‘What’s so special about family business?’ An exploratory study of UK and Irish consumer experiences of family businesses

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Abstract

While family-owned businesses are considered to have specific advantages in customer relationships, limited research has been conducted into how these abilities are developed or understood by the public. Consumers may indeed perceive family businesses differently from non-family businesses, but this aspect has received scant attention within the literature. This paper sets out exploratory work designed to gain an understanding of Irish and UK consumer perceptions of family-owned businesses, within both urban and rural communities. The study provides insight into the meaning of ‘familiness’ in consumers’ minds when linked to family businesses, and explores the relationships and experiences that respondents have of family firms. Emerging issues include family business heritage, community bonds and social stewardship, consumer loyalty and generational transfer, distinction, choice and retail heterogeneity. The findings of this exploratory study suggest that researchers should be paying more attention to the positive aspects of family businesses within communities, and concludes with suggestions for future research to further extend this area of study.

Introduction

Family firms are ubiquitous within the global economy; over 60% of all firms in most nations are classified as family businesses (De la Cruz Deniz Deniz and Suarez, 2005). Despite the generally held view that family firms are unique from other firms because of the relationships and dynamics between the family and the business systems, little attention has been devoted to researching the family firm (Chua et al., 1999). Firms that are family-owned arguably ‘dominate the economic landscape’ worldwide (Chrisman et al., 2005, p. 237), and many authors have suggested that family-owned businesses have specific advantages in building relationships with their customers and wider stakeholder groups (Ward, 1997; Stone, 2000; Biberman, 2001). Family business research takes the position that family firms possess certain unique characteristics related to their governance, ownership, management and vision, and aims to explain how and why this is the case. Miller and Le Breton-Miller (2005, p. 32), for example, commented that many family businesses:

. . . cherish enduring, open-ended, mutually beneficial relationships with business partners, customers and the larger society. These relationships vastly exceed the time span, scope and potential of episodic market or contractual transaction.

While Cooper et al. (2005) point out that many family businesses pride themselves on their excellent customer service abilities, limited research has been conducted into how these abilities are developed, and nothing on how these are perceived by consumers. Consumers may indeed perceive family businesses differently from non-family businesses, but so far this aspect has received scant attention within the literature. This paper sets out exploratory work designed to gain an understanding of Irish and UK consumer perceptions of family-owned businesses. The study aims to address the lack of empirical work in the field, and to gain insight into the meaning of ‘familiness’ in consumers’ minds when linked to family businesses, and explores the relationships and experiences that respondents have of family firms. The paper first introduces the extant literature on family business relating to perceptions, reputation and responsibility. The next section describes the empirical research based on qualitative interviews designed to elicit consumer data on perceptions of family businesses. The findings are then analysed and we conclude with a discussion of the perceptions that emerged of family business, and suggestions for future research to further extend this area of study.
Family business: background literature

Family business relationships

The field of family business research is still a relatively new area of inquiry and attracts multidisciplinary interest (Birdthistle and Fleming, 2005). The importance of this emerging field is underlined by the European Commission, which identified in its Green Paper on Entrepreneurship in Europe that family businesses play a major role in stimulating entrepreneurial culture (European Commission, 2003) and that the ‘small amount of research on the family business sector has been disproportionate’ to its economic impact and contribution to nearly every nation (Birdthistle and Fleming, 2005, p. 733). There are 17 million European owner-managed and/or family businesses, operating in sectors such as commerce, manufacturing and services (Riehle, 2003), accounting for almost 80% of employment in Europe. Within those figures, families dominate the Irish economy’s landscape across all sectors of business. Family firms account for almost 90% of all companies (Kehoe, 2005), and the top 15 companies incorporate shareholder funds of almost £1.7 billion. The family business sector in the UK is equally important, estimated to account for over two-thirds of all companies (Institute for Family Business, 2007). Despite their high numbers, the ‘family’ status of many firms goes unnoticed, as does their impact on the global economy (Cappuyns et al., 2007). Partly this is because very few explicitly promote their family-owned status (Buckley, 2006), while a preference for anonymity, and unwillingness to engage with the press or academic researchers have exacerbated the situation (Cappuyns et al., 2007). While common belief is that most family businesses are small firms, this is not the whole picture. There are large, international family companies that emphasize their family-owned status in customer promotion, such as the American cleaning products firm SC Johnson; however, generally consumers are unaware of the family status of many businesses such as Lego, Suntory or Tetra Pak. This raises questions, because a number of authors suggest that family ownership confers advantages in building customer relationships (Ward, 1997; Stone, 2000; Bierner, 2001; Miller et al., 2008), and others extol the virtues of the long-term relationships created between family businesses and their customers (Cooper et al., 2005). While this remains an intuitively attractive proposition, little empirical evidence exists to support the belief (Sharma et al., 1996).

Murphy et al. (2007) suggest that relationships are established, reinforced and sustained by virtues of trust, commitment and diligence. They suggest that a ‘set of good habits’ is essential to sustaining and reinforcing relationships. The virtues associated with relationship marketing are identified in the literature as benevolence, honesty, fairness, integrity, reliability, reputation, commitment and trust (Murphy et al., 2007). These are viewed as the building blocks of any long-term partnership, while trust, commitment and diligence are the key connectors. Trust is particularly critical, defined as a generalized expectation held by one party that another party’s word can be relied upon (Rotter, 1967). Trust implies a certain expectation and confidence about another’s behaviour, and family businesses are said to be in a unique position to leverage the implied trust that exists in their customer relationships for competitive advantage (Ward, 1997; Cooper et al., 2005). Factors such as ensuring the family name is linked with outstanding customer service and product quality have been particular strengths (Poza, 1995). Cooper et al. (2005) cite studies that suggest, at least anecdotally, that family businesses can ‘create and maintain superior customer relationships... associated with customer loyalty, perceptions of trustworthiness and good will’ (Stone, 2000; Biberman, 2001). Yet so far, few studies have investigated if there are any differences between family and non-family businesses in these respects, or if consumers perceive them to exist. ‘Relationships are at the heart of family business’ (Cooper et al., 2005), and it has been suggested that well-formed customer relationships will deliver greater customer loyalty, allow price premiums to be charged, create barriers to competitive entry and result in repeat purchasing (Buzzell and Gale, 1987; Aaker, 1991; Ennew and Binks, 1996). Customer service is critical to the success of family business, as is having a quality product and developing and preserving a certain image for the firm (Tagiuri and Davis, 1992). Robins (1991) and Brokaw (1992) suggest that the ability of customers to deal directly with the family in charge, and knowing the person whose name is above the door, is a powerful competitive advantage. This relationship with the family is also said to engender greater levels of trustworthiness among consumers (Ward and Aronoff, 1991; Ashley-Cotleur and King, 1999; Upton, 2001), and Rubenstein (1990) argues that those firms that use the family name are more concerned with maintaining respect for the family name. Implicit in both Brokaw and Poza’s assertions is the assumption that all family-owned businesses are family-run and of a scale that allows regular customer contact with family members, but this may not always be the case.

Familiness and ‘family’ business

The majority of research to date involving family business studies has focused upon the dominance of these firms on the economic environment of most countries. Sharma (2004) argues that further work is needed to answer questions such as, ‘Are family firms different from other organizations, and why do they deserve (if at all) special research attention?’ In pursuit of answers, studies have attempted to define what family firms are, their source of distinction and the different facets of their performance.

While various studies (Handler, 1989; Birdthistle and Fleming, 2005; Miller et al., 2008) have struggled to demarcate family from non-family business, one aspect of definition that remains unexplored has been how the consumer defines and perceives ‘family’ firms; what, if anything, constitutes a family business in their eyes? ‘Familiness’ is a term used to characterize those interactions between family members, the business and the community, with the potential to create competitive advantage or disadvantage for the business (Habbershon et al., 2003). While it is a useful abbreviation for what makes family firms different and succeed or fail, as a concept it requires further development if it is to provide a foundation of a theory of the family firm (Chrisman et al., 2005). What are the sources and types of ‘familiness’, how does it differ and what are the consequences? What is the meaning of familiness to the consumer and, how, if at all, does it influence their perceptions and patronage of family businesses?

Familiness: positive or negative?

The dynamic of the family, and its relationships between the different stakeholders of the family business is significantly
influenced by trust and emotions (Huse, 1998). Customers are among the most important stakeholders a corporation must take into account (Hillman and Keim, 2001; Solomon, 2001; Collins et al., 2007), yet the critical role played by everyday consumers has sometimes been overlooked in research on issues such as reputation and corporate social responsibility (Deviney et al., 2006). Buyers either choose or refuse to buy a particular product from a particular store or company and thus wield a powerful influence upon companies. While market research tends to investigate customers from the perspective of the products and services they seek, less investigation has been undertaken into their opinions about the companies themselves (Collins et al., 2007). This is a shortcoming, because those views and perceptions may influence consumer buyer behaviour as well. Listening to and understanding what customers believe and perceive about organizations may help managers to set their priorities on a number of issues. For example, if customers perceive family businesses to be more trustworthy or socially responsible, then this may suggest firms should trade more overtly on their ‘familiness’.

Little is known about the impact a family might have on the corporate social performance of a firm, and the literature conflicts on the subject. Miller et al. (2008) cite the emergence of the ‘stewardship’ perspective of organizations and how researchers have recently applied this to family business (Arregle et al., 2007; Gomez-Mejia et al., 2007). The suggestion from this research is that owners of family firms have more at stake because of the ‘deep connections between the family and the business’ (Graffand, 2002; Whetten and Mackey, 2002; Godfrey, 2005; Miller et al., 2008). Some academics argue that family firms are self-interested and merely want to take care of their own parochial interests (Morck and Yeung, 2004). Such families would focus on their own internal well-being and eschew improving the broader society in which their firms are embedded (Dyer and Whetten, 2006). Other writers suggest that all firms (family and non-family owned) have a vested interest in maintaining a positive, socially responsible image, because this can sustain the business in times of potential crisis (Godfrey, 2005; Miller et al., 2008).

**Image and responsibility**

General research interest in corporate image and reputation has grown in recent years and has resonance for family firms. However, the issue of social responsibility and family businesses has been rarely studied, nor has the broader issue of ethics in family businesses (Gallo, 2004). The image of an organization is deliberately projected from within the business to the outside; equally, the perception of the firm by outsiders is reflected back at the organization (Dyer and Whetten, 2006). Dyer and Whetten (2006) argue that a family that presents its family name ‘above the door’ may find it more difficult to distance itself from the firm it controls, and may feel a greater responsibility to protect the family’s good reputation. Reputation bolsters business longevity, improves customer loyalty and sustains the firm in difficult times (Fombrun, 1996; James, 2006). Until now, research has not addressed the extent to which consumers’ perceptions of the image of family firms is one that is socially positive or negative. This opens up a rich area of future empirical work, and one that this study will begin to address.

**Family firms and distinctiveness**

The theme of distinctiveness runs through family business studies as scholars endeavour to establish sources of uniqueness in comparative studies between family and non-family firms (e.g. Coleman and Carsky, 1999; Anderson and Reeb, 2003). Mixed results have been found, with family and non-family firms revealing differences along some, but not all, dimensions. Poza (1995) suggests that family businesses enjoy a competitive advantage in their ability to respond quickly to customers because of their size and management structure, but clearly this is affected by firm size and cannot be applied universally across the family business sector. Despite the efforts made, no set of distinct variables separating family and non-family businesses have yet been uncovered (Sharma, 2004).

Furthermore, little attention has been paid to the role of family firms in their communities and their relationship with their consumers. This is an important area of research as Lavin (2003, p. 327) found in her study of small, family pharmacies vs. chain stores in Manhattan; residents offered more personal reasons for favouring small stores such as ‘they know our names, the pills we take and the sicknesses we have’. Family firms can perform important functions beyond providing access to goods and services that contribute to a sense of community, and in rural areas may even be critical ‘social hubs fostering the community’ (Paddison and Calderwood, 2007, p. 136). In his study of farmers markets in Ireland, Moore (2006, p. 422) found similar consumer responses to organic family businesses, whom they preferred for being ‘smaller, more homely; they’re very informed, give you great advice and chat and stuff’. Trust (a critical element of organic consumer sourcing) was engendered because they could ‘talk to the people’ who ran the businesses, and believed there to be more honesty in the transaction. Given the importance of this ‘personal facework connection’ (Moore, 2006, p. 425) in engaging the local family producer and consumer, research needs to ask the question ‘what do family firms mean to the community and customers?’ For example, a profound identity and emotional connection is suggested as one of the key strengths within family firms (Institute for Family Business, 2006). Family businesses are believed to be more interested in building enduring relationships with customers and suppliers (Gomez-Mejia et al., 2001; Palmer and Barber, 2001). Such actions broaden the customer relationship and allow for a ‘better knowledge of the client’, while the personal, face-to-face involvement between family members and customers can solidify connections, increase mutual understanding and boost loyalty (Miller et al., 2008, p. 6) Do consumers perceive this emotional connection with family firms, and do they recognize that strength of identity?

Recent exploratory work by Buckley (2006) investigating consumer perceptions of Irish family businesses found that respondents referred to positive shopping encounters they had with family businesses and indicated a sense of familiarity between them and the family concerned. While these positive, ‘warm’ feelings about family businesses emerged, there was little specificity as to why they felt this way, and whether it would positively impact upon their purchasing behaviour. Their findings also suggested that family businesses are perceived to be more trustworthy and were expected to hold high levels of product knowledge and customer service. Less positively, family businesses were
perceived by one respondent as ‘old-fashioned’ and boring, a weakness that has emerged in previous work (Leach, 1989).

Our review of the relevant literature reveals a lack of consensus on consumer perceptions of family business, and a shortage of empirical study into consumer attitudes and behaviour towards family businesses. Family firms need to know what consumers think about them; understanding why consumers choose or do not choose to patronize family firms should be a key component of any family business strategy. To address some of these gaps in our knowledge of family business research, the following study was undertaken.

Methodology

The study followed the tradition of consumer research that emphasizes ‘developing a more in-depth analysis of the life stories expressed by a relatively small number of participants’ (Thompson, 1996, p. 392) and so gain access to the cultural categories and assumptions with which people see the world (McCracken, 1988). In-depth interviews were conducted with 19 consumers in the UK and Ireland (see Table 1), countries whose business environments reflects a high percentage of family-owned firms. A purposive sampling method was used to identify female participants who ranged from ages 30–60 years of age, resident in the UK and Ireland. This age group was chosen as the target respondents will have experienced the changing nature of village and town environments and can provide an informed perspective of family businesses over time. Respondents were chosen from both rural and urban communities to reflect and explore the potential differences that may exist in consumer behaviour and attitudes across these communities. Rural respondents have been defined as residents from a settlement of less than 10 000 for the purposes of this study (National Statistics, 2007; DEFRA, 2007). While the choice of informants is limited in geographic, cultural and socio-economic criteria (and future research should aim to address this), women were selected for this initial investigation as they have been shown to take primary responsibility for family shopping activity (DeVault, 1991; Carrigan and Szmigin, 2006).

Interviews lasted between 30 and 60 min per participant, and were held in the participant’s home or at a university-based venue. The discussion schedule was semi-structured in nature and themed around buying habits: how and why they shopped the way they did, the feelings they had about their shopping choices generally, and about their encounters with family businesses. The interviews were conducted as conversations based on a broad topic list covering the issues highlighted in the foregoing literature and pilot studies. The verbatim transcripts were interpreted using a translation of text approach (Hirschmann and Holbrook, 1992) where the interpretive account is developed through key phrases and patterns of meaning (Thompson, 1997). Each of the two authors first individually analysed the responses from the interviews. This entailed reading, documenting and systematizing the interview transcripts. Together, they then compared and contrasted their individual interpretations and analyses in an iterative process, leading to a shared understanding of key central themes. Recurring themes were identified around how people shopped and their descriptions of the choices they made. The findings are discussed below.

Findings and discussion

Defining the family business

Both UK and Irish consumers demonstrated a consistently traditional picture of what for them made a business a ‘family’ business.

Family business to me . . . oh, and this is terrible because it’s very stereotyped, it’s a small-ish, kind of brings to mind things like cosy, comfortable, I would expect loyalty, not particularly high-tech, and part of the community, quite community-oriented. (Laura, UK rural)

There was also a strong sense of the presence and interactions of family members within the firms, and of the heritage and generational transfer referred to in the literature (Handler, 1989; Sharma, 2004; Miller et al., 2008):

Something quite small, local sort of trade, a little shop or a skill, maybe someone like a builder, or plumber or something like that . . . you’d expect them to be small and local . . . and a sign saying so and so and sons across the top. (Judith, UK, urban)

There was also an element of caricature in what constituted a family business, primarily a small operation, retail- and services-focused and geographically limited:

A business that has been run over years and years and has been handed down through generations and that it involves everybody in that family from parents to grandparents to children. And that would be, it would continue to be within the family. (Rose, Ireland, urban)

Apart from a passing mention of Sky (International Satellite Broadcaster) and its ownership by the Murdoch family, the respondents referred to family businesses as local concerns. While this suggests limited awareness of the scope and scale of family businesses, it may also reflect the lack of emphasis placed upon their family credentials by international firms. Research suggests family businesses prefer to keep a low-profile (Cappuyns et al.,

| Table 1 UK and Irish respondent profiles |
|---|---|---|---|
| Respondent name | Age | Nationality | Occupation |
| Maureen | 60 | Irish urban | Homemaker |
| Patsy | 60 | Irish rural | Nurse |
| Joan | 60 | Irish rural | Administrator |
| Maire | 40 | Irish urban | Marketing manager |
| Mary L | 31 | Irish rural | Pharmaceutical manager |
| Irene | 31 | Irish urban | Retail assistant |
| Anne | 34 | Irish urban | Personal assistant |
| Rose | 45 | Irish urban | Secretary |
| Mary | 45 | Irish urban | Legal advisor |
| Jane | 38 | UK urban | Academic |
| Penny | 51 | UK rural | Academic |
| Cynthia | 58 | UK rural | Research administrator |
| Sue | 30 | UK urban | Academic |
| Laura | 38 | UK rural | Secretary |
| Tracy | 39 | UK rural | Finance officer |
| Jacqui | 60 | UK urban | Retired secretary |
| Josie | 33 | UK urban | Office manager |

...
2007), and although there may be reasons for firms to play down their family connections (Buckley, 2006), the respondents universally reported that firms should promote their familiness:

I think they all should be promoting it. You know, I think it’s a fantastic thing that you have a family-run business, that it’s something that you think is so important that you’re willing to allow your family to enter into it. (Rose, Ireland, urban)

Another respondent highlighted the added value and trust engendered from a family business with longevity:

If you see an advert in the paper and it says – Family business for over 20 years – then I think that says a lot for that company. I think it goes a long way. There’s just something a bit more genuine about a family business because they’ve obviously looked after their customers, otherwise they wouldn’t have traded that long . . . they’re not going to be someone that’s here today and gone tomorrow; they’re not going to just take your money and run. (Tracy, UK, urban)

Anonymity diminishes the opportunity for the family business to benefit from the commercial opportunities and goodwill that emanate from a well-respected family name. Poza (1995) recognized the strength and value that lies in the family name being linked with outstanding service, and the findings from this study would support the view that family ownership does confer advantages in building long-term relationships with customers (Ward, 1997; Cooper et al., 2005; James, 2006).

You’re supportive of somebody that’s trying to do something as a family. They’d go the extra mile . . . so that they ensure you go back again . . . they need to make sure that you’re going to go back, you’re going to tell other people about it, you’re going to recommend it. (Jane, UK, urban)

Keeping it in the family

Customers attribute significant integrity to the way in which family firms are run, and many of the respondents reported having followed in their own parents’ footsteps by patronizing the family stores they discussed. Jane’s mother had employed the services of a butcher for over 20 years, and now Jane was a faithful customer too. Others reported similar long-term inter-generational loyalty:

O’Mahony Electrical, they’re family-owned and like I remember my parents talking about them years ago . . . my parents used to go there . . . I mean the service was excellent and it was nice to buy off the people in the shop who you know are getting the benefit of your shopping there. I didn’t even shop around now that I come to think of it, I just went straight in there for my own electrical goods. (Mary, Ireland, urban)

These findings support Miller and Le Breton-Miller’s (2005) belief that consumers engage in enduring rather than episodic relationships with family businesses. Whether consumers would feel as positively about – larger scale family businesses as they do small-scale family businesses is questionable, as the essence of their trust in the business seems to stem from their ability to make the ‘personal facework connection’ with the family owner him/herself (Moore, 2006, p. 425):

I think that personal contact is what stands out, you know for most family businesses that I’ve come into contact with it is the important thing . . . the fact that you can speak to the boss, you know, like at my garage . . . he’s the one running it, its his business, so it depends, it matters to him, the kind of relationship he has . . . and that integrity . . . he is in a sense the brand, the person, the family, the brand, you know that it doesn’t happen the same for these large businesses. (Penny, UK, rural)

Being able to directly access someone who can make decisions and takes responsibility has been cited as a powerful competitive advantage (Robins, 1991; Brokaw, 1992), and it was evident that proximity (Poza, 1995) was highly valued by the respondents:

I expect them to be friendlier, like if I have a problem going back to a supermarket or I want to return something, you’re anticipating a problem straight away and the person you’re dealing with, usually they can’t deal with it so they have to call somebody, whereas you don’t have that problem when you go into a family business. (Maire, Ireland, rural)

While respondents referred to family businesses as small organizations, they attributed a unique and positive identity to them that distinguished the family business from other types of small businesses such as partnerships or franchises. Partly, this came from their perception of the owner as the ‘brand’, and their belief that as such, she or he had more invested in each encounter than other types of firm (Rubenstein, 1990; Ward and Aronoff, 1991; Arregle et al., 2007):

It’s personal to them, isn’t it? You would feel it personally . . . if you are offering a service and you want to portray yourself in a certain way . . . you would feel personally that you’ve let people down, whereas I think as a big business . . . I don’t think it would bother them so much because it’s not their name on the door, and it just doesn’t affect them the same way. (Jane, UK, urban)

The name on the door can be a competitive advantage, but respondents also recognized that for a family business, poor reputation has an immediate impact and influence in the local area:

You know, if the butcher’s selling rubbish meat, everybody in the village is going to know, so his personal life might be affected by that and similarly it works in a positive way for people, this person, this is somebody who has brought jobs to the community and so on, and so he’s thought of in a very positive light. (Penny, UK, rural)

For the family business, more is at stake with the family name than for other business formats. Its potency for consumers should be nurtured as a competitive advantage, one that enhances the long-term robustness of the family business (Barney, 1991; James, 2006).

Distinction and distinctiveness

The respondents had higher expectations of the services and the products that they source from family firms, but they were also willing to pay more to gain a better quality experience. This is something that past studies have raised (Aaker, 1991; Ennew and Binks, 1996) and is a potential advantage that family businesses have over non-family firms:

I know I’m paying more shopping in a family business . . . My sister’s a big fan of Tesco and when she calls she’s always on about their special offers . . . but I would much rather walk in and pay an extra 5 or 10% and have the chat with people I know . . . I do expect to pay more, and I know
this probably sounds daft but I don’t mind paying more either. I think there’s no comparison in the quality of the service. (Anne, Ireland, urban)

The willingness to pay above the odds is neither naïve or sentimental, rather, the respondents saw a value-added for themselves in the exchange:

I go out of my way, but it’s not for them, it’s because they give me a good service. (Jacqui, UK, urban)

I do find sometimes that you are going to pay extra for the experience of shopping in a family business . . . but I think the experience is more pleasurable so it outweighs the expense for me anyway. (Rose, Ireland, urban)

The importance of the ‘personal touch’ given by family businesses was evident throughout the discussions (James, 2006; Miller et al., 2008). Many respondents cited the ‘feel good’ factor that was attached to people knowing their name and their shopping habits, suggestive of the specific advantages conferred upon family businesses in building relationships (Biberian, 2001):

Okay, so you might join a baby’s club in Tesco (international retailer), but in Scalllys they might know your baby’s name or when the baby’s birthday is, or they might even know ‘oh did ye have a baby’ and they knew just by looking at what we had in the basket whereas in Tesco’s you wouldn’t have that. (Joanne, Ireland, urban)

We’ve got a standing joke now, if I walk in there on a Friday at half past three it’s ‘oh we’re all going home, because Jacqui’s been in we can all go home now’, it’s that sort of thing . . . but they’re like it with other people. (Jacqui, UK, urban)

Many respondents felt that in non-family businesses, there was less importance placed upon each individual customer, whereas with a family firm there was a greater investment in each transaction.

I bought the washing machine, I got nothing but loads of support and facts and this could be the one that you’re looking for . . . real time and energy was put into, you know investing time and educating me . . . and that washing machine came home with me that evening. So the experience was quite different, I dealt with a family member, the owner of the shop and I would most certainly go back there and I would recommend him. (Mary L, Ireland, rural)

Family businesses benefit from greater customer loyalty and retention, positive word of mouth recommendation to others in the area, as well as closer connections and feedback from their patrons:

I always go in and say to him, ‘that meat we had last Sunday was absolutely brilliant’ and I always go and say that, even if I’m not going into the shop to buy anything, I walk past and I say, ‘great piece of meat, really enjoyed it’, so I would feel quite happy to go and say, ‘well that wasn’t brilliant really’. I think he would want to know because it’s important to him, it’s his livelihood . . . I don’t think it would matter so much to Tesco, and I don’t think I would go in and think, ooh they are going to act upon this . . . whereas I think it would make a difference if I told the butcher. (Jane, UK, urban)

Goodwill generated by the closer bond between a family business and its customers means that they are more forgiving when negative encounters occur (Godfrey, 2005). People also expressed a sense that they mattered as an individual to the family firms they dealt with, and the authenticity of this relationship was felt to be lacking with other firms:

When someone’s dealing with . . . a family business . . . you wouldn’t just be a number, you would actually be a person . . . you feel you can trust them . . . that they’re not going to let you down . . . big businesses like Tesco, I don’t think they’d be so bothered because there’s lots of other people, they’re not bothered about using you and they’re not bothered about you . . . you’re not an individual, you’re just one of the masses. (Jane, UK, urban)

Making customers feel ‘special’ was considered a distinctive feature of the family business, and that connection for the respondents was highly valued.

**Reciprocity and community bonds**

A recurring theme in the conversations we held with respondents was a strong belief that family firms were part of the ‘glue’ that held together their communities, both in urban and rural areas. Their importance within the local area was outlined in a number of ways, not least in the fears expressed that the traditional local, family firm was verging on extinction, and its disappearance would not only be a source of personal regret but would diminish their community.

I think that it’s part of our culture . . . being a small country and Ireland being an island, a lot of our businesses have been family-run businesses in the past and I think if we lose that, we lose a huge part of our identity . . . everything just becomes numbers . . . whereas now you can still feel like you’re part of a community when you go to a family business . . . I would place a huge value on it personally and it’s very important for us as a country. (Rose, Ireland, urban)

The social contribution made by family businesses in the community was particularly valued (Paddison and Calderwood, 2007), and respondents recognized their role in supporting family businesses, which in turn helped less advantaged members of their community.

I have my milk delivered . . . I live next door to a very old lady and I just thought that she needs to have her milk delivered so if the rest of us don’t have our milk delivered then at some point she is going to be stuck, because it’s a small, family business and it relies on the local community . . . it doesn’t even suit us . . . it’s a daft thing that I stick with because a) I like the guy and b) because you just think, well these services will disappear and some people really rely on them. I mean, in the future, that could be me, I could be needing that. (Laura, UK rural)

This social capital was perceived as absent from larger, non-family firms:

They do more than just offer meat . . . it’s the social aspect where you can go in and have a chat – that’s especially nice for the elderly – it keeps them in contact with people if they’re living on their own and you don’t really get that when you go to Tesco, you’re just on a conveyer belt there. (Jane, UK, urban)

The perceived reciprocity and interdependency that exist between the survival of the community and the survival of the
family business were apparent in both urban and rural contexts. These galvanized respondents to go out of their way to patronize family firms:

Big supermarkets are closing down small businesses . . . where we live, it’s a nice little ‘villagey’ feel almost, considering it’s a big area, and I think it’s important to support the family shops, otherwise, they’ll close down . . . it changes the whole dimension of where you’re living . . . it’s important to keep them open or they’ll all go and we’ll be left without any of this. (Jane, UK, urban)

Trust and integrity

Mutual trust was a feature of many of the anecdotes narrated by the respondents, highlighting the special bond that exists between family businesses and their customers. Many spoke of situations where the family business owners had allowed them to defer payment if they were short of cash:

I suppose because you build up a relationship with them and even things like if you went up and you didn’t have enough money on ya, she’d say, just drop it up the next day or the next time . . . (Mary, Ireland, urban)

I know they had a lady in the other day and she said listen, I owe you blah . . . and she said ‘ok then give it to me tomorrow’, so you see, that kind of rapport you can build whereas you can’t say that in a One Stop (national chain store), they’re all ‘you owe me a penny and I want it now’. (Jacqui, UK, urban)

Trust shown by the family businesses towards the respondents was reflected back to the firms in a number of ways by their customers (Dyer and Whetton, 2006):

My road is a cul-de-sac, their shop is on the front and they can’t park there so they asked if they could park outside my house, because they know where I live, and my neighbour lives, so that’s how friendly we are. (Jacqui, UK, urban)

Financial transactions between family businesses and the respondents were especially fluid, with several highlighting the lack of pricing structure or clarity in charges that were often a feature of their transactions. Yet all the respondents inherently trusted the business to charge an appropriate amount, imbuing in them a confidence that would not have been attributed to other firms. Jane narrated her experiences with a family of builders:

We paid it off bit by bit . . . and he would just come, and we’d hand over some more money and off he’d go again. It wasn’t a set bill or anything, in fact we kept asking him how much it was and in the end Martin was making him take some money . . . it doesn’t matter to me . . . I quite like the idea of doing business the old fashioned way.

While seemingly unprofessional, and possibly inefficient as business practice, there was no complaint from the respondents about the manner in which the transactions took place. If anything, they enjoyed the eccentricity of the exchange, and were complicit in the obfuscation, revealing in the relief from the sterility of other business encounters. Laura joked about how she would never accept the same rules of engagement with Asda (international retailer), but when it came to the milkman,

I’m sure the bill is pure fiction . . . I haven’t a clue, I trust him, how bad is that? And Ross and I always joke about the fact that it’s never the same amount. And I wouldn’t [normally] behave in this way because I don’t think it’s necessarily that he behaves badly, it’s because I collude, you know, I don’t ask how much the milk is, I don’t expect a written receipt. It’s part of being in a rural area.

Choice and authenticity

Consumer confidence and faith in the honesty and integrity of the family businesses with which they dealt was also illustrated by their trust in the provenance of the products that they bought, particularly from family firms in the food trade. Cynthia highlighted the difference between her family butcher’s products and the supermarkets’ standardized ‘£2.99’ chicken:

You go to a family business, you get a chicken that isn’t pre-packed . . . and they weigh it and it’s always a different weight. It’s not been injected with water to be brought up to the weight they think a chicken should be! It always tickles me because you think how do they manage to get them to be that way? I mean, what happens, do they say to the chicken ‘you can’t eat anymore because you are now exactly the right weight’?

The respondents considered family businesses to be more discerning in their sourcing and valued the lack of homogenization within their product ranges, compared with chain stores, and the greater choice it presented:

I go in there first . . . because I know it’s going to be something that probably hardly anybody else has ever seen because she only gets one or two things in. Whereas you go into town, you sometimes can walk into a place in the same frock as everybody else. So that’s another thing about a family business. They only have a certain stock. (Jacqui, UK, urban)

Increasingly, consumers are seeking local items in their shopping (CPRE, 2004). The local sourcing and community network utilized by family businesses was another reason for respondents to support family firms:

. . . they source local products, so the asparagus is going to be local, some of the meat is local and you know it’s all marked up as being from wherever it is in the locality. . . there’s a closer relationship with the goods, now whether that’s a perception or not, but I think that’s quite important. (Penny, UK, rural)

Several spoke of the mutual dependency of family firms within the local business network and how, despite their willingness to support the family business, many recognized that these were fast disappearing from their local area. They mourned the loss of the unique services and local character that disappeared with them:

When I lived with my Nan, there were three shops in a row. Those shops are gone; they’ve been made into, just a row of houses. There’s not many places now that I can think of that you can just walk down the road and go to a shop and say, “Hi” and know people, there’s not many at all now. (Tracy, UK, urban)

The specialist skills and knowledge held within family firms was especially valued by respondents, and considered to be a unique attribute when compared with non-family organizations.

If I go into the BMW garage, there may be a girl at the desk who doesn’t know anything about it. If I go into the old school garage, the guy is at the desk and he is fixing the car . . . there is an expertise . . . the family butcher knows
everything trained in the supermarket, but it’s not the same . . . the family butcher knows his stuff and he’s going to give you “well you know this was reared wherever” and so on because he means it because he knows because he’s bought the meat. (Penny, UK, rural)

Respondents often gave both emotional and rational explanations why they favoured family businesses within their communities (Lavin, 2003):

I think you become engaged . . . I want to, where possible, support family businesses and I do feel that if we all go shopping at Tesco’s it’s going to reduce our choice and I think that this increases our choice, and . . . so I want to have a choice, and I do think that local firms, if they do it right, can offer better forms of choice, in terms of locally sourced goods . . . and you can develop a relationship, a personal relationship, that actually benefits you. (Penny, UK, rural)

Choice today is defined and managed by the market, and the boundaries of choice are more in the hands of the suppliers than of those who consume their products (Szmigin and Carrigan, 2004). Consumers recognize that their choice has become constrained, it is easy to lose sight of areas where real choice is being removed. The New Economic Foundation reported that in the UK between 1980 and 2000, outlets registered for value-added tax fell by over 70 000 (Reeves, 2003); there is a creeping concentration of retail outlets especially in the grocery sector. Family businesses present an alternative choice to consumers; they can capitalize on their uniqueness, allowing favourable comparisons to be made relative to more homogenized and bland business forms (Paddison and Calderwood, 2007).

The closeness of the bond between the family businesses and these customers was apparent and in many ways reflects the growing concerns of customers about the provenance of their goods (Holloway and Kneafsey, 2000; Weatherell et al., 2003). Amid concerns about supply chain ethics, family businesses are seen as a source of authenticity and there is implicit trust in their credentials. When asked why she trusted a family firm more than other businesses, one respondent said,

Well I don’t know really. Perhaps it’s just because I know them as a friend, you kind of put your trust in them I think. (Tracey, UK, urban)

While there was overwhelming evidence that the close relationships and trust engendered with family firms was a positive experience for the respondents, there were a few examples of where the familiarity spilled over into negativity.

They get to know us, they get to know what you like and what you usually have . . . they remember what you order . . . it depends, sometimes it is nice but sometimes it’s . . . you just sort of want some privacy . . . it can be a little bit invasive if you’re not in the right frame of mind for it.

(Sue, UK, urban)

Another negative cited was the perception that with a family business, you were dealing with primarily a small-scale operation dependent on a handful of people. Some doubts were expressed about the continuity one could expect from a family business in times of family illness or possible bereavement. However erroneous that perception might be, it could be seen as a reason for some people not to over-rely upon family firms. Others expressed concerns about the future longevity of some of the firms they dealt with once the existing family members retired, and their fears that the skill base and quality of service would disappear with them:

I could imagine that if my car was being serviced by John and then his son comes in, my first experience with John’s son might be, well I hope he’s as good as John. (Penny, UK, rural)

This suggests a stronger bond with the individuals in a family business than in other types of firm. They are the business, which can impact negatively or positively. Some respondents spoke of their personal guilt if they did not patronize the family business that they usually dealt with, something that would be unlikely in transactions with firms that held less emotional capital:

I think, oh well, I’ll try Walter Smith, which is just a few doors down . . . and I get the meat, but then I feel so guilty I hide the bag . . . and I feel like I can’t walk past Powells with the Walter Smith (national butcher retail chain) bag because I’m like a traitor, I’ve been disloyal to Will. Honestly, I hide the bag! (Tracey, UK, urban)

Laura spoke movingly about the central place the family business of undertakers held in her local community when her mother died. For Laura, there was no other choice:

I mean it is like, there is no question, it wasn’t even a “shall we go,” “shall we not go?” It was a case of “oh, we better ring Vernon” because that’s what happens.

The family had a relationship with the community, and thus, the community had a relationship with the family business; the importance of that connection became apparent to Laura during the funeral:

There were things that made it quite important about that firm and that family being in the community. It’s a daft thing, and you only think about it now, but the symbolism of it is . . . the funeral director walks the car out the streets . . . but this man who is from those streets, who knows everybody on those streets, and everybody knows him, it was a very symbolic thing to have him walking out there . . . to the old people around who were there to watch it did matter . . . it is somebody they know and they trust, and ok, its not the original guy, it’s now his sons, or even his grandsons, but they as a family have a relationship with that community. (Laura, UK, rural)

The symbolic role of the family firm within the community retains its significance, even today, for many people. Consolidating and building upon their social function within the community is considered an important aspect of family business strategy (Whetten and Mackey, 2002; Gallo, 2004).

Community responsibility and goodwill

Our respondents held mixed views about the level of social responsibility and community involvement engendered by family businesses. Some expected them to be no more benevolent than any other firm, but many others believed it was important that they were ‘seen to invest in the community and . . . to support the community in return for the customer base they get from the community’ (Mary L, Ireland, rural). It was considered to be especially valid for family firms:

It’s very much I’ll scratch your back and you scratch mine, but there’s more of a responsibility on family companies.
because there’s the whole local customer base has probably helped them succeed so they need to repay it. (Mary, L, Ireland, rural)

Overwhelmingly, respondents believed that any social investment in the community by a family business would be received positively and would engender further support from the area. Whether or not philanthropy was a feature of family firm activities, most of these respondents were empathetic and supportive towards the family firm, particularly because many had their own experiences of what it is like to work for one, and the work ethic that is required to succeed:

All the family was working there . . . the three girls were there, and the dad was there, it was the entire family behind the counter, literally. . . . they were more into it . . . you do put a lot into it when it’s a family business and I think that comes across as well as a customer. (Maire, Ireland, rural)

Family businesses were perceived as working harder than most, and the visibility of that effort bolsters their reputation and patronage among customers:

It’s not easy having a family business. It’s not a nine till five job and people, some people do not realize what goes in . . . that’s why when . . . if I go on holiday, say to Cornwall, and there was a family business down the road selling meat and veg or whatever, and a big gift shop or something and a family gift shop, I would go to the family business gift shop. (Cynthia, UK, rural)

The sense of proximity felt by respondents to the production and consumption side of the family business transaction, compared with the distance they experience with larger, non-family firms, was evidently influential in building a special bond:

I think that if you know it’s a family business, you do have a feeling of goodwill . . . you’re sort of thinking this is somebody who is trying to put something together and they’re trying to keep it going . . . I mean I feel I have to sort of try to use that . . . if a family business is set up, I am inclined to see if I can use it. (Penny, UK, rural)

Conclusion

Our analysis in this study was interpretive and based on a small number of respondent views. We recognize the limitations of such research, had we been aiming to ‘generalize thematic findings’ to the broad population of consumers, instead our emphasis is exploratory, and is intended to ‘advance theoretical arguments without making universalizing claims’ (Thompson and Arsel, 2004, p. 640). This research links and extends important themes within family business research: (i) do consumers perceive family firms as distinct from other firms; (ii) closer, superior relationships formed with them; (iii) is their familiness a positive; (iv) do they engender greater trust, commitment and loyalty from consumers; (v) are they a benevolent social influence?

From the conversations held with the respondents in this study, it appears that the family business plays an important role in the purchase behaviour of consumers. While there is a tendency for consumers to conflate family businesses with small, local businesses, it is clear from this study that the respondents did perceive them as a unique entity within the business environment. There were elements of nostalgic constructs within their narratives, and many publicly traded family businesses bear no resemblance to the models presented by these respondents. However, family enterprises are most often small businesses (Shanker and Astrachan, 1996; Miller, 2008); thus, it is not surprising that their experiences are informed by this format. For consumers, the notion of the family ‘pulling together’ in their business is an intuitively attractive proposition and one that family firms, regardless of size, should be promoting. The respondents recognized the social capital investment by family businesses both for the long-term benefit of the family members and the community. Motivated, well-trained and loyal staff (Ward, 2004; Arregle et al., 2007; Miller et al., 2008) created strong connections with customers which surpassed the transactional link to create broader, more enduring relationships (Miller and Le-Breton Miller, 2003). Our study confirms that these relationships broaden the customer relationship, allow a better knowledge and understanding of the customer, and build customer loyalty (Miller et al., 2008). Family businesses, small or large, can capture the essence of these ‘stewardship’ values to grow and sustain relationships with customers (James, 2006; Arregle et al., 2007).

A good family name is a powerful brand and can communicate strong values such as trust, integrity, honesty and reliability to the consumer; for many customers, it is a choice-editing tool (Mayo and Fielder, 2006) in a crowded market. While not all family firms can engage in ‘personal facework connections’ (Moore, 2006) with their customers, where it is possible to do so, owners should capitalize upon this opportunity. There is no doubt that the respondents believed that they got ‘special’ treatment when they engaged with a family business, and in return they were willing to repeat purchase, pay price premiums and build long-term relationships.

Consumers believe family firms play an important role in urban and rural communities. They can act as a focal point that provides invaluable service and societal connections, and the goodwill generated means family firms ‘can capitalize upon favourable comparisons with retail traders that are perceived to be depersonalized’ (Paddison and Calderwood, 2007, p. 146). The mutual dependency of the family business and the community was a recurring theme for many of the respondents. Customers feel that their individual business matters in a way that is less apparent with other business formats, and so, are more willing to invest in the future of the family firm with their patronage.

Sourcing locally and employing other family businesses are important marketing tools for family firms to exploit whenever possible. Consumers enjoy being part of a business hub that promotes local interests. There is a need for the family firm to identify useful and distinctive assets and skills, and exploit them, not just replicate what other firms do (Paddison and Calderwood, 2007, p. 147). Capitalizing upon their uniqueness and distinction allows favourable comparisons to be made relative to more homogenized and bland business forms. Miller et al. (2008) reported that recent research suggests family businesses outperform and outlive most companies (McConaughy et al., 2001; Anderson and Reeb, 2003). Our findings would support their belief that the time is right to ‘pay more attention to the positive aspects of family businesses’ (Miller et al., 2008, p. 24).

There is considerable scope within the field of consumer and family business research to explore these themes further. Given the limited nature of this exploratory study, broader qualitative or quantitative work needs to be conducted to confirm and extend our findings. We need to further investigate the interplay between
consumers and family firms. Are some elements more influential than others? How, when and why does it vary? Contextual and personal factors may emerge as key influences; can these be generalized, and if so, to what extent? International comparisons may also yield new data about the complexity and intensity of consumer interactions with family firms among wider social, cultural and economically diverse groups of consumers, and across differing family business cultural norms.

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References


UK and Irish consumer experiences of family businesses

M. Carrigan and J. Buckley


