Consumers are more likely to forgive family firms when a product fails

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Consumers are more inclined to forgive family firm brands than non-family firm brands in product harm crisis situations, reveals new research from NEOMA Business School.

This is when a product fails to comply with standards, and risks attracting widespread negative publicity for the brand in question as a result.

According to Subhadeep Datta, Assistant Professor of Strategy and Entrepreneurship at NEOMA Business School, and Sourjo Mukherjee from the Birla Institute of Technology and Science, even when companies are caught engaging in questionable impression management tactics in the aftermath of such a crisis, family firms retain their advantage.

This is because family firms appear more human-like, with relational values and virtues. As such, they tend to hold a higher reputation and more trust from consumers and stakeholders than non-family firms.

The researchers' findings indicate that this trust is not a fleeting, momentary feeling among consumers. It is relatively resilient and resistant to breakdown even in the face of hurdles such as product harm crises.

"By extension, it seems reasonable to expect that a brand's family firm status would help preserve its image and reputation following such crises," says Professor Datta.

Previous research by the Institute of Family Business (UK) indicates that many family firm owners and managers have reservations about the extent to which family should feature in their branding.

Concerns were raised over negative responses regarding perceived lack of professionalism and nepotism, as well as increased family visibility during crisis situations. However, the findings of this new research indicate the positives far outweigh the possible negatives.

The researchers believe the findings will help family firms in developing their branding strategies. The study was published in the Journal of Business Research.

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