



# How Family Business Branding Impacts Consumer Perception

## ***Interview with Dr Claudia Binz Astrachan and Dr Joe Astrachan***

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*Dr Joe Astrachan can unhesitatingly be called one of the pioneers of the family business research field. His career spans over 30 years, 25 book chapters, 48 scientific publications and ten books. He is a Professor Emeritus and past Executive Director of the Cox Family Enterprise Center at the Coles College of Business, Kennesaw State University near Atlanta, Georgia, USA. He is also a Faculty Scholar with the Smith Family Business Initiative at Cornell University and a visiting scholar at Witten/Herdecke University. He has served on a total of 16 family business boards.*



Leveraging family ownership is a unique opportunity presented to family businesses when formulating their branding strategy. Whether by adding the typical 'and Sons' to their names or including the message in product branding, there is a myriad of ways to emphasise a family legacy is operating behind the scenes of a business. Historically, business families have been known to underline their ownership to instil trust in their consumers. Turning family business branding into a competitive advantage, however, is far from an exact science. If executed improperly, it could even be a misstep with serious consequences.

**Dr Claudia Binz Astrachan and Dr Joe Astrachan have been researching the subject of family business branding for the better part of the last decade. The pair first met at the International Family Enterprise Research Academy conference in 2011. Now married, they share their combined experience and expertise on the subject with the world through their roles as teaching faculty, researchers, independent board members and more. Through their research, they have gained insights into consumer perception of family-owned brands and formulated a set of questions family businesses must ask themselves before developing a branding strategy that emphasises family ownership.**

**Tharawat Magazine had a chance to speak with Dr Claudia Binz Astrachan and Dr Joe Astrachan about the efficacy of family business branding, the various approaches families can**

**use when marketing their products and services, and why they must be prepared for what such a strategy entails.**

**How did you develop an interest in family business branding and why is it a separate subject to business branding generally?**

**Claudia:** In 2009, during the very early stages of my PhD journey, I would pass the train station in Lucerne on my way to work every day. One day, some people were handing out chocolates. Along with the chocolate was a leaflet that read, 'We're a family business... family-owned, family managed. These are our values.' I found the strength of this statement compelling and wanted to know more.

I began looking for other family companies using the same advertising strategy while simultaneously looking for research on the subject. I was surprised by the apparent academic vacuum – there were maybe four or five papers on the topic and some anecdotal evidence. I found dozens of companies that were putting their family at the centre of their advertising campaign, yet there was no research substantiating the assumption that this actually benefitted the business in any way. I was intrigued – this was a practically relevant issue that was completely underexplored academically.

To me, it's such a fascinating topic because if done right, it allows the family to leverage its unique identity to the benefit of the business as well as the family itself. Even if you have ten families promoting what we call a 'family





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business brand', no two will be alike because their family history, values and portrayal of family members are unique. Every family identity is singular, which is largely overlooked. Some people discount family business branding on the basis that it's meaningless if everyone is doing it, but Joe and I disagree with that.

**What were your assumptions when you began studying the topic? Did you find that this type of branding is effective in triggering specific emotions or behaviours in consumers and in marketing products?**

**Claudia:** Early on, I wrote a paper exploring the associations that family ownership triggers with the general public in their role as consumers. I conducted a study where I asked for their associations with publicly owned companies, non-family businesses and then family-owned companies specifically. In general, participants think of family businesses as trustworthy, quality-oriented, small, limited in terms of career opportunities and lacking in transparency. So, both positive and negative associations exist. Interestingly, associations with publicly owned companies are diametrically opposite. Either way, family-owned companies trigger a distinct response from consumers, which allows them to differentiate themselves from non-family companies. That was an essential first step.

In conjunction with this paper, I wrote another to classify these associations by type. Consumers are

drawn to the relational qualities they associate with family companies. Examples include their warmth and their care and responsibility for their employees' well-being.

Next, I went to employees to see how these family-owned company associations affect their reasoning when looking for a job. I found differences in people that were strongly attracted to family businesses versus those uninterested in that type of employer. Compared to other more recent research, my data did not support the assumption that any significant differences exist from an employee's perspective.

**Do your findings support the idea that family-owned branding for business bears more significantly on its potential consumers rather than potential employees?**

**Joe:** I think for both consumers and employees, there is a definite advantage for a certain type of each. Partly, consumers are defined by social, sociological and economic trends. For example, the data from the Edelman Survey suggests that family businesses are trusted around the world except in certain economies like South Korea, where a series of scandals surrounding high-profile family businesses has recently entered the public's conscious and eroded trust in the family business model. On the other hand, in the West, government institutions are increasingly distrusted, which means consumers are placing a higher level of trust in family businesses.



**Claudia:** Our data also suggests that about one-third of people feel a strong attraction to family businesses, one-third are indifferent, and one-third dislike them. It seems odd, but this ratio occurs frequently and is also present in data on employer branding. As Joe said, the question is, how can you appeal to those that have a preference? How can you mitigate the negative associations for those that are indifferent?

**Do advantages exist in using family ownership branding when it comes to specific industries?**

**Claudia:** The research does identify industry differences. We're not entirely clear why some industries seem more adequate for promoting a family business brand, but I believe the correlation is trust. In the food industry, for example, trust is paramount.

If you think about baby food or products you put on or in your body, you need to feel positive about them. That's the emotional aspect of trust, but another connection also exists in relation to making large purchases. For luxury industries, where the notion of family is a proxy for craftsmanship, quality and customer orientation, a consumer wants to feel that meaningful, often historical connection associated with the family and their brand.

Then, there are very traditional industries where a family's unique knowledge has been passed down through the generations, giving them a clear advantage over other companies.

There are many techniques that can work when it comes to family business branding. We wrote a research report for the Institute for Family Business in the UK. One of the case studies was Warburton's, an industrial bakery. They're a sizable business run by a group of cousins. Their advertising includes family members and reflects their sense of humour. They use that very human quality to make a connection with their customers. So, different approaches exist. Family businesses can use comedy, focus on quality or use relatable

family concerns, like the environment and the world that will be left to our children.

**Joe:** There's also another approach that uses a 'halo effect', which is, 'We're a good family; we do good things, and if you buy our products, you'll be like us too.' Identifying with a company means considering it an extension of the self, which requires positivity towards it. If the message is, 'You can feel good about yourselves because we are good,' those consumers that strongly identify with the business will be affected.

**Does business size impact the likelihood of the use of a family business branding strategy?**

**Claudia:** Yes. We know that smaller companies are more likely to promote their family business brands as are older companies. When we go back to the associations people have with family businesses, they naturally presume they are small. Based on that, it's more powerful for small companies to use the family branding strategy because it's more believable. However, with bigger companies, there's always a trade-off. Some perceive big business families as overly powerful and wealthy with spoiled kids. There can be a lot of negative associations with larger family-run companies.

**Joe:** Conveying their integral role as members of the community is another tool that lends itself to small family businesses. Large family businesses face a greater challenge convincing consumers on a national or even global level.

**Claudia:** One question we're trying to answer now is, what effect does branding the family business have on the family? This topic is very important but completely under-explored. As Joe mentioned before, there are some countries or cultural contexts where it may be unwise to promote a family business brand. We have friends in Latin



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America that have very intense and compelling family histories, but there is a chance that promoting family-ownership in their brand message may physically endanger its members by putting them in the public spotlight. Those families may think it’s a wonderful idea to talk about their heritage and values, but are they willing to put their relatives at risk by exposing them?

**What are some of the questions families need to ask themselves before they promote family ownership as a branding strategy?**

**Joe:** In our study, we talk about ‘family preparedness’. The last thing any family wants is unintended negative consequences that were predictable.

**Claudia:** Is the family involved in anything they don’t want the public to know about? Have they been in the past? Are all family members willing to participate and comply with the raised expectations? Consensus is important.

**Joe:** Do they all believe in the family narrative? Many families, especially in

later generations, have different versions of the family history. When that’s the case, it’s hard to make a family business brand work because the internal conflict will be apparent externally. Family functionality is crucial. If you have a dysfunctional family, work on improving familial relationships first.

**Claudia:** What I would like to see more of are hands-on and more differentiated recommendations for family business owners. There’s still very little research-backed advice to guide families in the decision-making process. There are plenty of consulting firms who are enthusiastic about family business branding, but they often claim that it’s a good strategy for all family firms, regardless of the circumstances. However, research shows that depending on the situation, it may not be a good solution for every family and every business. There are benefits to family business branding, but like any strategy, it is essential to address the pertinent questions and work out the minute details before making any decisions.