to the public. Thus, the latter refers to the creation of positive externalities and the former to customer equity and customer value.

The full integration of sustainability in business implies a great strategic value proposition developed in BM and an efficient and effective value capture policy proceeding in line with sustainability business-oriented strategies (Bocken *et al.*, 2013).

To conclude, the efficiency of SBM is measured by the way of marketing eco-innovations for the scope of promoting life-style changes and of capturing value from customers, offered with alternatives stipulated by strategic logic plan.

2 THE FOOD AND BEVERAGE INDUSTRY ANALYSIS AND THE PANDEMIC OUTBREAK

2.1 SECTOR OVERVIEW

The Food and Beverage (F&B hereafter) industry, by definition, is a macro-sector intrinsic of sub-industries.

Food management allows a proper cultivation, processing, transportation, and safe consumption and concerning to this, the value distribution among operators is always a current theme (Agriregionieuropa, Zaghi and Bono, 2011)²⁹. Nomisma report of 2009 distinguishes between internal and external actors in the stakeholders set: respectively, the former operates directly in the sector whilst the latter share economic operations with the sector which they do not belong directly to. The food supply chain refers to “the set of economic, administrative, political agents directly or indirectly delimiting the path that an agricultural product has to go through, from the initial stage of production to finally reach the use stage, together with all the interactions with activities performed by agents determining the process” (Saccomandi, 1999; Zaghi and Bono, 2011).

The sector includes different activities but coherent among them: online and offline food chains for both productive and distribution processes.

In productive phase there is a distinction between agriculture role as that of processing raw materials at the origin of the supply chain ready for the consumption and industry role as that

²⁹ Zaghi, A.; Bono, P. ‘La Distribuzione Del Valore Nella Filiera Agroalimentare Italiana | Agriregionieuropa’, Agriregionieuropa anno 7 n.27, Dic 2011 <https://agrireionieuropa.univpm.it/it/content/article/31/27/la-distribuzione-del-valore-nella-filiera-agroalimentare-italiana>.

of transforming raw materials in finished product ready for the final consumer, either B2C or B2B.

In distributive phases are involved wholesale commerce as intermediary among single productive phases as well as between productive and commercial phases, retail commerce corresponding to different channels serving domestic consumptions and finally Ho.Re.Ca channel for extra-domestic channels in hotels, restaurants, catering as the acronym suggests.

From the foregoing, it can be inferred that the coexistence of both production and distribution function is the main source of complexity in managing the vastness and the heterogeneity of F&B.

2.2 BACKGROUND INFORMATION ABOUT COVID-19: DISTRESS AND CHECK-UP

SARS-CoV-2 virus, responsible for Covid-19 disease, caused the pandemic, a systemic shock spread out in the end of 2019 and in the beginning of 2020, at a global level. Many countries declared state of health emergency and on March 11th 2020 WHO³⁰ declared it as a pandemic. The negative impacts reflected on all the economic, social, political and psychological spheres of life (Gregurec et al, 2021)³¹.

The purpose of this part of the thesis is to sort and analyze information regarding the impacts of such phenomenon and the consequent economic and social rebound at a glance, more precisely on production systems and supply chains of agri-foodstuff sectors during the period, still lasting.

³⁰ World Health Organization

³¹ Iva Gregurec et al., 'The Impact of COVID-19 on Sustainable Business Models in SMEs', *Sustainability* (2021-1050) 13, no. 3 (February 2021): 1098, <https://doi.org/10.3390/su13031098>.

The health crisis underlined the limits of the current system with its interdependencies and fragilities, giving at the same time new challenges and creating new opportunities. It is noticeable how, witnessing throughout history such catastrophes, it is needed an increase in demand of capacities concerning the way of thinking and exploring on a long-term perspective; multiple potential futures are needed to build mentality, organizations, and resilient societies.

Health crisis, in turn, generated distresses to global economy leading governmental forces from all over the world to arrange extraordinary programs for the recovery of each country with the main objective of mitigating unemployment and give back the normal functioning to key industrial sectors. Such transitions tend to occur when consolidated systems are interrupted by external shocks, neither forecasted nor expected, and are open to alternative configurations in terms of technologies, corporation and practices. Transactions are multidimensional adjustments: technological, institutional, political, socio-cultural; and they, in guiding systemic switches, may either trigger new developments in terms of technological innovation or, simply, accelerate and anticipate them.

These consequential events imply the advancement of industrial strategies aimed at creating new sectors, services and business models; clearly, without forgetting demand side since consumers' habits must change to make the revolution have sense.

The support of innovative digital selling channels and monitoring tools for the supply chain build the revolution. Covid-19 pandemic accelerated notably digitalization process in all the sectors - the digital adaptation process took place in a little length of time and it was thought to take place within five years on average (Gurbuz and Ozkan, 2020)³². The measure most adopted

³² I.B. Gurbuz and G. Ozkan, 'Transform or Perish: Preparing the Business for a Postpandemic Future', *IEEE Engineering Management Review* 48, no. 3 (2020): 139–45, <https://doi.org/10.1109/EMR.2020.3014693>.

is the agile working policy: 100% of firms adopted smart working for those employees qualified and enabled for such a modality of work (The European House Ambrosetti, 2020).

Further to this, given the potential threat of infection transmission throughout shared physical spaces, the flows' virtual places accompanied by digital commerce gain accelerated relevance and centrality.

From this first glance on problems generated by Covid-19 pandemic, it can be claimed that there emerges a clear acceleration concerning already in place changes. This acceleration process has a nature of necessity seeing as how, to face up to health, economic and environmental emergencies, digitalization has been intensified to guarantee on the one side social distancing and on the other to keep the development of the activities related to national economy fulfillment

Another relevant issue concerns the debate on global value chains (GVCs): Covid-19 pandemic, in fact, lead to significant interruptions or shortening of GVCs (OECD, 2020)³³. The immediate health emergency has revealed arduous deficiencies of supply – e.g. disruption in international transport networks, restrictions on the movement of people and additional requirements at the border for customs clearance - of intermediate and final goods mainly produced in China or anywhere else, for instance those necessary everywhere to fight Covid-19.

On this purpose, also volatility in demand plays a key role whereby the production keeps on but consumers' willingness to pay does not. Businesses hit by the catastrophic event need to improve robustness in the ability to sense and respond to changes in an organization's internal

³³ 'COVID-19 and Global Value Chains: Policy Options to Build More Resilient Production Networks', OECD, accessed 24 April 2021, <https://www.oecd.org/coronavirus/policy-responses/Covid-19-and-global-value-chains-policy-options-to-build-more-resilient-production-networks-04934ef4/>.

and external environment by quickly assembling resources, relationships and capabilities (OECD, 2020).

Becoming shorter, GVCs observed some shifts in consumer preferences towards more sustainable production processes: this is the important reason why many firms are adapting business models, giving relevance to proximity and hence tending to produce closer to consumers as well as relying less on offshoring, but rather reducing their reliance on foreign inputs or on third parties for activities not belonging to core business. It is noticeable the need to rethink global value chains and make them more resilient, for example by diversifying their supplier base or by reshoring some activities.

Past experiences of global crises, such as the Great recession in 2008, unveil the tendency of political responses to focus on present stabilization, in moments of difficulty, rather than on the opportunity to realize a sustainable transformation (Markland and Rosenbloom, 2020)³⁴. Markland and Rosenbloom address this tendency to come back to already established trajectories as symptom of deep systemic lock-ins, particularly visible in such significant disruptions, added to the complex interdependencies existing among infrastructures, technologies, businesses, regulations and lifestyles, that make harder the realization of socio-technical perspectives as index of social systems changes.

Nevertheless, stabilized and consolidated systems do change, and such shifts are known as transitions. Transitions are multi-dimensional, technological, institutional, political, social and

³⁴ Jochen Markard and Daniel Rosenbloom, 'A Tale of Two Crises: COVID-19 and Climate', *Sustainability: Science, Practice and Policy* 16, no. 1 (10 December 2020): 53–60, <https://doi.org/10.1080/15487733.2020.1765679>.

cultural, displaying when consolidated systems are interrupted by external shocks and some alternatives of configurations are at disposable (Markland and Rosenbloom, 2020).

Covid-19 pandemic is a perfect example of systemic shock of the socio-technical systems and the post-crisis uncertainty pushes businesses to adapt to innovative approaches coming very fast from a crisis serving as a check-up allowing to questioning about existing systems and management capacities (Gurbuz and Ozkan, 2020).

2.3 FRAMEWORK: BACKWARD MARKET ANALYSIS AND ANTI-CYCLICITY OF F&B

The equilibria, the challenges and the priorities of the recent past and those expected for the next future, suffer from significant change of schedule, perturbing decision-makers from all over the world (The European House Ambrosetti, 2020)³⁵.

The Italian food and beverage and agriculture configure a complex scenario and Covid-19 pandemic outbreak worsened the deficiencies of 2019. Adverse conditions such as slowed global exchanges, unknowns of a post-Brexit future, possible reflections of taxation imposed on US market and weather aberrations, weighted on the annual evaluation of 2019³⁶.

Globalization, technological change, and pandemic outbreak are changing deeply the competitive game where businesses are playing, and these events are making more difficult the approach to understand the competition dynamics. Industrial organization (I/O), as well as RBV (resource- based view), dynamic capabilities and game theory (to mention only a few)

³⁵ The European House - Ambrosetti – Community Food&Beverage, ‘La Roadmap Del Futuro per Il Food&Beverage: Quali Evoluzioni e Quali Sfide per i Prossimi Anni - Rapporto 2020’ (Ambrosetti Club, n.d.).

³⁶ AgrOsserva report by ISMEA 2020, <http://www.ismeamercati.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/10277>

(Casadeus-Masanell and Ricart, 2010)³⁷ are approaches that must be reviewed or re-adapted to define a guideline for firms to develop competitive advantages and corporate strategies. More than this, industry structure and all the exogenous conditions affect the performance, and this requires an intrinsic ability to build on strengths and overcome weaknesses, as fundamental to survive.

The table below sums up some of the key aspects as elaborated in the research conducted by Ambrosetti Club during 2020 (see Table 1).

Table 1 “Some global trends and Covid-19 impact on their evolution” Source: Own re-elaboration from The European House Ambrosetti - 2020

KEY ASPECTS	Pre-Covid scenario	Post-Covid scenario
Geo-political equilibria among global players	Economic interconnection and power dispersion intensification - from west to east powers	Usa vs. China opposition impacted subordinated countries relationships
European stability	Germany-france axis centrism and future relationships with uk after brexit	Inner division on big issues
Demographic equilibrium	Progressively ageing population and reduced birth rate	Pandemic effects on developing economies and on countries with selective healthcare systems
Goods and capital global flows	Globalization and multiplicity of competitive arenas, production off-shoring tendency	Strategic global value chain reviewed, reshoring at national level, contrast measures adoption against pandemic as economic and industrial development re-orientation tool
People global flows	Tourism globalization	Local and national destinations
Transnational challenges	Climate change, sustainable development	Focus on safety, healthcare, digitalization and international cooperation to give common answers to global problems
Urbanization	Urbanization in metropolitan areas and mega-cities	Industrial and commercial activities localization

³⁷ Casadesus-Masanell and Ricart, ‘From Strategy to Business Models and onto Tactics’.

This paragraph will deal with a comparison between the overall positive performance of 2019 in terms of export, value added and employment, with the impacts on the state of the art of a crisis on social and economic dynamics. The shock has been combined between demand and supply with, on the former, productive activities interruptions and stalls on supply chain side, whilst, on the latter, it has been registered a stall in private investments as well as a drop in inner demand as a consequence of lower willingness to pay due to lower disposable income in consumers (The European House Ambrosetti, 2020). These aspects lead to shortened sales on international markets.

The high fluctuations in financial markets as well as in demand and supply curves, are heading towards a contraction at historical levels, whose loss could take years to compensate for (Gurbuz and Ozkan, 2020).

Uncertainty of political and economic panorama dominates the international scenario, and the first ten months of 2019 were already characterized by wares exchange reduction of 0.5% with respect to 2018 as results from Central Planning Bureau study (Ismea, 2020). International Monetary Fund appraisal evaluates 2019 as closed with a global GDP increasing of 3% on 2018 but with a decelerating trend from 2017: the weakness of the circumstance is worsened by the Corona Virus disease spread and its consequent restrictions on people and goods.

IMF on this purpose, defined it as a crisis without precedents for at least three reasons: firstly, for the width of the shock on global scale, secondly for the uncertainty about its duration and intensity, and thirdly for the unusual role that the political economy is playing.

The current crisis has an extra-economic nature, inasmuch caused by an event not dealing with financial or economic factors and intentions (ISMEA, 2020)³⁸.

The numbers gathered by The European House Ambrosetti on Eurostat, Federalimentare and Istat data, picture a framework of 2019 as a good performance year for the sector: a total

³⁸ ISMEA, “L’industria alimentare in Italia – le performance delle imprese alla prova del Covid-19”, 2020

turnover of 200 billion Euro, good percentages in export, and a relevant role on employment rate. More than 1.4 million of people employed in more than 1.6 million organizations operating in the sector.

The report of ISMEA displays data about the productivity of labor increased between 2014 and 2019 with a trend of +14.2%. With a total amount of 64.6 billion Euro in 2019, food and beverage sector created 4% of value added created on the whole by the national economic system and the five years 2014-2019 revealed the sector as the most dynamic of the economy. The report states that food and beverage consumptions before Covid-19 advent in 2020 has been stagnant and static for over a decade. In the period 2007-2019 domestic shopping decreased of almost 16 billion Euro, but an emerging increasing trend of almost five billion of extra-domestic food consumptions has been registered.

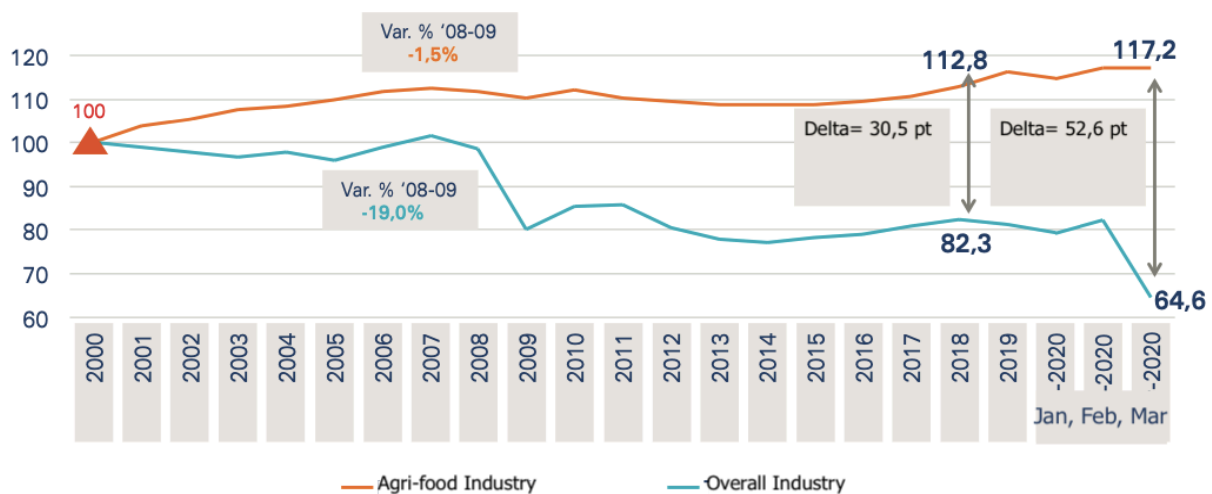
In the last years the competitive positioning of the Italian food industry assumed a socio-economic importance with high relevance in Italy, affecting for almost 10% on GDP and 13% on employment rate (Nomisma, 2020)³⁹. IMF estimated a GDP decline for 2020 of -4.4% at a global level, and in Italy specifically a drop in GDP in the first three months of 2020 of 5.3% with respect to the end of the previous year, and of 5.4% with respect to the first trimester of 2019 (Istat, 2020): the value was bounded thanks to the economy rehab in the last three months of the year, but destined to get further worsened due to the decay of the situation, even to -9.1% as worse peak after the post-war (The European House Ambrosetti, 2020).

The anti-cyclic nature of the food production chain, whose value added is increased in the last decade crisis of 19% against an average of 7% of total manufacturing sector, thanks also to the export (intensified of more than 80%), displayed during Covid-19 emergency too.

The value added generated by F&B in terms of creating wealth for the nation, enlightens the distinctive trait of the sector of respond and react to both the financial crisis of 2008 and to the ongoing health emergency.

³⁹ Italian market research and advisory corporation

The overall industry in Italy registered a drop in production of 21.5% in only a month between February and March 2020, whilst F&B industrial production did not have relevant impacts: the sector registered the second-best performance, after chemical-pharmaceutical industry, inasmuch able to increase its industrial production of 17.2% in the last twenty years, with respect to an overall industrial panorama that dropped by 35.4% as the graph describes (The European House Ambrosetti, 2020).



Graph 1 “Industrial production in Italy (year index, 2000=100), 2000-2019 and Q1 of 2020”

Source: Own re-elaboration from The European House Ambrosetti on Istat Data 2020

In the previous and in the current year, respectively 2020 and 2021, Italian industrial system has recorded a drop in turnover of 11.5 %, as worst result after 2008 great recession, and the Food and Beverage sector on the contrary presents stability with respect to the previous year, i.e. only – 1% drop in sales volume. This countertrend is fostered especially by export registering 46.1 billion Euro with + 1.8 %, in spite of restrictions imposed on logistic management (Sgambato, Il Sole 24 Ore FOOD, 2021)⁴⁰.

⁴⁰ ‘Agroalimentare, il fatturato 2020 cala solo dell’1% contro un crollo medio dell’11,5%’, Il Sole 24 ORE, <https://www.ilsole24ore.com/art/agroalimentare-fatturato-2020-cala-solo-dell-1percento-contro-crollo-medio-dell-115percento-ADSUwiLB>.

Regardless the excellent trend of retail and export, as above stated, it is necessary not to neglect that damage caused by closing bars and restaurants (Il Sole 24 Ore FOOD, 2021⁴¹). The total food consumption is generally levelled at 225 billion - 10% less with respect to 250.4 billion in 2019. And it is properly the extra-domestic consumption drop of 35% - from 85 billion to 55 billion – that exacerbated the national aggregate inner consumptions decreased by 11.8% (Il Sole 24 Ore FOOD, 2021).

Nonetheless, the production of food industry resists, in contrast to the other sectors symbol of Made in Italy, and it becomes the first wealth of the country, as resource producing income: in 2020 the industry generated 64.1 billion Euro of value added, slightly dropped of 1.8% with respect to 2019 and the performance of the sector discerns itself from the 8.9% contraction perceived on the national GDP (The European House, Ambrosetti, 2021).

The export plays a central role, indeed this condition has been nurtured also by foreign consumers: the demand increased thanks to Germany (+ 5.5%) as first Italian partner and to US (+ 5.2%) as emerges from Istat⁴² data gathering (Sgambato, 2021).

The industry of F&B is of fundamental strategic importance for the Italian economy. European Food Agency (EFA)⁴³ provides an overall view on the situation of 2020 and F&B sector becomes the first source of wealth for the Italian country. With respect to other sectors of Made in Italy, such as textile and automotive, with a decrease of respectively 28.5% and 18.3%, the Agrifood overcomes with 538 billion Euro (Coldiretti⁴⁴ estimation, 2021).

⁴¹ 'Federalimentare: consumi food&beverage colpiti come gli altri dalla pandemia', Il Sole 24 ORE, <https://www.ilsole24ore.com/art/federalimentare-consumi-foodbeverage-colpiti-come-altri-pandemia-AD7tuLNB>.

⁴² National Institute of Statistics – Italian public research body

⁴³ 'Industria: alimentare diventa la prima ricchezza del paese - Traina record storico per l'export del made in Italy', EFA News - European Food Agency, <https://www.efanews.eu/item/16858-industria-alimentare-diventa-la-prima-ricchezza-del-paese.html>.

⁴⁴ National confederacy of direct farmers as main representation and assistance association

As above stated, the percentage of increase in export operation of +1.4% faces up a general decrease of 10.8% in shipments abroad. Export is the only sector growing and “Italy must re-start from its strengths with F&B that demonstrated resilience in front of the crisis”⁴⁵.

Concerning the inner Italian market instead, the scenario presents complication and a turnover almost halved (-48%) with an overall loss of 41 billion Euro⁴⁶.

The simulation system of ISMEA, with ISTAT data auxilium, gave results of an overall contraction of 6% of value added, with respect to a basic scenario without Covid-19, for the entire economic system and a specific worsening also in F&B with respect to strong contractions in all the economic sectors, especially those involved in tourism activities.

The emergency made the market scenario more complicated and radically different, causing a damage at a global level in both consumption and distribution of food and beverage goods. Businesses are hence forced to revisit their productive and commercial strategies also because a change in consumers attitudes has been ascertained both in terms of goods and services. It has been registered a swing, in parallel to the emergency, of both products purchased and on distribution channels, whose picture resulted highly volatile.

Aforementioned evidence illustrates how Italian F&B industry register a constant increase at production, export and consumption levels but despite that, the current situation establishes the conditions for a major crisis in the identity and ideals of population, whose habits, routines and priorities in some cases are forced to change. As one of the most resilient sectors of the country, F&B cannot disregard challenges recently emerged such as environmental sustainability, circular economy, innovation and digitalization to keep the status quo, whose future growth is assured by good performances such as the above described.

⁴⁵ Prandini E., Coldiretti President

⁴⁶ ‘Export: food unico settore in crescita nel 2020 - +1,4% a fronte del crollo generale del -10,8% nelle spedizioni all’estero’, EFA News - European Food Agency, <https://www.efanews.eu/item/16674-export-food-unico-settore-in-crescita-nel-2020.html>.

2.4 SOCIO-ECONOMIC IMPACTS OF COVID-19 PANDEMIC OUTBREAK

The future context is the outcome of complex and changeable forces and variables, often hard to forecast; therefore, economic actors and governments should be prepared to navigate difficult and evolving scenarios. Foresight methodologies needs instruments to outline possible situations, to take decisions on short term and to cope with potential crisis in medium and long term.

The term VUCA describes situations volatile, uncertain, complex and ambiguous and COVID-19, as a global health crisis, is this kind of situation that impacted severely the world, sharpening the already existing structural fragilities.

Covid-19 pandemic has imposed shocks on all segments of food supply chains, from production to process, as well as transportation and logistics, to conclude with final demand and customers (OECD, 2020)⁴⁷.

The perspectives for the next future include retail phase dilemma to meet consumers aspiration for value and quality, an e-commerce and digitalization evolution in traditional markets, a rewire of logistics to meet consumers' demand for proximity and the need to harness new moments of consumption.

The impacts just mentioned are the cornerstones this research thesis pivots around.

2.4.1 Supply chain analysis: production, processing, distribution and demand side shocks

All the segments of the supply chain have been affected by shortages in supply as Covid-19 gathered pace.

⁴⁷ 'Food Supply Chains and COVID-19: Impacts and Policy Lessons', OECD, <http://www.oecd.org/coronavirus/policy-responses/food-supply-chains-and-Covid-19-impacts-and-policy-lessons-71b57aea/>.

According to McKinsey & Company, the disruptions of the supply chain due to global turmoil will lead to hard to manage problems and to difficult coordination responses (McKinsey & Company, 2020⁴⁸ ; Gurbuz and Ozkan, 2020).

The World Economic Forum with regard to the supply chain activities during the crisis, in releasing a report in April 2020 identified the best responses to help building resilience in front of the current situation, from a short-term perspective (World Economic Forum, 2020)⁴⁹. The strategies proposed are five, firstly businesses must become more flexible and durable in terms of risks, creating alternatives to the structure of own supply chain. Secondly, increase technology and digitalization investments to lead prepared behavior in the crisis environment; thirdly, adopting more flexibility from production phase; and to conclude, establishing strategic partnerships especially across sectors to increase innovation capacity and reducing complexity aligning product and process production in line with capabilities and competencies (WEF, 2020).

The initial phase of production has been affected by a reduction in inputs, most notably labor, indeed the workforce was reduced by the limits inflicted on mobility and the resulting transport modes difficulties. Hence, it is fundamental to maintain logistical efficiency (Aday *et al.*,2020). The measures implemented by the governments around the world to hinder the impacts of Covid-19 on food value chains include an overall reduction of services relied on transport and on a correlated labor migration, both domestically and internationally so within and across

⁴⁸ ‘Coronavirus’s Impact on Advanced Industries | McKinsey’, accessed 1 May 2021, <https://www.mckinsey.com/industries/advanced-electronics/our-insights/coronavirus-a-response-framework-for-advanced-industries-companies#>.

⁴⁹ ‘How to Rebound Stronger from COVID-19: Resilience in Manufacturing and Supply Systems’, World Economic Forum, accessed 1 May 2021, <https://www.weforum.org/whitepapers/how-to-rebound-stronger-from-Covid-19-resilience-in-manufacturing-and-supply-systems/>.

borders (FAO, 2020)⁵⁰. It is deductible how the logistics lies at the core of food value chains, enabling the flow of agriculture inputs and output and related services in general. The adverse impacts observed by FAO in such a threatened logistics efficacy are side effects concerning on the bottom the quality and freshness of foods, until, at the top, impediment to the access to markets and affordability.

Vulnerabilities, particularly with respect to distribution and logistics, there exist in the presence of unprecedented shocks in the system like this.

Proceeding along the supply chain and approaching the processing phase, it is noticeable, from evidence of the study conducted by OECD⁵¹, the disruption of industries operating in this phase. Social distancing, self-isolation, sickness and lockdown measures lead to shortages and shutdowns with firms reporting high rates of absenteeism and less staff availability, in some cases also due to workers reluctance to go to work (Aday *et al.*, 2020). Clusters of the virus have been found in situations where employees work in close proximity or overcrowded conditions, making it more difficult to respect physical distancing (OECD, 2020).

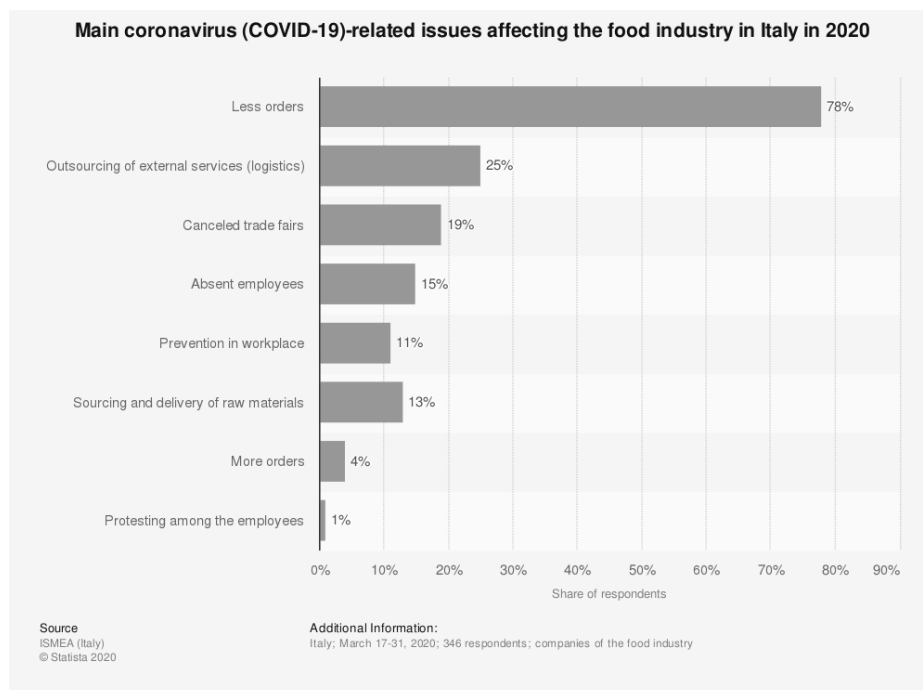
Labor-intensive firms appear as more vulnerable than capital-intensive to labor disruptions (Hobbs, 2020) and a small delay in one activity may impact throughout the production process. Capital-intensive are affected when relying on a large number of intermediate processes but, on the other side, the labor-intensive production method relies heavily on seasonal workers, either because of natural cycles or for processing and transportation of goods to market (FAO,2020). Hence, it is critical to maintain a functioning input system for the functioning of the supply chain - “from farm to fork” (FAO, 2020).

⁵⁰ FAO, ‘Responding to the Impact of the COVID-19 Outbreak on Food Value Chains through Efficient Logistics’, April 2020.

⁵¹ OECD, June 2020, Tackling Coronavirus: contributing to a global effort.

This shortage in workforce, from illness and physical distance, undermines the work of labor-intensive businesses with condition retarding the delivery of inputs (Aday *et al.*, 2020)⁵². Being all the processes and stages of supply chain interconnected, any delay could trigger a butterfly effect resulting in loss in the yield and output (FAO, 2020; Aday *et al.*, 2020).

Statista Research Department published in September 2020 a study⁵³ about the issues affecting the Italian Food Industry in the same year. The data traced a percentage of 78% of Italian companies as facing significant order decrease, because of a difficult outsourcing of external services such as transportation and cancellation of trade fairs.



Graph 2 “Coronavirus (COVID-19) issues affecting food industry Italy 2020” Source: Statista 2021 (ISMEA)

⁵² Serpil Aday and Mehmet Seckin Aday, ‘Impact of COVID-19 on the Food Supply Chain’, *Food Quality and Safety* 4, no. 4 (1 December 2020): 167–80, <https://doi.org/10.1093/fqsafe/fyaa024>.

⁵³ Survey time period March 17-31, 2020 ; released in April 2020 ; companies of the food industries interviewed: number of respondents = 346

From OECD lesson, it emerges how the disruptions above mentioned such as stresses on food supply chains and system, as well as bottleneck effects and epochal shifts in demand, are consequent to policies adopted to contrast the virus' spread.

Despite the sector demonstrated remarkable resilience in managing the emergency, consumer demand experienced an unprecedented shift arisen from the collapse of sales of food away from home in hotels, restaurants, catering and cafés, towards a domestic consumption.

The only light in the dark is the retail food, whose demand soared and a rate higher than usual of 15-20% has remained after the peak in the second half of March 2020⁵⁴.

Panic-buying or hoarding behaviors and fall in consumers' income as well as shifts in product categories and consumption patterns are visible demand-side shocks: the former two are short-run problems and the others long-run ones of demand spike. The overall demand impacts on a longer perspective may result in higher price sensitiveness and in a drop of elastic income products demand (Hobbs, 2020)

More than the impact on primary production or food demand as a whole, the disruptive effects are registered on the actors connecting the beginning of the supply chain with the end of it and on the sudden change in demand mix: this is the reason why “disruption in processing, ... , can “disconnect” supply and demand, creating simultaneous surpluses for producers and shortages for consumers” (OECD, 2020).

Nonetheless, several steps towards adaptation to survive have been taken. Food processors and retailers, supply chain actors, logistic sector, governments and policy makers as well as industry associations cooperated in provide help one to the other to cope with Covid-19: starting from practices for safety and hygiene, passing through the relaxing of regulations on trade, to new delivery methods and services or online sales thanks to digital technologies and platforms.

⁵⁴ IRI and Boston Consulting Group, “Consumer spending tracker for measured channel”, May 2020

F&B, the least e-commerce-oriented channel of the retail industry⁵⁵, contributed to the growth of digital commerce started in 2019 and accelerated by the pandemic outbreak.

This constitutes an evolution, more than a revolution. The technology applied to e-commerce platforms as a matter of fact, integrates and enlarges business, since intended as potential market dimension which organizations overlook at. Good evidence on this could be found in the data presented by Unicredit with regards to online “strategicity”. In 2020, it has been registered an increase in online market purchases of 26% equivalent to 23 billions Euro and even a +56% in food and grocery online distribution channel too.

E-commerce represents hence not only an attack tool, but rather of defense for, respectively, conquer new customer segments and to keep supplied and retained loyal ones.

2.4.2 Issues and effects: focus on consumer behavior

The Food and Beverage industry productive fabric is put through its paces due to the great difficulties caused by Covid-19 advent and the supply chain itself struggled to adjust the effects of changes in consumer purchase behavior resulting in demand shocks.

It follows the necessity to adapt to a radically altered business model (Hobbs, 2020)⁵⁶. Besides, the pace of technology and innovation is increasing rapidly, creating both risk and opportunities for the companies. The main issue for those companies relies on the capacity to be able to forecast and predict customer preferences ahead of time.

⁵⁵ ‘L’e-commerce, opportunità e necessità per il food & beverage made in Italy’, WineNews, https://winenews.it/it/le-commerce-opportunita-e-necessita-per-il-food-beverage-made-in-italy_436720/.

⁵⁶ Jill E. Hobbs, ‘Food Supply Chains during the COVID-19 Pandemic’, *Canadian Journal of Agricultural Economics/Revue Canadienne d’agroéconomie* 68, no. 2 (2020): 171–76, <https://doi.org/10.1111/cjag.12237>.

A high reliance on online and delivery options have become commonplace in new business patterns (Deloitte, 2020)⁵⁷ of businesses proposing themselves simultaneously to consumers' mood oscillation.

The scenario configures a very high rate of losses deriving from severe factors hit by the phenomenon.

The advent of a crisis of planetary dimension, such the current one, forced the adoption of restrictive measures. ISMEA monitored the pathway among agri-food supply chains drafting reports on demand and supply of food products in, respectively, the first weeks of virus spread in March 2020, a month later in April 2020, in June 2020 and to conclude at the beginning of the current year in February 2021.

In the first report, Ismea started monitoring the agri-food production chains, analyzing the market unknowns' evolution in the various phases of exchange: origin, wholesale and retail.

The analysis of Italian families' consumption trends, the detailed analysis of market and price situations and the results of a study conducted on a panel of corporations of the sector, articulate the report giving a picture of a sector bearing less of the current crisis situation. Despite the necessity to face numerous difficulties, F&B on March 2020 was still able to guarantee the provision of final markets.

The context was evolving rapidly and few weeks later the definitive closing of Ho.Re.Ca channel blocked the positioning of products that absorb a relevant percentages on overall export flows. The shortage of labor force and import processes started representing a huge problem to which criticalities in logistic and transportation are added.

In the second report, edited a month later the emergency started, there measured the effects imposed by the blocked Ho.Re.Ca channel, by the resetting of touristic flows on the internal

⁵⁷ Deloitte, 'Understanding the impact of Covid-19, Grocery and Food Retail', 2020

market and by export recession. The picture presented a situation in line with the previous month.

The agri-food supply chain, from production to retail phase, has been monitored during these first months of emergency and the effects imposed by the total paralysis of Ho.Re.Ca channel have been measured (Barcaccia *et al.*, 2020)⁵⁸.

To the faith deterioration of food market operators, caused by the deep concern for present and future perspectives, comes up beside a real collapse of the food industry. The only plus sign is the shopping that kept increasing even in this second month of emergency: +18% on retail sales of packaged food with respect to April 2019, and an additional overall increase of 3% with respect to February 2020. The trends observed registered a significant +160% on home-delivery – whose increase has been limited by the capacity to satisfy demand, rather than the demand itself, far lower; commercial activities of proximity adapting to changes; shifts in consumers' preferences and tendency to stock goods with possible current assets liquidity⁵⁹.

Barcaccia *et al.* (2020) in their review article published on Sustainability Journal listed down the trends observed in the second month of lockdown, as follows:

- boom in food delivery;
- recovery on the part of local commercial establishments;
- purchasing preferences of customers shifted from stockable products to primary ingredients;
- recovery in wine purchases;
- possible store cupboard saturation and liquidity crises of family units.

⁵⁸ Gianni Barcaccia et al., 'Impact of the SARS-CoV-2 on the Italian Agri-Food Sector: An Analysis of the Quarter of Pandemic Lockdown and Clues for a Socio-Economic and Territorial Restart', *Sustainability* 12, no. 14 (January 2020): 5651, <https://doi.org/10.3390/su12145651>.

⁵⁹ Data gathered by Ismea – April 2020

In the third report four months later the pandemic outbreak, some clarity was made about the concrete disadvantages caused by the closing of food services and the hits on export flows: non-pessimistic hypotheses accounted for a drop of almost 40% (almost 34 billions Euro) in Ho.Re.Ca extra-domestic consumptions, with respect to a +1.6% (86 billions Euro) of 2019 over 2018. To sum up, the overall impact on the total domestic and extra-domestic agri-food expense estimated for 2020 consisted of a reduction of around 10%.

The most recent report, the fourth one, edited in February of the current year hinges on the impossibility to make forecasts on such an extended and deep phenomenon. Historical analysis will be the only tool to describe the actual societal change; it is anyway deductible that the virus propagation has often accelerated practices and trends, already started earlier with different context. EU Green Deal of 2019 is an instance of priority attributed to the sector's development for the next years ⁶⁰.

Ismea elaborated, in conclusion of 2020 financial year, a list of inheritances left by Covid-19, here below are some:

- From global to local: de-globalization process accelerated by proximity facilitating;
- Food delivery as relevant distribution channel; and,
- Transition towards digitalization.

These above listed long-run changes are worth to be considered since Covid-19 pandemic will have long-lasting effects on food supply chains' nature. Hobbs in its special issue article of April 2020, providing an assessment of pandemic implication for supply chain resilience, considers two aspects: new distribution channels supported by digitalization and proximity issue.

Respectively, the former concerns the expansion and growth of online grocery delivery sector and it requires an appropriate investment in infrastructure such as web portals to fulfill it

⁶⁰ Ismea – February 2021

(Hobbs, 2020). Staffing investments as well as delivery capacity development are required too. The author addresses questions about whether the consumer attitudes will come back to origins once the pandemic is over or if this event could prove to be catalyst in the sustained adoption of innovation.

By the way, before proceeding, an aside must be made to categorize the adopters on the basis of innovativeness. This dimension in fact, as measured by the time at which an individual (consumer) adopts one or more innovations, is continuous. As the Figure 4 shows, the innovativeness variable traces a curve that distinguishes, by partition, five adopters' categories – the distribution is approximated to a statistical Gaussian distribution.

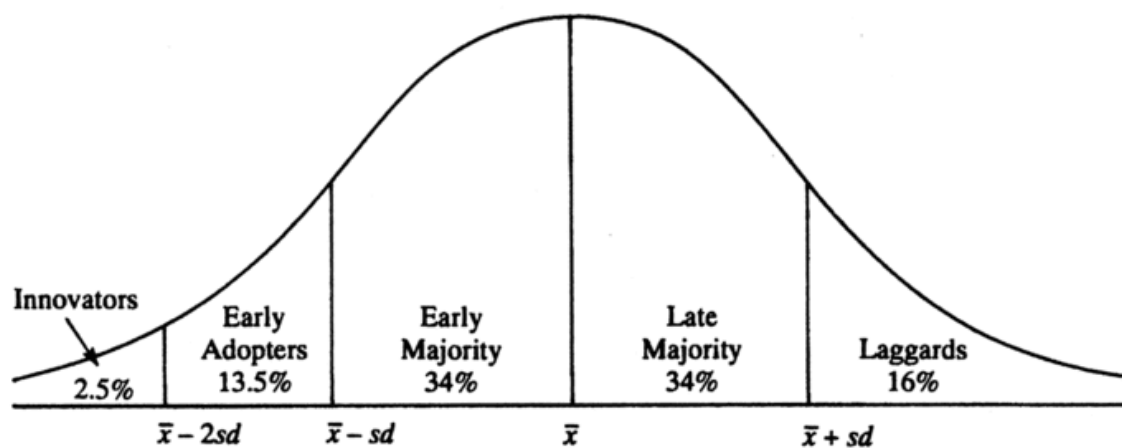


Figure 4 “Diffusion of innovations model logistic curve” Roger, E.M.

Hobbs distinguishes among pre-, during and post-pandemic phases as different segments of innovation cycle. The period antecedent to the pandemic outbreak represents early stages of innovation with early adopters as only users of online services. Later on, during the pandemic, the vast majority of new adopter consumers are enjoying the service for the first time becoming more familiar with the new distribution channel. The upward shift in the adoption curve is quicker than it would have been in absence pandemic, being 2020 a watershed year in the uptake of online delivery, of any kind of good or service (Hobbs, 2020). To conclude, the forecasts about the adoption trends are positive in a post-Covid scenario.

Back to the aspect the author touches to provide an assessment of pandemic implication, the latter concerns proximity issue. This topic deals with the prioritization of local food supply chain in the communities as less vulnerable to cross-border disruptions in either systemic failure in any choke points in larger boundaries supply chain or in import operations.

2.5 EMERGING DISRUPTIVE TRENDS AND COMPETITIVENESS: CHANGING PLANS AMID UNCERTAINTIES

First of all, it is considered worthwhile to underline the correlation between impacts and opportunities. Disruptive trends born as a consequence of the impacts of Covid-19 pandemic did left space to opportunities for businesses to react in time seizing the moment to differentiate value proposition with incremental efficiency and resilience along the supply chain.

As Nenonen and Storbacka⁶¹ affirm in opening their research, it is fundamental to utilize crisis, rather than waste it since it poses occasions to improve business network and markets as more turbulent and discontinuous systems (Nenonen and Storbacka, 2020).

The current scenario prospects many obstacles, the need and the strategy are to take them as opportunities to improve, facing these events are important occasions to sign new contracts and meet partners. Being able to leverage experience from the present situation responses and seize opportunities for future growth is a step to move through rebounding toward the post Covid-19 era, in a respond-thrive-recovery cycle for firms to withstand the impact (Deloitte, 2020).

⁶¹ S. Nenonen and K. Storbacka, 'Don't Adapt, Shape! Use the Crisis to Shape Your Minimum Viable System – And the Wider Market', *Industrial Marketing Management* 88 (2020): 265–71, <https://doi.org/10.1016/j.indmarman.2020.05.022>.

Due to changes of the past months in the market and to the evolving consumer demands, it is required for the actors of the sector to adopt new strategies to increase performance, pursue growth and approach new consumption habits.

Environmental sustainability, Circular Economy, innovation and digitalization challenges emerged in these last years, have the potential to represent real strategic leverages for a more structured and long-term oriented recovery, once the emergence is over (The European House Ambrosetti, 2020).

At the beginning of 2020, meanwhile the pandemic outbreak consequent to Covid-19, there has been a concretization of the process of rewrite of the competitiveness model for alimentary systems on the basis of such ambitious objectives fixed at a community level, e.g. sustainability⁶². The process was subjected to a sudden speedup due to disastrous economic and social effects of Covid-19 on global scale.

A poll conducted by BarNext on Food&Beverage future⁶³ across the four quarters of 2020 offers a point of view on the performance and emerging trends from the side of the sector's economic actors in charge.

Market Outlook pictures precisely the “sentiment of a category marked by the absence of certainties” as Erminio Alajmo, APPE and Alajmo Spa president, stated and it gathers ideas and measures outcomes as well as anticipation of the market (BarNext, 2020)⁶⁴. The surveys saw the participation of hundreds of respondents giving them fundamental insights for an

⁶² Rapporto ISMEA - "Qualivita 2020, sulle produzioni agroalimentari e vitivinicole italiane DOP, IGP e STG" https://www.qualivita.it/wp-content/uploads/2020/12/20201211-Rapporto2020-Digital_.pdf.

⁶³ Observatory designed by *Fiera di Padova* in collaboration with *GRS Research and Strategy* to collect, to analyze and to share sentiment of actors operating in the sector. The poll has been realized with the participation of APPE Padova (Associazione Provinciale Pubblici Esercizi) and AIBES (Associazione Italiana Barmen e Sostenitori).

⁶⁴ GRS Research&Strategy, APPE Padova, ‘BarNext “Market Outlook” Observatory’, September 2020.June and September 2020 (Q2 and Q3 2020), February 2021 (Q4 2020)

efficient decisional process and “allowing operators to better face difficulties of the present to get ready for restart scenarios” (Luca Veronesi, General Director Padova Hall).

Concerning emerging trends: it is still central the topic of recovering relationships with customers, transmitting trust and customer loyalty management – around 60%⁶⁵ of respondents valuated it as priority; it follows a registered increase in re-adaptation of physical spaces and of the supply and offer proposal, also from price side. The tendency of a post-Covid situation is that of being characterized by changes in consumer habits: lower quantity, but higher quality, prior to hygienic and alimentary security, and innovation of new formats of consumption from catering to to-take-away and delivery (Barnext, 2020).

Institutional support (around 70% of respondents), cooperation among businesses, financial support and higher communication are classified by BarNext study with high emphasis as necessary actions to overcome the crisis, since it emerges that the expectations for the last months of the 2020 as little enhancing for economic performance.

In line with the aforementioned trends deducted from evidence of the poll conducted by BarNext, there is a research made by AlixPartners that presented in October 2020 a series of regional European, respectively Italy, France, Germany and UK, perspectives from the in-market F&B experts.

The emergence of new additional consumer lifestyle habits from the pandemic caused disruptions of many of the trends emerged in recent years: self-centric consumer is an instance of buying behavior on which agile brands achieved success, identifying it and consequently associating products to it. Seize the moment of consumption must become a key priority to be implemented in order to ensure business continuity more than ever (AlixPartners, 2020)⁶⁶.

⁶⁵ Own re-elaboration of percentages based on an average among the data from the three studies BarNext 2020

⁶⁶ ‘Food for Thought: The View from Italy | AlixPartners’, accessed 18 April 2021, <https://www.alixpartners.com/insights-impact/insights/food-for-thought-view-from-italy/>.

Another point clarified in the study concerns the future of trade-up strategies as increasing willingness of consumers to pay a premium for products characterized by authenticity and consistency with their value. At this purpose it is necessary to underline the pandemic-consequent diminishing spending power of consumers. Nonetheless, AlixPartners study forecasts the pandemic as augmenting the trend of authenticity, as lined to culture, traditions and territories, further.

Healthy trends registered an acceleration also in food industry becoming a priority for consumers. Some data by AlixPartners research reveal that 20% of consumers in Italy purchase healthy foods and beverages goods more often than before lockdown, compared to 23% in France, 27% in Germany and 15% in UK. The concept of healthiness is, for 75% of Italian, correlated with sustainability in the overall supply of food products.

It is noticeable, from what above stated, a next leaning of consumers to become more and more keen to support local producers and retailers and a next leaning of brands to trade up by leveraging their regional and local identity (AlixPartners, 2020) enhancing the concept of proximity.

Moreover, a survey conducted by McKinsey Company to a sample of CEOs and consumers across Europe, powered by Europanel data and insights, focuses on 2020 as a highly challenging year for grocery retailers operating in a market unprecedentedly changed (McKinsey, 2021)⁶⁷. The forecasts for the state of grocery retailers in 2021 concentrate on new strategies adoption in front of fast-evolving consumer demands and from the backward-looking analysis of the landscape, it emerges it has been reshaped by five major forces: consistent grow of the subsector, polarization of consumers between uptrading and downtrading extents, the continued online-grocery sales (+55% in EU with respect to +10% in 2019) – even if not extended to all consumer segments - compared to offline channels, a massive shock to customer loyalty (62% of consumers changed their shopping behaviors) and, to conclude, an acceleration

⁶⁷ McKinsey and Europanel, 'The Path Forward for European Grocery Retailers - Disruptions and Uncertainty: The State of Grocery Retail 2021', 25 March 2021.

of consciousness about health, sustainability and proximity (around 60% of respondents are willing to pay more for sustainable alternatives).

The ability of the actors to capitalize on

- strong online channel presence (on average +1.5% on market share across Europe);
- proximity convenience;
- less crowded stores

made them emerge successfully in 2020 (McKinsey, 2021).

Furthermore, hybrid formats as a mix of retail and food services are gaining popularity as new dual sourcing strategy intrinsic of safety and traceability.

It's inferred that marketing mix needs to be shifted from traditional to new channels, such as online and sometimes social media, in order to reach consumers and to run in parallel to the emergence of new disruptive trends: the acceleration of e-commerce adoption and the shortening of innovation cycles demand a faster transition to digital along the value chain as whole for both manufacturers and retailers (AlixPartners, 2020).

In light of new emerging consumption trends, strategic priorities for the next future can be summed up in the table attached below:

Table 2 “Strategic priorities in light of new consumption trends” Source: own re-elaboration from AlixPartners Research 2020

	PRODUCTION	RETAIL	INSTITUTIONS
PRODUCTION	review of supply chain model settled to incremental efficiency and resilience	marketing mix review re-aligned to satisfy new consumption profiles	coordinated promotion of new disruptive trends and traceability along supply chain / digital channel competition and infrastructure connectivity development
RETAIL		e-commerce integration in existing distribution channels mix / new partnerships consolidated	
INSTITUTIONS			definition of a common agenda for digitalization on sustainability in supply chain

Intervene on key priorities is therefore critical for long-term success.

2.6 STRATEGIC LEVERAGES AND INVESTMENT CHOICES FOR THE NEXT NORMAL

The Post-Covid Recovery needs to strengthen the dimension of transition to an economic, social and environmental sustainability (Barcaccia *et al.*, 2020) as policies supporting competitiveness, too, as well as a system resilience, nationally for Italy, but at international and global levels too.

In the next normal, each ring of the supply chain will once again have the necessity to rebalance its role played within the broader ecosystem, unsettled by a present forcing consumption patterns to be reshaped and everyday operations too.

Albeit the F&B sector represents a counter-tendency branch of the industrial world, there still are some fragilities that need to be addressed in order to exploit the makings of the industry. The shock caused by the emergency reinforced the requirement to head towards, on the one hand, structural interventions to strengthen the competitiveness of the sector, as well as, on the

other hand, conjunctural interventions in order to increase resilience and to make F&B ready to rebound (The European House Ambrosetti, 2020).

Online, value and lifestyle agendas are the pillar which consumer shifts are rotating around, and they are creating opportunities to capture market shares; notwithstanding, there stands still the threat of normal, once back, that will put under further pressure the balances until today created (McKinsey, 2021).

It is revealed that the main risks faced by the sector, as inspected successively from the results of the survey conducted by The European House – Ambrosetti, consist of managing liquidity, of the incumbent rise of fixed costs to assure the respect of healthcare arrangements and of a recorded contraction in consumption.

The priority to relaunch the attractiveness of the businesses operating in the F&B industry is proposed on both a short-run and long-run perspectives. The picture depicts precisely the road to the development of the sector and in the short-term period there emerge digitalization, environmental sustainability, product traceability and products portfolio innovation to face the increasing polarization in consumed goods.

If analyzed from the long-term perspective, the context evolves along the path of environmental sustainability for those organizations pointed to gain a stable digital position: the gathered results confirm a green inclination also for suppliers, rather than only for demanders with incremental attention on responsible shopping, by means of evolution in the own business model (The European House Ambrosetti, 2020). In that sense, it is worth to underline how the Circular Economy will represent a priority model gaining more and more relevance with respect to short-run interventions context.

Covid-19 pandemic could be defined as an accelerator of already existing tendencies: accelerations in some transformations trends as well as the penetration of changes in consumers habits. Necessary and sufficient is the strategic transformation towards business models with higher capacity of responding and adapting to a mutating context such the present one.

2.6.1 Low touch economy: new state of society and economy

The next years will be shaped by the current crisis and Low Touch Economy refers to the way businesses have been forced to operate in order to succeed. The central study for this paragraph will be the massive community collective research entitled “The Low Touch Economy” was performed by Board of Innovation in 2020.

Low Touch economy refers to, as the name suggests, limited interactions as well as new habits and regulations, which businesses have been forced to adapt to, consequently to strict policies installed to mitigate the risk (Board of Innovation, 2020).

The instability caused organizations the necessity to adapt quickly being able to create impact by innovations and business model redesign from external interactions limitation and formats change, to staffing differently starting from distribution of work force, in addition to HR benefits for contributing to adaptation of the business as a whole, to personal and workspace safety. The phenomenon is top-down enforced and bottom-up embraced.

It noticeable from the results of the research on economic impacts conducted by Board of Innovation, the presence of a polarization between revenue losses and, as opposite, growth managed by firms in such turbulent environment, full of uncertainty and political instability preventing to go ahead. The formers are facing broken customer relationships or probably an instant drop in demand, with constraints in supply too and the proposed solutions concern offering an alternative solution to customers who still have needs or switch client segment for those who have not, or either switch to new product or service.

In addition to short-term opportunities are the long-term ones that sometimes could imply to move away from core business, ending up with BMI: leveraging on new channels, markets, offerings (Board of Innovation, 2020).

Present circumstances push from defense to offense most resilient actors able to exploit occasions supplied by industry shifts, new regulations, consumer behavior changing facing new needs, societal changes, more accessibility to resources in terms of developments and network access and clusters, and new technology.

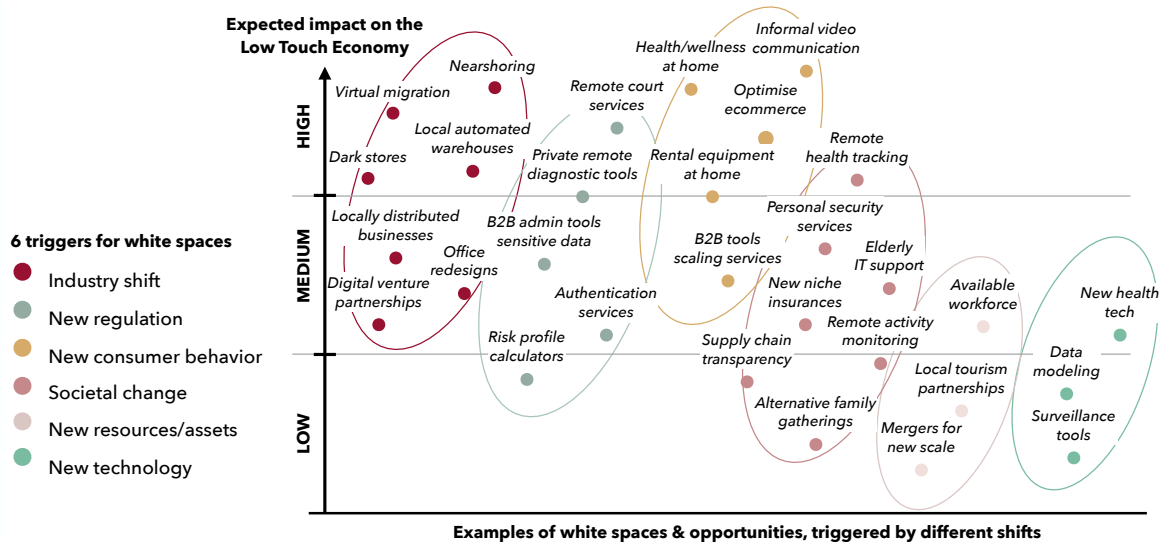


Figure 5 “Opportunities in the Low Touch Economy” Source: Board of Innovation, 2020

2.6.2 Circular economy paradigm and sustainable capitalism

UN’s SDGs adoption in corporate strategy is getting traction since people are pushing for change or since exogenous variables may not be determined.

Bm designs and investments in ESG (Environmental, Societal and Governance) factors use to create progress on UN goals for sustainable development as well as to distribute resilience along supply and value chains for companies acting earlier or simply before the current crisis (Board of Innovation, 2020)

SDGs are ambitious plan of action by 2030 for people, planet and prosperity.

Circular Economy differentiates from traditional product flow that follows a linear path. The pandemic jeopardized the linear and globalized production and consumption current models,

and circular economy could be fundamental to recovery plan calling for economic models placing social wellbeing and environmental sustainability at the core (Giudice *et al.*, 2020)⁶⁸.

Circular Economy is an economic system able to regenerate itself and it is “the only economic philosophy that can sustainably cater to people’s needs in the long run” (WEForum, 2021)⁶⁹.

Saving costs, accessing new markets and compliancy are valid reasons for companies to join Circular Economy (Board of Innovation, 2020).

The difficulty lies in making the “use-phase”, of the product, lasting because of the conflicts existing in revenue and profit target. Also extending life cycle is not a priority and, on this purpose, BM should shift toward REUSE-REPAIR-REDUCE resources policies, conferring to organizations the correlated responsibilities to RETURN and RECYCLE phases, in the production and distribution processes as a whole. Waste reduction final stage is where Circular Economy has the most immediate effect (Giudice *et al.*, 2020).

Partnerships’ consolidation is essential to build Circular Economy: innovating the ecosystem starting from redesign the value created for the stakeholder involved in the supply chain, and mapping transactions along it, to mixing value chains of different products and between organizations’ ecosystems.

Some bottlenecks effects are observed in Circular Economy adoption such as the high convenience to go for competitor alternatives; from companies’ viewpoint, trust issues related to reluctance in sharing data and product information with collaborators in value chains; value perception underestimated because of lacking WTP for an extra since the product results from Circular Economy and the profitability issue concerning the lack of turnover or cost-savings to justify the investments.

⁶⁸ Fabio Giudice, Rocco Caferra, and Piergiuseppe Morone, ‘COVID-19, the Food System and the Circular Economy: Challenges and Opportunities’, *Sustainability* 12, no. 19 (January 2020): 7939, <https://doi.org/10.3390/su12197939>.

⁶⁹ ‘Opportunities for a Circular Economy Post COVID-19’, World Economic Forum, <https://www.weforum.org/agenda/2020/06/opportunities-circular-economy-post-Covid-19/>.

The threatening compromising circumstances provide entry points for long-term sustainable transformation among retailers and distributors across food value chain (FAO, 2020)⁷⁰. The sustainable form of capitalism is structured around the management of collective support leveraged by strategic partnerships, staggered management of financial resources and human resources, and management of communication with customers target through marketing and sales. These recommendations imply a deviation from business-model-as-usual approach.

2.6.3 Moral capitalism: coopetition

There exists a thin bond among people, communities and companies and in seizing the opportunities provided by the crisis to grow efficiently, there emerges a tendency path towards solidarity rather than disunity, as a subtle inter-dependency among people, communities and organizations within communities (Haywood, 2020; Baghiu, 2020).

Changing the ethic of competitiveness lies at the core of the post-Covid renewal agenda, as World Economic Forum promulgated in 2019 (Baghiu, 2020), and the power of BMI could help achieving this purpose.

“Coopetition”, the simultaneous between cooperation and competition, is an option studied by Crick J.M. and Crick D. at the University of Ottawa in 2020, as a plausible collaborative b2b marketing strategy taking place to positively affect the company performance in volatile circumstances caused by pandemic large-scale emergency (Crick and Crick, 2020)⁷¹.

The review of BM by decision-makers has been the turning point to cope with the changes in commerce, whose orientation turned towards consumers, value chain and capabilities issues. It is noticeable another aspect, namely the strategies pertaining to sharing resources and

⁷⁰ *Adjusting Business Models to Sustain Agri-Food Enterprises during COVID-19* (FAO, 2020), <https://doi.org/10.4060/ca8996en>.

⁷¹ J.M. Crick and D. Crick, ‘Coopetition and COVID-19: Collaborative Business-to-Business Marketing Strategies in a Pandemic Crisis’, *Industrial Marketing Management* 88 (2020): 206–13, <https://doi.org/10.1016/j.indmarman.2020.05.016>.

capabilities to join mutually beneficial outcomes, i.e. coopetition. The paradoxical connection involves actors, two or more, simultaneously interacting in cooperation and competition regardless of whether their relationship is horizontal or vertical.

As Crick and Crick review, the interplay between the two forces could augment the portfolio of resources and capabilities of a company that will gain, as RBV (resource-based view) theory states, competitive-advantage. Besides, it is not negligible the strategic flexibility in decision-making even in this context. Collaborate with competitors could make economic actors yielding higher level of performance, lowering operating costs, boosting productivity, and creating value for customers (Crick and Crick, 2020).

2.7 BUSINESS MODEL EVOLUTION: COMBINING FLEXIBILITY AND RESILIENCE TO ABSORB THE SHOCK

“The greater frequency of disruptions and dislocation in many industries is shortening BM lifecycles. New global competitors are merging. Assets and activities are migrating to low-cost countries. Systemic risk is growing as global business becomes increasingly interconnected. Social and ecological constraints on corporate action are emerging. All of these factors require businesses to bolster and accelerate innovation. The discipline of BMI offers a fresh way to think about renewing competitive advantage and reigniting growth in this challenging environment.

BMI means more than a brilliant insight coming at the right place and the right time. To confer a reliable competitive advantage, BMI must be systemically cultivated, sufficiently supported, and explicitly managed.”

(Boston Consulting Group, Lindgardt *et al.*, 2009)⁷²

⁷² Zhenya Lindgardt et al., ‘Business Model Innovation: When the Game Gets Tough, Change the Game’, 2015, 291–98, <https://doi.org/10.1002/9781119204084.ch40>.

“Business model innovation is the art of enhancing advantage and value creation by making simultaneous—and mutually supportive—changes both to an organization’s value proposition to customers and to its underlying operating model. At the value proposition level, these changes can address the choice of target segment, product or service offering, and revenue model. At the operating model level, the focus is on how to drive profitability, competitive advantage, and value creation through these decisions on how to deliver the value proposition:

- Where to play along the value chain
- What cost model is needed to ensure attractive returns
- What organizational structure and capabilities are essential to success”

(Boston Consulting Group)

The pandemic has exposed to challenges various businesses, forced to give responses challenging their resilience as well as their crisis overcoming capacity to assure themselves long-term prosperity— “shifts in trust-base from employees and customers; shifts in perceived value creation (more engaged customers); balance shift between remote and on-site interactions; shifts in teaming up to co-create solutions for new problems arising; shifts in shortening supply chains or “islandization” of economies; thinking around traditional structures; raising health concerns to bring substantiated changes to the physical structures we live/work in, and also to the collection of personal data” (HBS, 2020; Baghiu, 2020).

The passive characteristic of the crisis as an entity, makes organizations having any influence on its spread, but nevertheless they have to act in accordance and re-think or also re-build their business model (Gregurec *et al.*, 2021). Business model innovation (BMI) in fact, provides companies a way to distinguish from competitors, more than product or service innovations

inasmuch easier imitated, and to help address disruptions correlated to different competitive approaches (Baghiu, 2020)⁷³.

The citation opening this paragraph refers to a Boston Consulting Group (BCG) and Business Week analysis performed in 2008 on a sample of companies-survivors of Great Recession; from the database, it emerged that BM-innovation adopters segment was the one earning an average premium that was four times greater than product- or process-innovation adopters segment and, in addition, BMI conferred more sustainable results and it outperformed competitors – if conducted, in coherent and orchestrated manner, simultaneously across several elements of the business (Lindgart *et al.*, 2009).

Times of crisis - a lever for economic-actors to start fresh, more than studying tactics of defensive pricing or operational policies (Baghiu, 2020) – make operating easier and also BMI easier to address, with respect to non-crisis times, in which a divergent or radical approach adoption by consumer or approval by stakeholders could be more difficult (Baghiu, 2020; Lindgart *et al.*, 2009).

An efficient BMI has the same difficulties related to developing any other competitive capability in general, therefore companies assess opportunities - diagnose current model rather than brainstorming to align the business with industry trends, evolving customer preferences, competitors' environment - and pilot projects. Once selected projects allowing to scale-up and once built the skills, companies systematize one-off efforts and repeat success (BCG, Lindgart *et al.*; 2009).

Rely on those just-mentioned capabilities is a prerogative when striving for BMI.

FAO of the United Nations identified the deviations from the usual BM approach through alternative inputs sourcing channels and supporting collaborations, even institutional, before entering the competition to reinforce bargaining power of actors: retaining experience beyond

⁷³ Mihaela Cristina Baghiu, 'ANALYSIS OF BUSINESS MODEL INNOVATION IN POST-COVID ECONOMY: DETERMINANTS FOR SUCCESS', *Journal of Public Administration, Finance and Law*, no. 17 (2020): 7–24.

the crisis to survive maintaining liquidity and cash flow, but as well as demonstrating social and environmental role (FAO, 2020).

With its regulatory and technological shifts and helping addressing downturn-specific opportunities, BMI relevance is especially valuable in times of instability.

The scope of economic actors is to find a balance between roots and innovation and adapt their business models to cope with disruptions and changing environment (Gregurec *et al.*, 2021)⁷⁴. Business model is seen as a presentation of benefits flows forward and backward, respectively the former provided to customers and the latter to the organization itself in form of revenue: it represents present and future state of the business (Gregurec *et al.*, 2021).

Nowadays, it is clear the distinction in global F&B industry as segmented between online food chains and offline food chains, for the various phases of the supply respectively the former to retail and wholesale, whilst the latter remains for production. The outbreak of Covid-19 pandemic had a dual impact on these segments.

On this purpose what business models necessitate is a strategic renovation, in terms of fluency and shrewdness, supported by an ecological transition and new technology supporting business process (Gregurec *et al.*, 2021). Sustainability and technology as means of innovation are put in the middle to promote fast trials in both product development and market approach. The culture of experimentation quick and cheap could be useful to build new ecosystems in which businesses integrate one another to share and balance risks and rewards, to scale up technologies.

Sustainability in Food and beverage sector does not involve a single aspect, but a range of particular ones touching broader areas such as social compliance and healthy environment,

⁷⁴ Gregurec et al., 'The Impact of COVID-19 on Sustainable Business Models in SMEs'.

quality and safety of products produced and sold, marketing, HR and financial aspects. Sustainability is conceived as standing in the intersection of environmental, social and economic aspects sets. The concrete definition refers to the fair work adopted along the entire supply chain and value chain, leaving in practice resources available for future generations. Sustainability has become a trend and a source of competitive advantage rather than pure necessity, and a multiplicity of F&B brands have introduced initiatives to promote the use of cutting-edge technology to reduce environmental harm, as well as to consolidate strategic partnership rather than opportunistic relationships, augmenting the collaborating industry point of view. Being able to communicate the efforts to customers and stakeholders through transparency is fundamental to engage them in the process.

Next future will be characterized by trajectories towards new preferences and priorities of markets, with an already observed shift of consumer propensity to own priorities of well-being and health, as a derivative, as influencing consumption choices and willingness.

As above stated, sustainability will be an important branch of the trajectory to innovation as *conditio sine qua non* to survive. The topic will put in the agenda as development driving force, or the markets oriented in both next and remote future.

For that matter, technologies adoption in front-end and supply chains, mainly actualized in digitalization process, will allow to have brand new consumption experiences in a new distribution channel.

The emerged trends are often transformation accelerated by the presence of the actual crisis, playing the role of accelerator and forcing habits, of consumers especially.

The strategic renovation, or radical change, need the scarcest resource ever: time.

Time is necessary to cope with the crisis and to accurately listen to weak signals from the environment in order to be able to generate alternatives. Being able to react to the signals, either strong or weak, permits to build a defense system, as a proper immune system capable of reacting in front of shocks or disequilibrium affecting the routines, or the supply and value chains if enlarging the context.

The outbreak and the real consequences of pandemic could be seen, somehow, as an occasion to come back to basics and to put again in the middle the real value, from creation to capture and to conclude, to distribution.

3 EMPIRICAL EVIDENCE

3.1 RESEARCH DESIGN AND METHODS

This research thesis deeply focuses on issues and considerations on how and how much the innovation, not only with respect to the sole meaning bound to technology, in corporate business models is a fundamental tool for the distribution of value and for value capture itself too.

The objective of the project, starting from theoretical aspects and logics concerning adaptability and flexibility under corporate perspectives, consists in getting to defined and revised strategies and related processes and structures with which firms, in F&B sector undergoing a revolution in times of unanticipated disruption, go to market.

The last two years put the sector, and the whole industrial landscape, in a revolutionary crisis context with indiscriminate impacts disrupting economy and supply chains, whose main trends have been accelerated by both hexogen and endogen factors.

Before having elaborated theories on Business Model evolution and innovation and their applications to leverage continuity in crisis, it has been developed a basic understanding of the concept of business model as scientific manner to describe how the business of a firm works (Baghiu, 2020).

The secondary data inherent to the research context have been obtained mainly by clustering the literature in SCOPUS engine and other databases consultable, academic articles and journals. But being 2020 the year setting forth the change, the available literature is limited as source to report the actual and current state of knowledge.

The trending processes inferred from the literature review got to a systemic analysis of the Food and Beverage industry in Italy as a basis from which to start studying how companies do business in the sector, adapt Business Model and how they respond to uncertainty.

The F&B sector in Italy represents a fundamental asset for the competitiveness of the country in terms of revenues, value added, employment and export rate⁷⁵.

The findings illustrate the eminent responses organizations are tackling upon the new economic and social environment and upon the challenges arisen, in order to cope with the significant risks they are still vastly exposed to.

In the present study, both qualitative and quantitative methods were utilized to investigate on the negative and positive effects of the Coronavirus disease in the Italian Food and Beverage sector, with precious attention on both the demand and the supply fronts.

Specifically, the focus on the F&B sector is actualized by the illustration of the primary data results obtained from the inspection of detailed interviews and in-depth studies of multiple case study analysis, enriched empirically by the quantitative results of a survey conducted on Italian entrepreneurs of the sector.

This combination of data permits the identification of relational aspects of qualitative information, counterproved by quantitative evidences.

At this purpose, it has been made a review of the literature concerning the multiple case study empirical analysis method putting particular attention on the research study conducted by Eisenhardt in 1989. It emerged that the technique of inducting theories from case studies is a research approach appropriate for new topics, since it builds its strategy on understanding the dynamics in single settings (Eisenhardt, 1989)⁷⁶. This is the case of Coronavirus disease: the

⁷⁵ The European House Ambrosetti Report 2021 confirmed the market power of the sector even for 2020

⁷⁶ Kathleen M. Eisenhardt, 'Building Theories from Case Study Research', *The Academy of Management Review* 14, no. 4 (1989): 532–50, <https://doi.org/10.2307/258557>.

sudden breakout of pandemic makes it volatile and ambiguous, delivering unexpected changes to organizations as well as shifts in value chain and supply chain.

The qualitative, multiple-case interviews drawn up collects data from seven sample companies with respectively seven respondents from the F&B industry in Italy. A qualitative, case-study-based method, as the most appropriate, collects non-numerical data and it is used to narrow down a large dimension field of research, seeking to interpret and in-depth understand particular situations or problems (Chowdhury *et al.*, 2020).

The structured data sampled by the survey instead enhances a synergy between qualitative and quantitative approaches: the former as described by Mintzberg (1979), is required by theory foundation and, even if it does not directly explain the significances between variables, it allows for the explanation of such relations. The latter, spread on larger scale, support strengthening rationale and theory revealed in the qualitative data, confirming to some extent the accuracy of the research (Eisenhardt, 1989).

The dual methodological approach adopted consists in the identification of macro trends of the operating serving sector, of transformation drivers and selected technology that are influencing the redefinition of BM in the interviewed firms, in order to make inference on possible strategies to deal with impacts, and somehow opportunities, hitting the Food and Beverage Italian sector – precious asset for the Italian country competitiveness.

As the most common source used to gather data in case-study-based research, the interviews are structured to collect practical evidence from the seven respondents from seven different companies operating in the F&B sector in Italy and internationally, or even globally, and to gather data systemically (Chowdhury *et al.*, 2020; Eisenhardt 1989).

The protocol used for conducting the qualitative research consists in exploring the time span of impacts as well as potential strategies to reduce them, in the representative companies chosen, whose responses are based on experience and knowledge.

The interviews conducted, either via video-calls or over the phone, lasted 20 minutes on average.

The research has monitored the assessment of changes reflected on the firms observed: the multiplicity of epochal changes in fact determines an increment in the speed of evolutions of complex scenarios where, only most flexible and resilient actors are able to exploit the opportunities hidden behind the ongoing transformations. The complexity lies also in the ability to translate fragmented and complex signals coming from extensively mutating behaviour and attitudes of consumers.

The insights extracted helps defining a clear and objective picture of the sector and of growth opportunities for firms, re-addressing the drivers for the next future and next normal, across a constant backward and forward process among steps of the iterative process.

The final objective of this research thesis is to understand the data gathered in order to merge towards a single reframed theoretical vision, converged from evidence involved in the different perspectives studied.

3.2 MULTIPLE CASE STUDIES QUALITATIVE ANALYSIS: PREMISES, RANGE, AREA OF INTEREST

To answer the research question, the present study investigates on short-term as well as on medium-to-long-term impacts of the present crisis due to pandemic on the seven firms recruited.

Setting the analysis on wide perspectives in temporary terms is useful for the consideration of the strategies management should take in order to absorb the shock and improve resilience within the rapidly changing environment (Chowdhury *et al.*, 2020).

The questions are addressed to a precise time span set for the valuation of the impacts on firms: the timeframe refers to a period starting from March 2020, coinciding with the pandemic outbreak advent and the first lockdown, and ending a year after the breakout in June 2021.

The qualitative framework constructed establishes the research questions listed down in Appendix A, addressed to the interviewees, to explore the impacts on business models: it has

been made a general presentation of each single firm to position it in the past and present marketplace context, bringing detailed attention to the main stakeholder figures that contributed and are contributing to the gained market position. But prior to this, the difference registered in turnover of each firm between 2019 and 2020 permitted to provide an indication on the variation of volume of activity. There follow specific questions addressed on impacts and consequent idiosyncratic strategies adopted for dealing with the Covid-19 emergency. The respondent is asked to describe the most noteworthy inner changes and consequences the pandemic had and is having on processes and strategic objective of the firm, with specific attention to the variation observable in consumer targets and segmentation, in digitalization, in partnerships consolidation and in supply side too.

3.2.1 COMPANIES' OVERVIEW

The within-case analysis permits to gain familiarity with each case and in so doing, it accelerates the cross-case comparison.

The number of case studies chosen stopped at seven where the theoretical saturation has been reached, since the incremental improvement to theory and learning were sufficient and the phenomena started repeating (Eisenhardt, 1989).

The seven managers chosen contributed to the research, systemically categorizing and comparing their own strategies formulated in response to Covid-19 outbreak consequent crisis. The profiles of the interviewees of the representative companies are shown in Table 1 below attached. The selection helped to define the limits for generalizing the findings (Eisenhardt, 1989)

Table 3 “Table of respondents” Source: own elaboration

COMPANY	RESPONDENT	POSITION	ORGANIZATION TYPE	LOCATION	EMPLOYEES	TURONOVER 2019
Alajmo SPA	Raffaele Alajmo	BoD	Restaurant with eating area	Rubano, Padua, IT	173	10.286.668,00 €
Eataly SPA	Francesco Farinetti	Vice-president, BoD	Restaurant with eating area	Turin, IT	1906	264.009.509,00 €
Green Pea SRL	Francesco Farinetti	CEO	Retail sale of other non-food products n.e.c.	Turin, IT	n.a.	n.a.
Pastiglie Leone SRL	Yoel Ben Assayag	Business Development Manager	Manufacture of cocoa, chocolate and sugar confectionery	Collegno, Turin, IT	76	13.447.543,00 €
Rossopomodoro - Sebeto SPA	Roberto Colombo	CEO, Sen. Man.	Restaurant	Naples, IT	835	118.112.694,00 €
Serafini & Vidotto Azienda Agricola S.s.	Francesco Serafini	Owner	Wine producer	Nervesa Della Battaglia, Treviso, IT	n.a.	~ 2.000.000 €
Unicomm SRL	Francesco Pastò	Sales Director	Wholesale trade of foods	Altavilla Vicentina, Vicenza, IT	4272	868.147.361,00 €

Part of the data concerning the precise position of the respondent, the description of the activity of the company, as well as the precise addresses, the number of employees and the total volume of activity 2019 have been collected from the database Aida Bureau Van Dijk⁷⁷ for those companies classified into it – corporations only, i.e. società di capitali (SRL, SPA legal forms in Italy) – to confer an equal measure of description of the details listed in columns. As it is observable from the table, the legal form of Serafini & Vidotto (Società Semplice) implies it will not figure in the database. Moreover, the data supplied by AIDA are updated at December 31st 2019.

The organizations recruited present different Business models in the sense of concretely doing business. The adaptability of their way of doing business align one to the other.

⁷⁷ Ca’ Foscari bibliographical resource access SBA - AIDA: Database collecting financial, personal details and commercial information relative to active or ceased corporations in Italy.

The analysis starts by categorizing differences and similarities among the seven organizations in terms of current market position and stakeholders' contribution.

Three out of seven of the organizations, respectively Alajmo SPA, Eataly SPA and Unicomm SRL, are examples of family business that did the managerial jump towards a big corporation, changing responsibilities, habits and somehow education rather than unburdening the corporate structure in front of the annual difficulties.

The first case study mentioned is Alajmo SPA, born in 2009, counts 16 restaurants in 2021, from 11 in 2019: the family-run business operates across the Veneto region and in Paris, France. The business evolution in the last two years seems a positive escalation in new openings terms, while

“The increment in opening activities consists in a consequence of changes registered in revenues mix during the last financial year” (R. Alajmo, 2021)

The Newco has been conferred of brand, activities and licenses from the old family company, since keeping the new business in a sole organization would have been complicated in due diligence terms. The corporate spin-off started with a growth expansion plan that made the Alajmo family planning and working on the big managerial jump, until today when they had to face new challenges and consequent changes.

The second case study is on Eataly SPA that engages 8800 employees in 44 different stores around the world: its main markets are Europe, Italy especially, and US. The expansion has been pushed also towards the East area of the world, with the last opening in Seoul, Korea this year. The corporation registered high revenues previous to Covid-19 pandemic diffusion: “more than 700 million Euro revenues, that summed to the indirect revenues from franchising activities reached almost 1 billion Euro” (F. Farinetti, 2021).

Unicomm SRL, part of Unicomm Group SPA, operates in large-scale retail trade in northern and central Italian regions. The analysed company engages in wholesale retail and Ho.Re.Ca channel.

Green Pea SRL is a project run by Farinetti family, like Eataly SPA. The object of the fourth case study, the retail department store based in Turin, as defined by Francesco Farinetti, President and CEO, is a start-up involving more than 140 partners. The Newco wants to be stage for the three “F” of Italian excellences of Made in Italy: Food, Furniture and Fashion. The Green mark of the company derives from the study of the future investment and consumption macro-trends, the management board has been devoted to in the last years before the launch of the activity in 2019. The Business Model of Green Pea is putting forward, through a retail format, what will be the future consumption behaviour of today and future consumers and it is centred on partnerships management. Covid-19 further contributed to this anticipation, accelerating the context. From the operation side point of view, Green Pea engages a storytelling and marketing-oriented approach: the human resources operating inside the department store have been recruited from an outsourcing process from Eataly. Moreover, an additional corporate focus is the development of the unicum, flag-store on IT investments.

The fifth case study analysed, Leone SRL is a company operating in confectionery sub-sector with impulse buying products in Turin. The firm, engaged in the normal trade, works at an international level in the market: the export rate involves more than 30 countries corresponding to a 15% of revenues (2019). At a national level the brand awareness registers a rate of 90% and an historical permanence of 164 years on the territory.

Serafini & Vidotto Azienda Agricola S.S. is a wine producer whose “prestige does not depend on financial and economic results” – as Francesco Serafini (2021), owner, stated at the beginning of the interview. The company is mainly engaged in Ho.Re.Ca channel in the Italian and American market.

Rosso Pomodoro belongs to Sebeto SPA. Founded in 1998, the casual dining company with 120 restaurants, the corporation has a presence in Italy of 70% and the remaining 30% in respectively US and UK markets. This last case study, like Alajmo SPA concerns mainly Ho.Re.Ca channel and restaurant activities Business Models.

3.3 CROSS-CASE COMPARISON: BUSINESS MODEL INNOVATION

The cross-case analysis consists in selecting categories and dimensions and in looking for similarities within cases, coupled with inter-case differences (Eisenhardt, 1989) existing along the critical nodes of the value distribution chain, before and after Covid-19 pandemic.

The comparison seeks to inspect the degree to which Business Model Innovation strategies and processes are implemented by the companies taken into consideration, to cope with the present. This second part analysis in fact concerns the questions addressed specifically to the evolution of their own Business Model in terms of adaptability to the incumbent present situation.

From the juxtaposition of the emergent frames of cases, there comes to notice that firms are fostering the way towards disruptive trends, theories and hypothesis already found and in line with the extant literature illustrated in Chapter two.

It is possible to enlighten a common tendency path towards a research of new sources of revenues.

Table 3 illustrates the answers collected from the fourth question addressed to the interviewees: *“What was the difference in the company’s revenue from 2019 to 2020? Positive, negative or any difference?”* (see Appendix A).

Table 4 “Differences in companies’ revenues from 2019 to 2020 financial years” Source: own elaboration

COMPANY	DELTA VALUE (REVENUES 2020-REVENUES 2019)	DETAILS
Alajmo SPA	-	revenues almost halved
Eataly SPA	+	e-commerce contribution
Green Pea SRL	n.a.	store opened in 2020
Pastiglie Leone SRL	-	-25%
Rossopomodoro - Sebeto SPA	-	n.a.
Serafini & Vidotto Azienda Agricola S.s.	-	-21.5% retail, -50% Ho.Re.Ca
Unicomm SRL	-	n.a.

The context evolution in the F&B sector, as well as reflected on the seven firms interviewed, recalls for a business model adaptability bringing to new equilibria establishment.

The evolution is mirrored on priorities that pivot around the alignment with the waiving in consumer behaviours, with the digitalization process flowing into digital commerce distribution channel adoption and hybrid formats of retail, with the consolidation of new partnerships as a way of increasing competitiveness and to enhance the arising forms of *coopetition*.

It emerges that the most salient initiatives are those concerning innovation in competitiveness at systemic approach level: flexibility and resilience lie at the core of the innovative business model to determine the success or, at least, the survival of the supplier and of the stakeholder.

3.3.1 Omni-channel approach: digital commerce and hybrid formats

The adopted strategies by respondents attempt to mitigate the risks connected to the emerging trends and to develop adaptation attitudes trying to minimize the crisis effects, albeit without negating them.

E-commerce channel is an important investment that represents a service supplied other than an alternative or additional distribution channel, fostering an organizational agility.

Retailers, but also restaurants and producers somehow, might innovate through optimizing and adopting new perspectives that respond to a consumer attracted by new buying experiences and centered on his or her own needs that, for these reasons, might be more and more integrated between online and offline.

For food retailers, Digitalization hence might be one of the principal investments, aside from being more competitive, but rather for being more efficient at firm level, other than for developing those activities that will fulfil and release consumers' specific needs, to create a customized supplied offer of products and services.

The disruptive choice on non-activating e-commerce channel stands out from the common path of digitalization trend emerged from the research and it is the case of the Department store Green Pea SRL whose Business Model focuses on long term impact. "*Risk of missed brand awareness development*" is the explanation F. Farinetti (2021) gave for having set the Green Pea Department Store towards basing its business model only on a physical experience for the consumers. "On-land rather than on-line" represents the possibility for retail store to survive, starting from the future-oriented investment in the building structure.

Following the common path, Eataly case study is in line with the trend: the first store opened in 2020 was the e-store, permitting an acceleration and anticipation of the strategic project of six years:

"Eataly e-shop closed the 2020 financial year at the first position in terms of revenues among our 45 stores worldwide" (F. Farinetti, 2021)

The totally in-house project and its partnerships consolidated with delivery companies, represent for Eataly SPA "*a good distribution channel in terms of marketing communication and to keep the reputation, meanwhile it consolidates the brand awareness*" (F. Farinetti, 2021).

In a similar vein, Rosso Pomodoro is supporting “homing trends” with quick services of digital ordering boosted during the first lockdown in March 2020: the delivery option was the only activity viable, this part of business grew from a 7% rate to more than the double (15-20%). The order manner has been modified and the company joined principal delivery players platforms but moreover, both the app and the website have been adapted to the new business model.

Similarly, the online sales of the Alajmo’s already arranged e-commerce increased in the span of time taken into consideration. More than own-production products, some pack solutions for dining reservation were supplied to the customers. The time offered by the pandemic, gave the corporation the opportunity to accelerate the process of re-invention of the e-commerce enriching it with a booking program, easier from operations side, that is capable to interact with the software used for managing the customers.

The grocery store of Alajmo has been the only physical store that tripled its revenues, inasmuch the only activity allowed to open selling first necessity goods, and this concept of activity will lie at the core of a project of development of a new branch of business. This detail gives clarification on the re-organization of revenue mix mentioned above.

The focus on delivery and take-away distribution channels meant for Rosso Pomodoro case to adapt the measures of supply in terms of furniture of raw materials as well as of packaging materials

The monitoring of bottleneck effects on supply chain and trade relationships and structure constitutes another potential long-term impact.

Moreover, the possibility of consolidating new partnership and M&A among foodservice delivery players, manufacturers as well as distributors, or introducing new role to be covered from the employees is a way to maintain a positive outlook for the medium and the long term and for building deeper relationships with consumers, conferring higher flexibility and opportunities of customization.

This is the case for which long term impacts are in general affecting relationships and structures of the supply chain and are leading to restructuring or rebuilding procedures (Chowdhury *et al.*, 2020).

It emerges from the majority of respondents, six out of seven, that supply chains restructuration hence narrows in on online modes and omni channel approach guaranteeing.

The physical store lies at the core of every single activity model of each of the seven interviewees: the parallel combination of the traditional offline channel with a digital version of the shop allows consumers to enjoy the service furnished and the products sold in a multichannel strategy, especially in a restricted permissions period like the actual.

Multichannel and cross-channel combination permits the interaction among the distribution paths differentiated in order to efficiently re-formulate the offer and go-to market. The coordination among channels will become systemic once adopted: omnichannel approach consists properly in offering an integrated and dynamic buying experience.

Given the drop registered in out-of-home consumption, it became fundamental the ability to catch the opportunities offered by home-delivery service and to leverage on this service platform is useful to attempt to compensate for the losses affecting the sector.

Moreover, it has been recorded a polarization especially among large-scale retail distribution (GDO) and proximity trade.

Leone SRL was forced to rely on large distributors, like supermarkets, not to totally block the sales in bars and shops forced to close due to restrictions, that constitute the traditional channel which Leone SRL operates in.

Likewise, Serafini&Vidotto restored on the national territory and on the sales to private firms: structuring sales on proximity has been consolidated by the word of mouth.

Entering new channels and developing programs for customer acquisition in order to target new segments, allow the introduction of alternative revenue streams for players (Deloitte, 2020).

Omnichannel approach is considered an efficient mitigation strategy.

3.3.2 Consumer centrism

The changes on industry structures and on market positions adopted by Food and Beverage agents attempting to sustain the still lasting damage, are responsible for another element which the industry finds itself susceptible for: consumer behaviour oscillation.

The consumption behaviours have substantially changed in the F&B sector, shacked by an economic shock impacting both supply and demand jointly.

Especially Food delivery segment strengthened its position, continuing to rise among consumers preferences and it is a starting point from which to start to create customized offering, after a strategic target segmentation (Deloitte, 2020)⁷⁸.

It is necessary to underline the impact on the consumers' resilience and spending power, that brought to income reduction reflected on the, even if limited, drop in F&B goods.

From what emerged from the interview, Alajmo SPA points towards loyal customers inasmuch the new consumer basis has limited dimensions. The business has always operated across segments, though using price as a way of selecting customers. It is interesting its program of array of products enlargement: the business coping with Covid-19 pandemic, decided to bring its quality and brand awareness to lower levels of average consumers, to the new generations whose willingness to pay is different from Alajmo's restaurants target. A concrete example is Gran Caffè Quadri in Venice and the switching tendency strategy there applied: to distinguish from competitors, the business opened to a wider segment of consumers, re-evaluating the offer.

The reduction in demand due to the safety measures governments adopted, covers with uncertainty the businesses' long-term perspectives.

The unpredictability of changes does not define precisely whether their nature is structural or temporary in terms of variable preferences and target of consumers observable.

⁷⁸ Deloitte, 'Foodservice Market Monitor - New Frontiers for the Italian Foodservice Considering the Impact of Covid-19', 2020.

Rosso Pomodoro Business Model for example suffered of the agile working solutions (smart working especially) and of the travel restriction or priorities. This brought to the loss of a large slice of consumers, either definitive or temporary in light of the fact that smart-working solution will get a foothold as cost reduction strategy for large corporations located in big cities.

Business lunches and travel restaurants located in train station or airports, depends on the unknown of whether the totality of consumers the business used to have at the moment either loss or suspended, will come back once this time is over.

Moreover, there have been registered changes in restaurant layouts organization. Respecting new protocols and dispositions in terms of safety meant to adapt with protection tools, for both staff of employees and customers, as well as re-frame booking systems in order to better manage people flows in time slots. Reduce the risk, increase the safety.

Business and customer adapt one to the other. Serafini & Vidotto is the case: once implemented the temporary e-commerce, the consumers got used to it and this pushed the company to keep this service active still now. It is a mutual adaptation, far from the initial fear of innovating due to the predominant tendency to save money and products.

Another business implication emerged in building new relationships with customer is the empowerment of CRM to improve tactical vs. strategic marketing actions. Eataly SPA and Alajmo SPA configured CRM system to design loyal customers program.

The former, Eataly SPA, enlarged exponentially its customers base with the inclusion of non-loyal ones that joined the e-commerce attracted by the quality and healthiness concepts promoted by the company. Following this tendency towards digital commerce, meant for the company a re-adaptation of human resources part: employing staff in re-definition of logistics side, changing the paradigm, has been a huge but necessary effort. From answers to daily needs, the online shopping has been posed by Eataly at the core of the forecasted future trends.

Adapt the Business model to the oscillation curve where the consumer mood waves on, is reflected in a process of democratization of the consumers. From way of shopping to product innovation, the consumer behaviour changes brought to the involvement of a higher differentiation in consumers' segments, so enlarging the target served.

3.4 SURVEY OVERVIEW

Case study research may involve either quantitative or qualitative data only, or both, but the combination of the two data types may create a deep synergy of compensation, originated by combining qualitative with quantitative evidence (Eisenhardt, 1989). It is worth to cite the consideration of Eisenhardt expressed at this purpose as “the qualitative data are useful for understanding the rationale or theory underlying relationships revealed in the quantitative data or may suggest directly theory which can then be strengthened by quantitative support”.

The online survey was developed based on the data reviewed in Chapter two and on the evidence on trend pathways primary data collected from the interviews. It has been realized on a sample of 50 Italian respondents, respectively firms operating in the Ho.Re.Ca, in retail distribution and producers on the national territory, and it proposes to analyze the effects of the actual economic shock in order to detect a precise perception on priorities defined for the recovery.

The choice to transmit the survey to Ho.Re.Ca, Retail and Production entrepreneurs permits to make inference on the effects of the present situation in the various subsectors of the same industry to categorize the common and different challenges met and to underline the managerial strategies adopted to build up Business Model adaptability.

The results refer to a time span that covers the impacts during the phases of lockdown, year 2020, and first two quarters of 2021, as well as the future choices and strategic leverages for the future investment.

From the distinction above mentioned, the first question addressed specifically asked which was the sub-sector of F&B in which the respondent operates, so leading to three distinct surveys.

The data have been collected through Google Modules format and transmitted to the entrepreneurs via e-mail or private messages, both in mobile and social network profiles and each survey is composed of respectively 7, 8 and 8 questions with multiple choice, brief text (whether the respondent is asked to specify) and checkboxes type of answers.

The direct investigation technique consists in transposing the data once collected throughout a reduction procedure, namely codifying the data in a matrix available in Appendix B of the thesis.

3.4.1 The matrix: codebook

A quantitative research is based on data reduction, namely on organizing the empirical material translating it in a matrix. The case study codification groups data in cases as units of analysis and in variables to trace the cases' profile.

The empirical analysis gathers how firms operate in value creation mechanism. As pivotal issue of this thesis, the trends of adaptation and innovation of Business Model lies at the core.

The goal of this survey is to confirm what emerged in the interviewees, collecting answers on a larger scale.

The categories and dimensions have been selected in line with the emerged trends and the study aims to distinguish within-group similarities coupled with intergroup differences.

Moreover, the data have been compacted in Excel tables, so that to have horizontal and vertical entries.

Respectively, the rows represent the sample unit of analysis, hence the interviewees, whilst the columns are the variables considered, i.e. the proposed questions. In so doing, each single row taken entirely will draw the profile of each single case of respondent. Where each row and each

column intersect, the cell contains a numerical data assumed to depict a particular variable in a particular case.

The codebook organizes the data of each of the three surveys and it necessary limited to those questions which the possible answers are known of.

From the organization of data inherent to single survey, there emerges one record blueprint for, respectively:

- Ho.Re.Ca entrepreneurs
- Retail entrepreneurs
- Production entrepreneurs

as it can be seen from Appendix B.

Table 6 in Appendix B codifies the questions addressed to Ho.Re.Ca channel operators answering the survey. It is necessary to notice that Q5 and Q6, “*Was positive or negative the change that you observed in behaviour of respectively each consumer segment below listed?*” contextualized in the first period of time and in the second one, are missing from the codification scheme, inasmuch the nature of the questions concern changes registered in consumer behaviours and they are schematized in a double entry multiple choice question divided in either positive or negative changes observed in three different consumers’ segments: 18-35, 35-65 and over 65 years old consumers.

In addition to this, Table 7 and Table 8 attached in Appendix B are both missing the last question “*How much do you agree or disagree with the following statements?*” (Q8), not codifiable since its answers for both retail and production surveys are based on a Likert scale evaluation.

3.4.2 Grouping strategies and results

Of the 50 respondents, 34 (68%) are Ho.Re.Ca channel entrepreneurs, 9 (18%) are Retail distributors and 7 (14%) are producers.

But prior to this, the very first question addressed asks for the company name and legal form of the interviewee, but only 40 out of 50 answered it so this additional detail will not be taken into consideration, but either the respondents will be classified with “code ID” Table 8 (*see* Appendix B) entry, each associated to a cardinal number from 1 to 50.

The analysis identifies a population of respondents mainly serving the regional market in Ho.Re.Ca distribution channel (55.9%) in the Italian territory.

As it is deductible from the Table 8 in Appendix B, the 85.3% of respondents in the Ho.Re.Ca F&B subsector registered a lower revenue rate in 2020, with respect to 2019 and this data will confirmed what emerged from the seven interviewees’ affairs situation (*see* Table 4).

Moreover, it is inferred that the most relevant rate of alternative ways of supply adoption concerns the delivery mode, in both the first timespan from March 2020 to October 2020 (38.2%) and in the second timespan between October 2020 and today (44.1%). Take-away sales registered respectively 23.5% and 35.3% adoption rates and in addition lower percentages of answers registered a double service of delivery and take-away.

It is noticeable the predominant sentiment of faith across respondents for what concerns the continuity of the structural changes arisen due to the crisis: 82.4% believes the disruptive changes will be part of the offer in the next normal, whilst only 17.6% disagrees.

The tendencies of context business model adaptability in both Retail and Production subsectors (*see* Table 9 and Table 10 in Appendix B) are inferred from a lower number of respondents, with respect to Ho.Re.Ca economic actors but the evidence will confirm what stated in the literature.

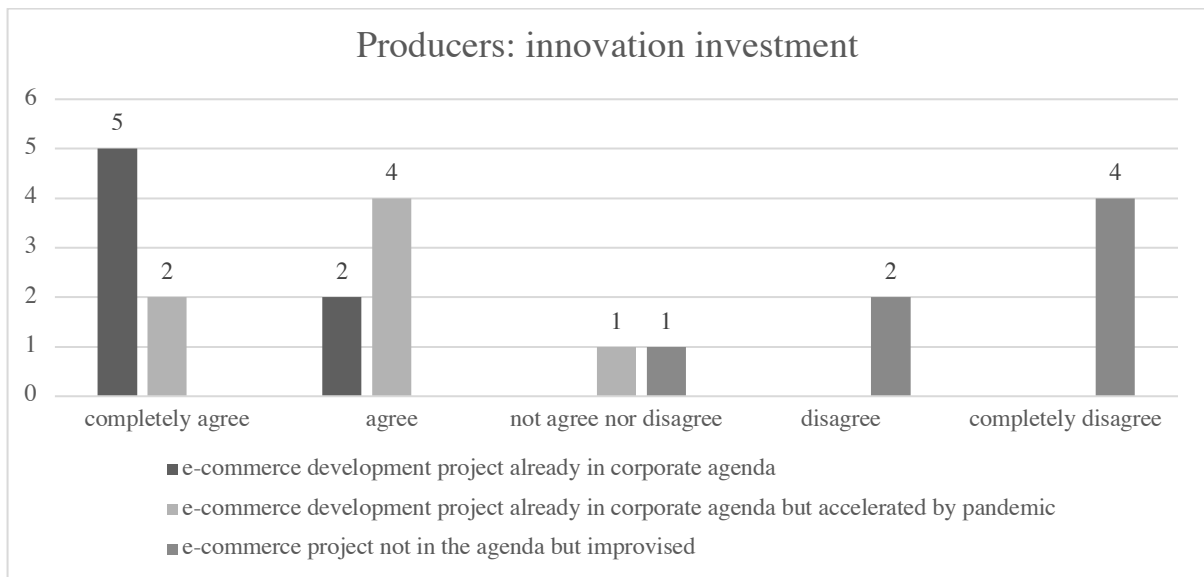
The consequence of the weaker restrictions applied by governments in these two types of activities, lets emerge the only light in the dark in terms of revenues since a significant

percentage, respectively 57.1% among producers and 22.2% among retailers, registered an increase in 2020 with respect to the previous financial year.

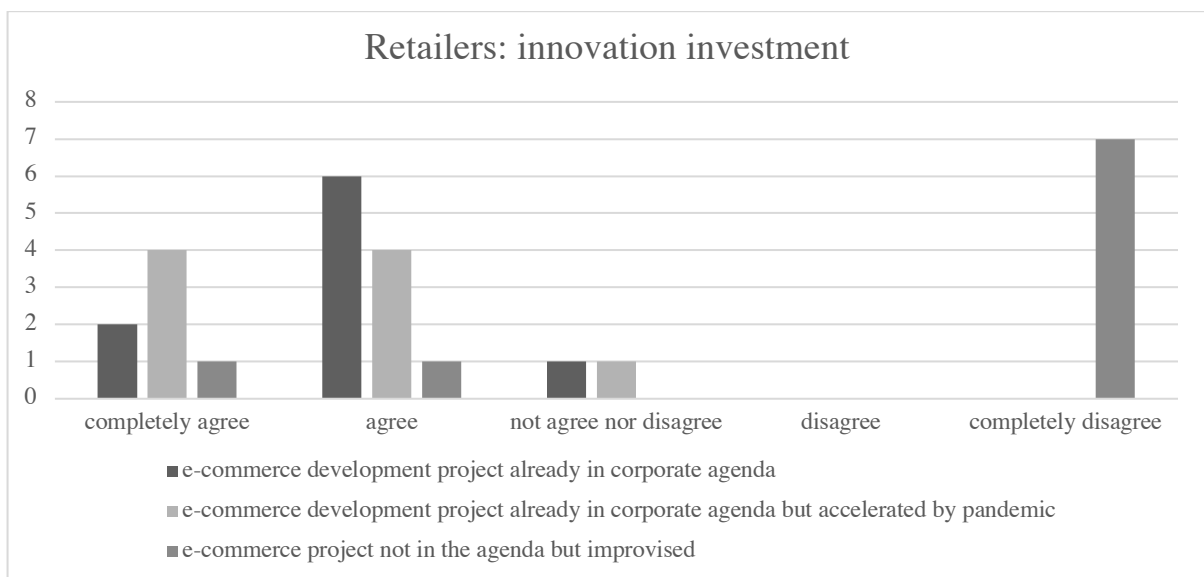
The digital commerce investment rate registered a positive trend in undertaking e-commerce activities by retailers with an overall value of the channel in revenue terms equal to 25% for 20% of respondents and 50% for 40% of respondents. More than this, if undertaken, the e-store results mainly owned by the firm itself rather than third-party and this is a good point for technological innovation investments. The forecasts account for a 57.1% of positive sentiment of increase of the e-commerce channel for the next future post-pandemic.

In a similar vein, production activities in F&B industry from March 2020 until today registered a predominant rate of 71.4% of digital investing activity for the overall range of time. From production side, e-commerce with a 25% value in revenue terms is re-confirmed to be mainly owned by the organization by nature (85.7%). The only difference spot regards the forecasts on the increase of the channel in a post-Covid context that gave as many positive answers as negative.

The analysis of the Likert scale evaluation on the level of agreement of retailers and producers with the undertaken innovation investments in digitalization, could be summarized in a general tendency of agreement to the role of Covid-19 as accelerator in digital solutions adoption. As it observable from the Graphs 2 and 3 below, most respondents already considered the e-commerce platform development projects and exploited the opportunity of the present crisis to commence it.

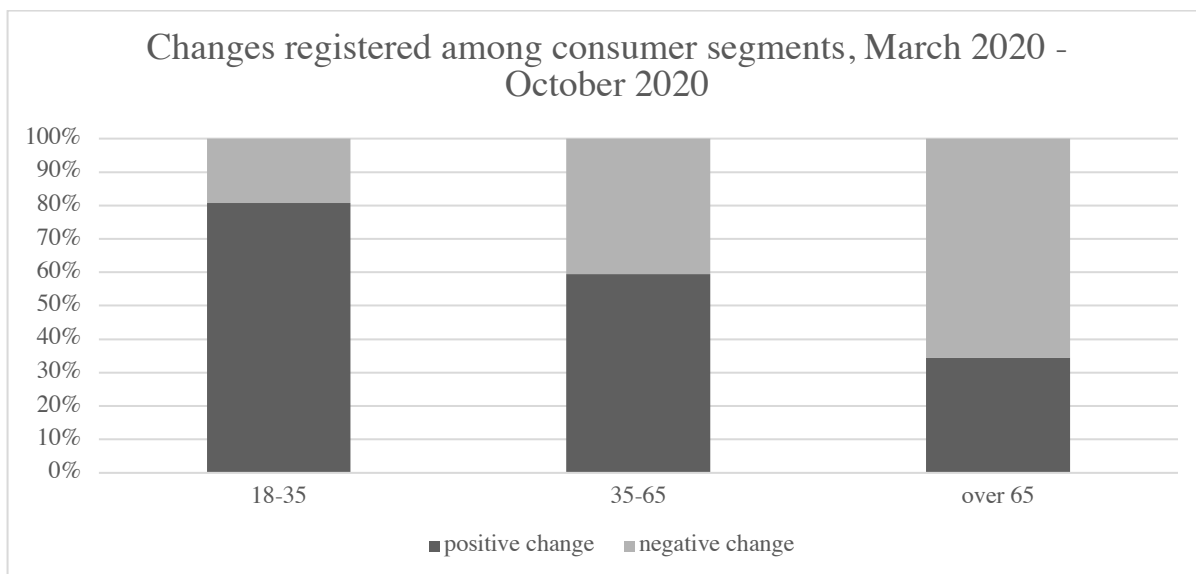


Graph 3 Production survey – “How much do you agree or disagree with the following statements?” Source: own elaboration

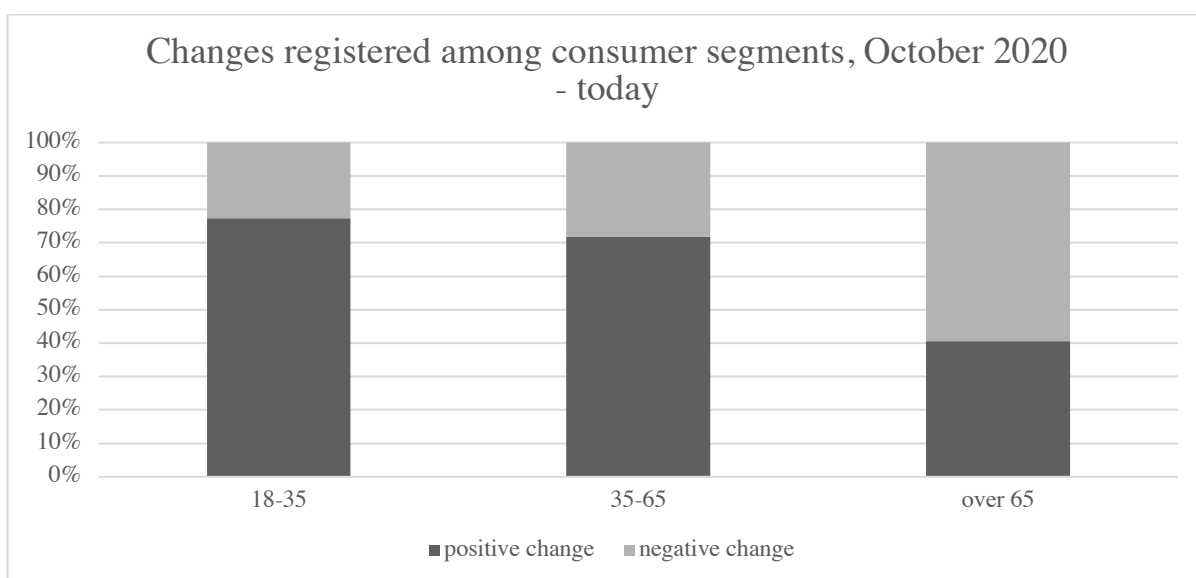


Graph 4 Retail survey – “How much do you agree or disagree with the following statements?” Source: own elaboration

Respondents to questions covering the consumer behavior oscillations topic in Ho.Re.Ca channel, reckon that the greater part of positive changes are registered in the segments of consumers of respectively those aged 18-35 and 35-65. This consideration recalls to the enlarged consumer target issue stated in chapter 2; digitalization processes indeed involved younger consumers in the online sales of F&B goods and services.



Graph 5 Ho.Re.Ca survey – “During the first lockdown of 2020, how was the change observed in behaviour of each consumer segment below listed?” Source: own elaboration



Graph 6 Ho.Re.Ca survey – “Between October 2020 and today, how was the change observed in behaviour of each consumer segment below listed?” Source: own elaboration

Moreover, among priorities which consumers put more attention on in a scenario post-pandemic outbreak, there stands out the hygiene norms respect for half of the Ho.Re.Ca entrepreneurs’ target (50%), followed by a common attention to the efficiency and speed in supply and/or delivery of goods (17.6%). Among the other priorities, lower percentages of respondents favoured craftsmanship and attention to price (11.8% and 5.9%).

From production entrepreneurs, the priorities spotted are in line with those observed in Ho.Re.Ca survey. It is confirmed the attention on speed of supply and /or delivery with a relevance of 57.1% , followed by craftsmanship and brand value.

Whilst concerning the Retail sphere respondents, consumers put as priority the sustainability (44.4%) and the hygiene norms respect.

3.5 FINDINGS ON MANAGEMENT STRATEGIES

The firm, as multifaceted and versatile entity, presents a variety of ways of analysis and it is unavoidably correlated to the context, to human resources and to the opportunities of the environment. At this purpose, it is worth to consider that changes are dimensions to which it is necessary to permanently get used to.

This research aims to gain insights into which transformation drivers economic actors have focused on and which technologies they have selected as a means to respond to the disruption. In front of technological and consumer as well as market evolutions and discontinuities, large part of the economy is forced to revise the assumptions and choices concerning business model and value chain propositions (Andries *et al.*, 2020)⁷⁹.

As Andries *et al.* stated in 2020, coping with the present scenario full of uncertainty implies experimenting with business models newness.

The new business models adopted, or the already existing ones evolved, may include alternative or new ways of distribution, of value appropriation and ways of substituting customer segmentation and targeting, as well as reliable partnership to leverage human, financial and

⁷⁹ Petra Andries, Koenraad Debackere, and Bart Van Looy, ‘Simultaneous Experimentation as a Learning Strategy: Business Model Development under Uncertainty—Relevance in Times of COVID-19 and Beyond’, *Strategic Entrepreneurship Journal* 14, no. 4 (2020): 556–59, <https://doi.org/10.1002/sej.1380>.

organizational resources needed to experiment. It is worth to consider the enabling role of digital technologies and innovation in such an experimentation.

The elaborated scenarios in a context during- and possible future post-Covid derive from a process developed in order to determine strategic setting and direction of the project with the relevance of each respective initiative at systemic approach level. The strategic assets which F&B sector hinges upon are still well defined and unchanged, but each of them gained new speed and different expression because of the incumbent outbreak of the pandemic.

The managerial implications inferred refer to strategies adopted to tackle and respond to the severity of impacts, both at short and long-term.

3.5.1 Managerial implications

In exploring the impacts, the findings of this study outline the employed strategies and responsive measures to mitigate such impacts.

The qualitative and quantitative investigations run enlighten the policies adopted. The pandemic affected various factors pillars of Business Model: from the loss of enterprises growth in revenues during 2020 financial year, to the decreased rate of GVA (Global Value Added) of the industry in the country economy, in both terms of contribution to Italian GDP and value of export, in addition to the call for a supply chain restructuring process. Nonetheless the hard recession for the Italian industry, the sector well performed in the last year.

The last executive summary of The European House Ambrosetti confirmed the positive estimations for the Food & Beverage sector for the year 2020. The industry is a fundamental asset for the competitiveness of the country and accounts for 208 billion Euros of revenues realized by the firms operating in the sector, more than 1.4 millions of workers employed and GVA of 64.1 billion Euros. The Food and Beverage is re-confirmed the most resilient of the Covid-19 crisis, with a contraction of -1.8% with respect to the previous year (The European House Ambrosetti, 2021).

To focus on online sales might be promising to weaken liquidity problems registered in companies lacking working capital in coping with operating costs higher than sales revenue. Omni-channel infrastructure is a strategy to increase the sales: a significant percentage of both interviewees and survey respondents are selling products and services either via their own websites or through other e-commerce platforms.

From the data gathered in the survey, it is noticeable how the e-commerce investment projects were predominantly already put in the company's agenda but activated and accelerated to cope with the incumbent crisis.

Sales channel expansion is hence a tool to assist companies in meeting operational expenses together with building infrastructures and as Chowdhury *et al.* (2020) endorse: the way of selling F&B products in "online modes" will increase in a scenario post-pandemic. The level of percentage of the answers concerning the opinion on the continuity of change in trends emerged collected in the survey, confirms this future trend.

Business implications scout potentially successful and win-win collaborations (partnerships vs. M&A) may help in managing cash and liquidity to launch short-term initiatives that could drive long-term results.

Evaluate horizontal and downward integration or partnerships might be a way to better control the value chain.

The role of technological innovation points towards the good outcome of the translation to an evolved business model: a digital logistic assures an appropriate back end to the supply chains. Guarantee an omnichannel approach is fundamental on the consumer journey too.

Firms might accelerate top line through re-designing companies' go-to-market strategies and route to market developing innovative value propositions and formats, in order to meet new consumer behavior and habits and to be in line with oscillations in consumers' mood. Building stronger knowledge of final customer preferences with dynamic management systems may contribute to the improvement of direct brand communication, e.g. through media and innovative channels, and to adapt the supply of products and services to the waiving motions of the behaviour of consumers, the more relevant capital any firm might take care of.

3.6 LIMITATIONS OF THE STUDY

Both the interviews and the survey have provided insights and results. In the qualitative and the quantitative studies, the cross-case analysis allowed to make concrete deduction on the current strategic path of Business Model evolution process, in line with the literature review.

But some factors might have distorted the overall analysis. Starting from the premise that, being 2020 the year under examination, the available literature is limited.

Secondly, the low number of case studies interviews conducted stopped at seven in order to avoid theoretical saturation; anyway, more in-depth questions and higher number of respondents from a higher variety of companies should have made more precise inference on what in details should have been taken as responsive action in Italian firms of different size.

Thirdly, if the level of respondent to the survey would have been higher, it might have been easier to confer truthfulness and objectivity to the results obtained. At this purpose, it is necessary to underline the oversimplifying and confusing nature of the multiple-choice questions.

The major drivers behind these emerged trends should be studied more thoroughly starting from the theoretical framework proposed in this research paper, to infer more robust proofs of this acceleration in innovation and evolution, driven by adaptability and flexibility capabilities required to firms of the sector in coping with a context of social and economic crisis.

Conclusions

With the aim of deeply enhance the Covid-19 pandemic impact and of rough out the guidelines for a recovery, the present research thesis has made emerge strategic indicators with respect to the flexibility and the adaptability of the business model of a firm, whose theoretical framework is described in Chapter one.

The economic evidence from the market analysis stated in Chapter two, has inferred to the complex set of supply chain challenges the pandemic has left the Food and Beverage industry with, causing an increase in cost and complexity on Ho.Re.Ca, Retail and Production subsectors. The requirements of flexibility and adaptability of the Business Model of the organizations operating in the sector, could alongside represent a watershed opportunity to leverage capabilities across the entire value chain.

The change is a dimension to which it is necessary to get used to and the opportunity it offers, permits resilient businesses to define priorities with which to optimize assets and liabilities, as well as the better way to manage stakeholders' expectations and to adapt core assumptions.

The actions taken in response and to recover from the pandemic inferred from the multiple case study analysis in Chapter three, define priorities set by organizations to protect the corporate performance with innovation in competitiveness at systemic approach level and actions attempting to mitigate the risks connected to the crisis, other than to deal with the technological complexity and competitive dynamics the Food and Beverage sector is facing in the actual context.

As a concluding remark, the present study, in exploring the impacts, proposes to outline strategies and enlighten policies suitable to fill a Business Model Canvas.

The Food and Beverage Business Model Evolution studied, and the investigations run, outline an innovation pathway involving the structure idealized by Osterwalder in all its segments.

The conceptualization of the Business Model through the Canvas representation consists in implementing innovation in customer segment and relationships, value proposition, distribution

channels, revenue stream and cost structure as well as through resources, partners, activities in order to analyse the business building blocks at a systematic approach.

The innovation springs from alternatives in value creation, distribution and, capture, in terms of revenue stream and cost structure, from alternatives in customer segmentation and targeting, and distribution channels to reach them, as well as from the consolidation of partnerships leveraging human, financial and organizational resources of the business' activities.

The context of social and economic upheaval which the companies studied are coping with, makes it worth to consider the change as a dimension of opportunity and at the same time, leaves the strategic assets which the sectors hinges upon well defined, but enriched of new speed and perspective.

The data collected and analysed in the twofold study indeed merge towards a single reframed theoretical vision, from the different perspectives of respectively the interviews and the survey run, that converge in Food and Beverage companies' priorities focused on re-designed go-to-market strategies.

The technological innovation points towards the translation to an accelerated digitalization process flowing into digital commerce distribution channel adoption and hybrid formats of supply, in addition to the proximity commerce and large distribution polarization. A digital logistic assures an appropriate back-end to the supply chain. This holistic approach guaranteeing an omnichannel process is hence fundamental on the consumer journey too.

Consumer centrism may contribute to developing innovative value proposition constructions meeting consumer preferences, as the most valuable capital of the firm. Adapt the Business model to the oscillation curve where the consumer mood waves on, is reflected in a process of democratization of the consumers. From way of shopping to product innovation, the consumer behaviour changes in the last two years brought to the involvement of a higher differentiation in consumers' segments, so to an enlargement of the target served.

Business implications emerged concern also the re-organization of activity volume mix and seeking new sources of revenue, re-designing the organization of resources. Scouting potential win-win interdependent relationships and new partnerships consolidation as a way of increasing forms of *coopetition*, could drive to long-term results.

The process of innovation and evolution ignited by the Covid-19 pandemic outbreak identifies an acceleration in the actualization of a strategic renovation. This either radical or temporary change, needs the scarcest resource ever: time. Time is necessary for organizations to cope with the crisis and to accurately listen to weak signals from the environment in order to be able to generate alternatives. Being able to react to these concrete signals, either strong or weak, permits firms to build a defense system, as a proper immune system capable of absorbing economic and social shocks or disequilibrium affecting the routines in consumption habits, in the supply and value chains as those caused by the exogenous nature of the pandemic.

APPENDIX A: Interview questions

Q1 : What kind of corporate evolution path did you follow to reach the current market position in terms of business model adaptability? And which stakeholders mostly contributed to reach such goal?

Q2 : What have been the main impacts and consequences of Covid-19 on corporate processes and strategies?

Q3 : Have your consumers' target varied? Have you traced any new consumers' segments or kept the loyal ones?

Q4 : What was the difference in the company's revenue from 2019 to 2020? Positive, negative or any difference?

Q5 : Which have been the most noteworthy inner changes? Do the strategic objectives set for 2020/2021 financial year have been reached?

Q6 : Have you consolidated any new distribution channels or partnerships? If yes, was it forecasted for the next future and accelerated, or the decision has been taken only to cope with the present situation?

Q7 : Did you registered an acceleration in digitalization processes?

Q8 : At national and/or international market levels, did the company registered any bottleneck effects on supply side?

APPENDIX B: Detailed survey results

Table 5 “Ho.Re.Ca survey specific questions codebook” Source: own elaboration

Ho.Re.Ca	
Q1 – What impact has Covid-19 had on your revenue so far in 2020, with respect to 2019? *	
1	increasing
2	same
3	decreasing
Q2 - Target market: in which target market does your firm operate?	
1	regional
2	national
3	international
4	global
Q3 - Supply side: During the first lockdown of 2020, what alternatives in offering your service did you chose, other than traditional ones?*	
1	delivery
2	take-away
3	other (please specify)
Q4 - Supply side: Between October 2020 and today, what alternatives in offering your service did you chose, other than traditional ones? *	
1	delivery
2	take-away
3	other (please specify)
Q7 - Consumer behaviour: What are the consumer priorities after Covid-19? (select all that apply)*	

1	sustainability
2	hygiene norms
3	price
4	healthiness
5	information supplied
6	efficiency in supply and/or distribution
7	craftmanship
8	circularity
9	other (please specify)
Q8 - Disruptive trends: How much do you think the structural change will last?	
1	only during the current health emergency
2	it will be part of the service supplied

Table 6 “Retail distribution survey specific questions codebook” Source: own elaboration

Retail	
Q1 - What impact has Covid-19 had on your revenue so far in 2020, with respect to 2019? *	
1	increasing
2	same
3	decreasing
Q2 - Digital commerce investment: during the first lockdown in 2020, did you undertake e-commerce activity?	
1	yes
2	no
Q3 - Digital commerce investment: between October 2020 and today, did you undertake e-commerce activity?	

1	yes
2	no
Q4 - E-commerce: if activated, the e-commerce is of your own or third-party?	
1	owned
2	third-party
3	not undertaken
Q5 - E-commerce: if activated, what percentage does it represent in terms of revenue?	
1	almost 25%
2	50%
3	more than 75%
4	not undertaken
Q6 - E-commerce: if activated, do you think this activity could increase?	
1	yes
2	no
3	not undertaken
Q7 - Consumer behaviour: What are the consumer priorities after Covid-19? (select all that apply)	
1	sustainability
2	hygiene norms
3	price
4	healthiness
5	information supplied
6	efficiency in supply and/or distribution
7	craftmanship
8	circularity
9	other (please specify)

Table 7 “Production survey specific questions codebook” Source: own elaboration

Production	
Q1 - What impact has Covid-19 had on your revenue so far in 2020, with respect to 2019? *	
1	increasing
2	same
3	decreasing
Q2 - Digital commerce investment: during the first lockdown in 2020, did you undertake e-commerce activity?	
1	yes
2	no
Q3 - Digital commerce investment: between October 2020 and today, did you undertake e-commerce activity?	
1	yes
2	no
Q4 - E-commerce: if activated, the e-commerce is of your own or third-party?	
1	owned
2	third-party
3	not undertaken
Q5 - E-commerce: if activated, what percentage does it represent in terms of revenue?	
1	almost 25%
2	50%
3	more than 75%
4	not undertaken
Q6 - E-commerce: if activated, do you think this activity could increase?	

1	yes
2	no
3	not undertaken
Q7 - Consumer behaviour: What are the consumer priorities after Covid-19? (select all that apply)	
1	sustainability
2	hygiene norms
3	price
4	healthiness
5	information supplied
6	efficiency in supply and/or distribution
7	craftmanship
8	Circularity
9	other (please specify)

Table 8 “Ho.Re.Ca survey results” Source: own elaboration

	1	2	3	4	7	8
code ID	revenues	target market	supply side	supply side	consumer behaviour	disruptive trends
1	3	1	3	1	2	2
2	3	1	1	2	2	2
3	3	1	3	1	6	2
4	3	1	1	1	2	1
5	2	4	3	3	2	1
6	3	1	1	1	2	2
7	3	1	3	2	3	2
8	3	1	1	1	2	2
9	3	3	3	1	2	1
10	1	1	1	1	7	2

11	2	1	1	1	7	2
12	2	1	1	1	7	2
13	3	3	3	3	2	2
14	3	3	2	2	9	2
15	3	2	2	2	9	2
16	3	4	1	1	6	2
17	1	2	1	1	2	2
18	3	4	2	2	2	2
19	3	1	3	3	2	1
20	3	1	3	1	6	2
21	3	4	2	2	2	1
22	3	2	1	1	2	1
23	3	3	3	3	9	2
24	3	1	2	2	2	2
25	3	2	3	3	7	2
26	3	3	3	3	9	2
27	3	4	3	3	4	2
28	3	1	1	1	6	2
29	3	1	2	2	2	2
30	3	1	2	2	6	2
31	3	1	1	2	2	2
32	3	1	3	2	3	2
33	3	2	1	1	6	2
34	3	1	2	2	2	2

Table 9 “Retail survey results” Source: own elaboration

	1	2	3	4	5	6	7
code ID	revenues	digital commerce investment	digital commerce investment	e- commerce	e- commerce	e- commerce	consumer behaviour
1	3	1	1	1	1	1	1
2	3	2	2	3	4	1	1
3	1	2	2	3	4	3	2
4	3	1	1	n.a.	n.a.	n.a.	1
5	1	1	1	1	2	1	2
6	3	2	2	1	n.a.	2	9
7	3	2	2	1	n.a.	2	9
8	3	1	1	n.a.	n.a.	n.a.	1
9	3	1	1	1	2	1	6

Table 10 “Production survey results” Source: own elaboration

	1	2	3	4	5	6	7
code ID	revenues	digital commerce investment	digital commerce investment	e- commerce	e- commerce	e- commerce	consumer behaviour
1	3	1	1	1	n.a.	2	9
2	3	2	2	1	1	1	6
3	1	1	1	1	1	1	7
4	1	1	1	1	n.a.	2	6
5	3	1	1	1	n.a.	1	6
6	1	2	2	3	4	3	6
7	1	1	1	1	n.a.	2	7

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