

Family-based brand identity influences customers' purchasing decisions

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A new study in the *Journal of Small Business Management* shows that promoting the fact that the business is a "family" business positively influences customer purchasing decisions.

Family businesses are very important to the U.S. economy. They comprise an estimated 80 percent of the 15 million businesses in the U.S., contribute to more than 50 percent of America's Gross Domestic Product, and generate 78 percent of new jobs in the economy. A new study in the *Journal of Small Business Management* shows that promoting the fact that the business is a "family" business positively influences customer purchasing decisions.

Justin B. Craig, Ph.D., Clay Dibrell, Ph.D., and Peter S. Davis, Ph.D. investigated whether family firms benefit from initiatives to develop and promote the family aspects of the company as a basis for competitive advantage, and thereby, enhance performance.

A survey of leaders drawn from 399 family businesses provided information regarding relationships among the extent of their efforts to promote their company's family-based brand identity, the extent to which they aligned their business with the needs of the customer, and company growth and profitability. .

The study showed that family businesses influence their target market purchase decisions by reminding them that there is a family behind the business and not a faceless corporate entity. In essence, there is

significant added value and competitive advantage associated with promoting family involvement to customers. The authors suggest that this finding is linked to a family business' long-term strategic horizon, the high priority family businesses place on community involvement, and the reputational capital attributed to the family name all of which translates to a perception of greater value to the customer.

Source: Wiley

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