“Examining relationship marketing and strategic branding in b2b Greek SMEs: A family business development”

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EXAMINING RELATIONSHIP MARKETING AND STRATEGIC BRANDING IN B2B GREEK SMES: A FAMILY BUSINESS DEVELOPMENT

Abstract

A survey of relationship marketing, branding, and the family business life cycle is conducted to determine the extent to which these variables ensure their path to the next generation. The study examines whether interpersonal relationships apply to family SME businesses and how they adopt relationship marketing as their main strategy. The study provides an insightful benchmarking approach between family businesses in early stage (1st and 2nd generation) and well-established (3rd and 4th generation) companies. In addition, the adopted branding process is examined. A qualitative method was chosen for the interviews with five B2B Greek family companies in the trading sector. Family businesses are Greek, have a known brand name, and family members are involved in the decision-making process. All participants agree that personal or friendly relationships of the owner-founder with customers, suppliers, and staff are crucial at the launch of businesses, and growth is a synonym for business survival. Data analysis revealed that relationship marketing is not related to the stages of development, as different perceptions were observed among participants of well-established and companies in the early stage. The results also show a significant relationship between different stages of family business's development and branding strategies, documenting that owners of well-established family businesses focus on organizational structure and culture. In contrast, owners of family businesses in the early stage rely on personal relationships. Branding strategy seems to be the appropriate approach for a family-owned business to survive in the marketplace and have succeed pass on to the next generations.

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INTRODUCTION

Family businesses significantly contribute to the global economy and the employment of each country's potential. More specifically, in Europe, about 14 million family businesses employ 60 million people and contribute 70% of the gross domestic product. For example, in Greece, about 70% of all companies are family businesses, and they employ 50% of the workforce and produce more than 50% of the country's gross domestic product. Of these businesses, 30% are operated by second-generation owners, while only 15% continue to exist in the third generation.

These facts lead to identifying a problem concerning these specific companies' overall management, decision-making, and marketing strategy.

Start-ups, in particular, and those that are small in size, seem to follow the tactics of personal relationships to approach, attract, and retain a

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clientele. Many family businesses either do not know the next step to develop, or they fear that growth will lead to the loss of the family features and character of the business. There is a belief that family businesses have a comparative advantage because of the relationship of trust, commitment, and interdependence they create with customers, suppliers, and all stakeholders (Terzidis & Samanta, 2011). They thus remain customer-centric and rely on relational marketing practices. In contrast, brand communication enhances the company's ability to promote its goals and vision.

1. LITERATURE REVIEW

According to Beck (2016), the life cycle and growth of family businesses begin with the establishment, which is the first stage where the founder is at the center of the business and invests a lot of time and money (Smith, 2007). According to Terzidis and Samanta (2011), business growth can be characterized by an opportunistic and intuitive initiative of trial and error of the founder's vision. This is why this phase is also referred to as pioneering (Shen & Tikoo, 2021). Expansion is the second stage, in which the company begins to face an increasing level of complexity in its organizational structure, while the limited managerial skills of the founder prevent him or her from keeping up with the complexity of business development (Motwani et al., 2006).

Sreejesh et al. (2018) stated that marketing at this stage aims to increase market share, handle competition, and contribute to product support and customer service. The stage of maturity is characterized by a professional structure, a stable customer base, a moderate increase or decrease in sales, increased competition, and the establishment of procedures. Achieving sustainable development is a key challenge. For this reason, succession is now vital, especially for the successor and the new ideas he or she will bring to the business (Neubauer, 2003).

Samanta (2012) reported that family businesses do not survive beyond the first generation, with a life expectancy of 24 years. Further, Samanta (2009) disagreed with the notion that growth is only about financial investment and suggested that the contribution of experienced people to strategic planning would have immediate effects on the development of family businesses (Pimentel et al., 2021).

According to Sreejesh et al. (2018) and Cooper et al. (2005), family businesses are based primarily on interpersonal relationships. This argument is also supported by Tokarczyk et al. (2007) that family businesses have a customer-centric nature. As a result, these relationships and values are transferred to the business field in which families operate, creating a strong bond between businesses and customers. Furthermore, these relationships and the culture of the total process can be inherited by a new generation from the previous one (Shen & Tikoo, 2021) and show a supportive role in the firm's survival efforts (Smith, 2007).

Efferin and Hartono (2015) stated that the concepts of family and business interact when they coexist. For example, a family business is highly motivated to provide an advanced level of quality to its customers, as it wants to build and maintain the reputation of its name. These factors cumulatively contribute to creating a competitive advantage over non-family businesses.

According to Beck (2016), branding is defined as the processes by which a company, product, or service acquires a specific identity in the minds of consumers associated with specific values, lifestyles, and meanings. According to Creswell (2007), the advantages of branding are aimed at promoting the company's image, creating demand, increasing sales, introducing new products, and the possibility of a different pricing strategy in relation to the competition. The brand should be treated as an asset protected and developed over time (Binz Astrachan & Botero, 2018). In the branding process, the company should focus on its organizational culture (Beck, 2016). The brand strategy must be in line with the overall business strategy.

According to Beck (2016), business management plays a vital role in strengthening the brand. To create and maintain a successful brand, not only are marketing tools needed, but the whole business should be oriented toward and work for this purpose (Creswell, 2007). By involving all depart-

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ments in the process, they not only help the brand but also build relationships between them, thus enhancing organizational culture (Hankinson, 2012). A company name can be described as creating, cultivating, and maintaining a cooperative and mutual relationship between a company and its internal and external stakeholders. The corporate name is the way the company communicates its identity (Binz Astrachan & Botero, 2018). The corporate branding process has three main objectives: to unify and bring together all internal processes of the company, to harmonize the internal with the external communications, and to create a complete communication of the company to the consumers that will aim to assimilate a distinctive identity (Jones, 2010).

The purpose of the corporate name is to identify, differentiate, and position the business based on a unified message that will create a sense of trust throughout the organization. The source of authenticity, uniqueness, and stability is the legacy of the company and the values and beliefs they have in common with all involved (Duh et al., 2009). Therefore, a successful corporate brand application is based on the combination and interaction of the strategic vision, the organizational culture, and the company's overall image that reflects on the stakeholders (Jin et al., 2008).

Through interpersonal relationships, interactive contact is created between consumers and the corporate brand. These interactions must be consistent, as any change can prove detrimental to the relationship that has been established (Binz Astrachan & Botero, 2018). The company management must help the executives understand the type and quality of relations they have to develop with other employees, with consumers, and with all the involved parties, always in accordance with the values of the corporate name. Jin et al. (2008) defined the goal of corporate identity management as building a positive reputation among stakeholders. Therefore, the corporate brand management strategy should match the identity with the corporate reputation.

Parmentier (2011) states that a strong family brand is related to brand distinctiveness and visibility. Brand distinctiveness refers to the development of an interesting biography of the owner-founder. It is communicated through storytelling, while brand visibility is about taking advantage of opportunities or creating opportunities to attract customers' attention, mainly through media and social media exposure. As a result, family branding is advancing within targeted audiences, and positive customer perceptions are shaped.

Ashley-Cotleur et al. (2013) examined the correlation between relationship marketing and brand equity. They argue that the first generation invests in building relationships with customers and suppliers, which in turn result in social bonding. In this context, relationships consist of a distinctive asset that differentiates a family business from the others. However, when future generations are introduced, established relationships are getting anxious as a new growth management style can jeopardize the existing trust in case their decisions do not embrace the founders' values.

Based on the above, the following research hypotheses are developed:

H1: Is relationship marketing applied in different stages of development?

H2: Do family businesses perceive the significance of branding?

H3: Is family business nature a condition of progress?

2. METHODOLOGY

This study aims to analyze family businesses, explicitly examine their marketing strategy, and analyze the views, ideas, and feelings to what extent interpersonal relationships with customers and relational marketing are associated with the increase of their brand.

A qualitative research method was applied to examine the research hypotheses in depth. Data collection was carried out through personal interviews using semi-structured questions. The interviews started with general guiding questions related to the development of the topic. Then, questions were asked, and a free discussion was developed depending on the specifics and the interest of each

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Table 1. Sample characteristics

Company	Year of Establishment	Generation	Industry	Business Relationship
A	1978	2^{nd}	Trading	B2B & B2C
B	1959	3^{rd}	Technical sector	B2B
C	2000	1^{st}	Trading	B2B & B2C
D	1924	4^{th}	Trading	B2B
E	1990	1^{st}	Trading	B2B

case. Personal data of the participants remained anonymous not only during the survey but also after it was conducted and the results were analyzed. Prior to the interview, all respondents received complete information about the purpose of the study and the procedures. The interviews were conducted face-to-face at the respondents' workplaces. They were recorded with the respondents' consent, and their duration varied from 35 to 45 minutes.

During analysis, neither names nor descriptions were used in order to elicit any chance of identifying their branding. Regarding the survey sample, five interviews were conducted with family business owners. The first criterion for selection was the existence of at least two members of the same family in the business composition so that they are classified as family members. The second criterion was the size of the growth of the businesses and companies at different stages of development were selected. Finally, the third criterion was the different generations the companies belong to, so the results could be compared.

All participants are male, between 35 and 55 years old, and 3 out of 5 hold a bachelor's degree.

3. RESULTS

Based on the life cycle of a family business (Table 1), two groups derived based on the life cycle of their family businesses:

- Early Stage: Owners A, C, and E;
- Well established: Owners B and D.

The common view of all participants in starting their family business is that it was based on personal or even friendly relationships. The owner-founder of the business has personal contact with customers, suppliers, and staff. The goal is to satisfy the customers, no matter how difficult their requirements, so that they remain pleased.

3.1. Hypothesis 1

Examining H1 (Is relationship marketing applied in different stages of development?), the analysis of the interviews led to the following scheme coding:

- Professional Relationships;
- Personal Relationships;
- Honesty and Reliability; and
- Loyal Customer.

3.1.1. Professional relationships

Owners A, D, and E consider that a professional approach in relationship marketing must be applied since the family nature of the companies cannot meet the increasing market demands, and a declining trend has appeared in the company.

They argue that the contacts should be maintained purely professionally since interpersonal relationships and emotional involvement causes problems at the business level due to the emotional involvement. Communication should be made by appropriately trained staff, maintaining only a professional approach. Therefore, personal relationships have no place in the professional sector. According to the respondents, *[…] it is necessary to add specialized professionals in the fields of administration and marketing […] I consider it necessary to add specialized professionals in the fields of administration and marketing […] the opinion of the company's executives is always sought and considered. How to approach new customers varies by the type and size of a customer. Usually, it is done by the company salespeople, sometimes by the commercial manager, depending on the importance of the case, while sometimes it involves the support of specialized associates of the company […] the company maintains a stable customer base which is mainly due to the quality of services provid-*

ed and not to personal relationships. […] personal relationships usually cause problems in business […] clients do not seek personal relationships.

3.1.2. Personal relationships

Owners B and C argue that it is impossible to maintain personal contact as time becomes an obstacle and that the elimination of the family character occurs unavoidably through the development process. They believe that the employees have embraced the values and goals of the company and represent the owners to everyone involved with the company. They consider personal relationships inevitable in the first stage of entrepreneurship: *[…] The approach to the new targeted customers is based on the reputation that the company has acquired, on the personal contact through sellers, on the efforts of the sales manager, and in some cases, through the owner himself […] our clientele is based mainly on our personal relationships, while the same is true with our suppliers […] The strong point of our business, according, is the personalized services [...]*

3.1.3. Honesty and reliability

The owners A, D, and E consider that today's customers are trained to recognize the sincere intentions of the firms and whether they are provided with something they really need: *[…] The first generation relied on the existing satisfied clientele …. and the reputation the firm had gained in the market. […] the company has a large number of satisfied customers, which is a result of the integrity and honest relationships I have managed to create with them […] The company maintains a stable customer base which is mainly due to the quality of services provided […] Our strong point is …. personalized services and the immediate response to the requests of their customers […]*

3.1.4. Loyal customer

All interviewees argue that the concept of a "loyal customer" does not really exist due to the changes in market conditions. They consider that this term no longer applies, primarily because a random event or a misinterpretation by the customer could make him or her turn elsewhere: *[…] The customer now has many options and is always looking for alternatives, comparing products or services […]the market does not seek personal contacts […] a satisfied customer is not necessarily a loyal customer.*

These findings are aligned with existing theory (Cooper et al., 2005; Sreejesh et al., 2018; Shen & Tikoo, 2021; Tokarczyk et al., 2007) that supports the importance of interpersonal relationships in family businesses. The launch of entrepreneurship

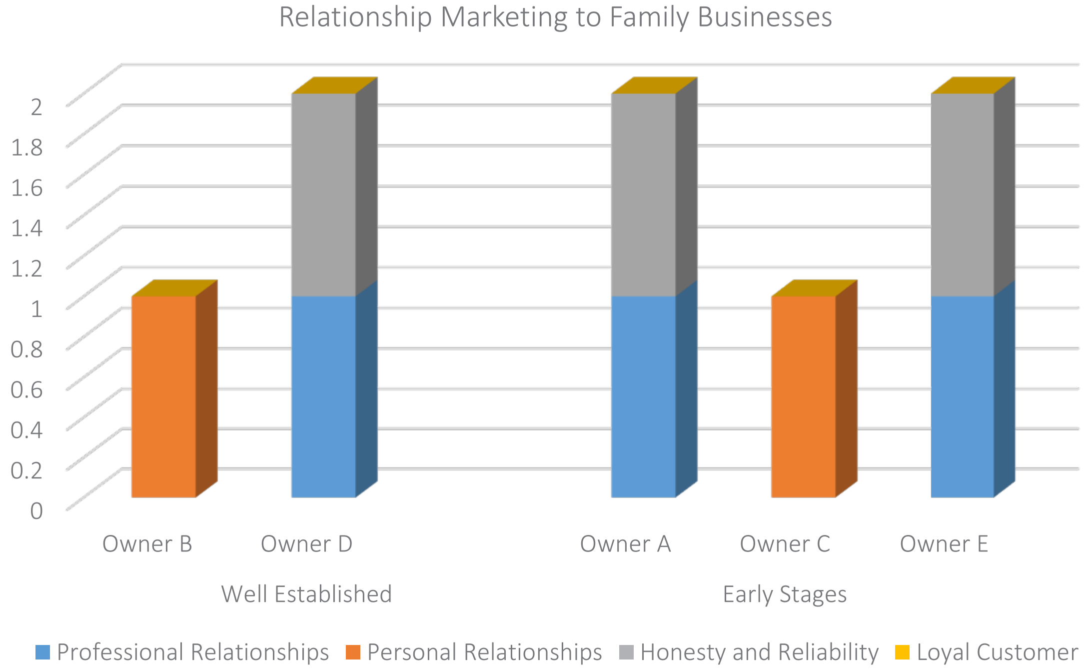

Figure 1. Relationship marketing to family businesses

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was based on personal or even friendly relationships of the owner-founder with both customers and suppliers and staff, as customer satisfaction was a high priority.

Consequently, the customers recognize the guiding principles according to which the owner-founder manages a family business (Shen & Tikoo, 2021). Despite that, no correlation is documented between relationship marketing and loyal customers. Participants consider that a satisfied customer is not necessarily a loyal customer, and this concept no longer exists due to the market conditions (many options, always looking for alternatives, comparing products or services).

Data analysis pointed out that a family business life cycle does not affect relationship marketing decisions. Apart from the differences observed between the two categories of companies (early stage and well-established), there are also differences in the participants' perceptions of the same category.

The perspective that emerges highlights the unique characteristics of the family business that reflect the characteristics of the owner's personality and perceptions (Figure 1).

3.2. Hypothesis 2

Examining H2 (Do family businesses perceive the significance of branding?), the common patterns were found across the data set:

- Informal Relational Marketing;
- Company's communication through electronic media; and
- Internal Organization methods (creation of shared culture, meeting market needs) through a professional approach.

3.2.1. Informal relational marketing

Owners A and C seem to be using informal relational marketing. However, at the same time, they recognize that this is not enough if they want to grow further: *[…] with personal friendships with customers […] the first generation relied on the existing satisfied clientele through the development of interpersonal relationships […] as the business has grown faster and the competition has increased, the family character does not offer him a competitive advantage. […] however, I do not have the knowledge at the strategic and administrative level for decisions […] I may not be able to cope with the newly created demand.*

3.2.2. Company's communication through electronic media

All owners except E focus on the company's communication and how it can be promoted and made known to the market using electronic media. They believe that websites, social media, and digital marketing techniques will bring them recognition: *[…] we applied communication tools such as a new logo, website, e-shopping, advertising, and printed material. The marketing strategy had instant results […] our immediate plans include the creation of an e-shop and the development of a website and social media activity […] we developed a logo, website, and social media, and we used ads and printed material […] in the last two years, great emphasis has been placed on digital marketing with excellent results […]*

3.2.3. Internal organization methods

Owners B and D use internal organization methods. They have separate departments with specialized staff with distinct roles. They have set up subsidiaries; they focus on creating a common culture throughout the business in order to meet market needs through segmentation. All communications tools are being handled professionally. They have a separate marketing department staffed with experts. There is a team spirit in decision-making, and they try to promote their philosophy to all staff. Although E is a first-generation owner and the business is at an early stage of development, it seems to have focused a lot on culture: *[…]. A new logo for the company was created that is not focused on the owner's surname […] great emphasis has been placed on digital marketing with excellent results, […] my most important problem is that I have not been able to pass on my philosophy to my staff. I believe that if I could pass on my own values and views to my employees, the company would change drastically […]*

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Data analysis highlights the common perspective regarding companies' communication tools. Almost all owners stress the benefits of modern tools such as websites, social media, and digital marketing techniques. They argue that integrating such tools will be able to cope with the demands of the competitive market. Moreover, these tools will bring them recognition.

These findings support the existing theory (Binz Astrachan & Botero, 2018; Jones, 2010) related to family brand management. The values of owners-founders should be protected over time since they were the core of the initial development of the family companies, and the next generations relied on these. A distinctive brand will contribute to the further development of the business.

As discussed in the literature review (Beck, 2016; Binz Astrachan & Botero, 2018; Hankinson, 2012), family companies should focus on their organizational culture and build interpersonal relationships thus enhancing the organizational culture. Data analysis supports the theory mainly in well-established family companies in which team spirit in decision making is evident and tries to promote their philosophy to all staff.

Life cycle of family businesses does not affect decisions related to communication tools as almost all owners consider modern tools as a necessity in order to grow. In contrast, a life cycle plays a significant role in informal relational marketing and internal organization methods as different perspectives were recorded. Family businesses in the early stage pay special attention to informal relational marketing, recognizing at the same time the importance of a professional approach. Well-established family businesses have already moved to the next step, considering that organizational structure and culture consist of development conditions. Figure 2 summarizes these points of view.

3.3. Hypothesis 3

Examining H3 (Is family business nature a condition of progress?), the common patterns were found across the data set:

- Growth is Related to Business Survival;
- Slow and Steady Steps without taking risks; and
- Willing to move to the next step?

3.3.1. Growth is related to business survival

All the participants consider that growth is connected with the survival of their family companies regardless of generation. It is an inevitable process that the owners have to cope with if they want to create an established brand name or handle the company to the next generation: *[…]there is no idle state—either you grow or die— […] I consider that development is an inevitable feature of a business […]I am not frightened by this process […] my vision for the business is to continue to grow and offer continuously improved services and products to the market […]Ideally, I would like to deliver a*

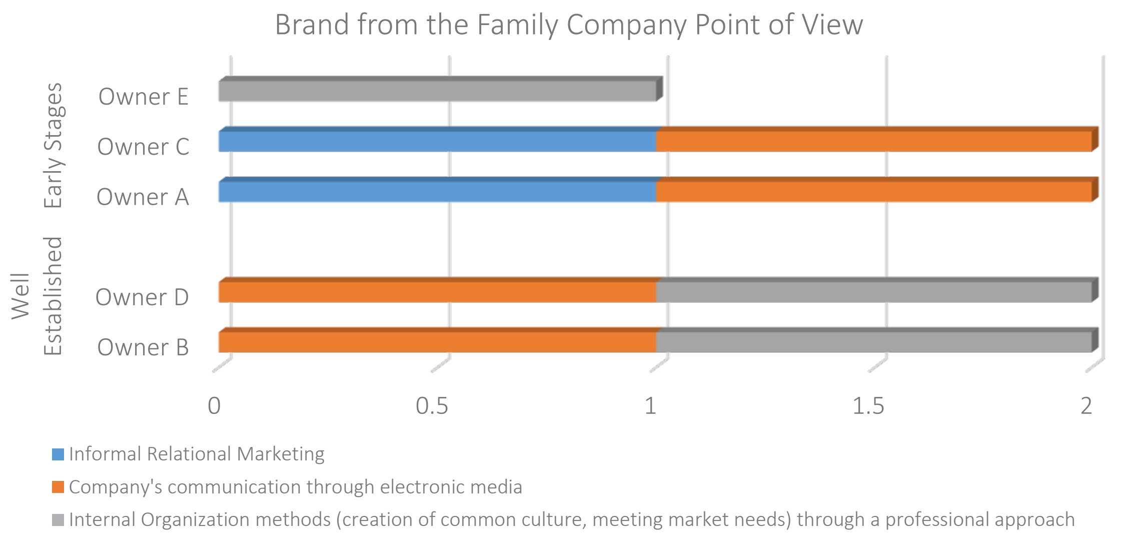

Figure 2. Brand from the family company point of view

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sophisticated and viable business to the fifth generation […] to build a well-established brand in the market that will ease the stress of daily survival […] Development creates the need to employ more people both at the operational and administrative level.

3.3.2. Slow and steady steps without taking risks

The participants also share the common perspective that growth should be achieved through steady steps and in a professional approach, as no one is willing to jeopardize his family business. They recognize their weaknesses and intend to call professionals: *[…] all these actions should be achieved with small and coordinated steps […] I want to grow, but in slow and steady steps without taking risks […] among my immediate plans is the further development of the company, through a business plan […] my vision is to grow the business slowly and steadily, to stay viable and handed down to the next generation […] I prefer not to take the risk due…. I am not now looking for growth, but in slow and steady steps, […] it was a shared belief of all of us that we do not want fast and uncertain decisions […] vision is to grow the business slowly and steadily.*

3.3.3. Willing to move to the next step?

Owners of well-established family businesses are not afraid to address the complexity of organizational structure, and they show maturity by acknowledging the factors that prevent them from growth: *[…] I do not worry if the business loses its family character […] I believe that balance is a very delicate key feature of healthy coexistence between morality and prudence […] is a purely psychological step, where the family character of the business is not an obstacle to entrepreneurship to make growth-oriented decisions […] the elimination of the family character occurs unavoidably through the whole process […] development should not scare a family business, because when there is the right structure and separation of roles, then strategic decisions have benefits for all parties involved.*

On the other hand, owners of family businesses in the early stage hesitate to move to the next step due to their belief of losing control. They are afraid of the unknown and prefer the centralized management system: *[…] I am afraid that my business will lose its family character, and consequently, I may lose control of the whole situation […] I am happy with the progress that has been made so far. This progress is fully manageable, controlled, and at the same time satisfactory in terms of revenue, […] I am concerned about the fact that I will not be able to rely on my own strengths […] I preferred not to take the risk due to uncertain circumstances.*

Findings highlight the commonly shared perception of the owners that in order to survive in the business environment, they must grow in a rational context, in small and steady steps. Data analysis also leads to interesting results as they document the significant role that life cycle of a family business plays in growth-oriented strategic decisions (Figure 3). It is documented that owners of well-established family businesses are mature from a managerial point of view. They embrace market challenges as they argue that a balance between the old and the new can be achieved and, consequently, their business survival. On the other hand, owners of family businesses in the early stage have a completely different perspective, which reflects their hesitation and lack of confidence when advanced managerial skills are required. Although they recognize the need for employing professionals, lack of trust is an obstacle in making the final decision.

Results are aligned with previous research (Beck, 2016; Motwani et al., 2006; Pimentel et al., 2021; Samanta, 2009; Sreejesh et al., 2018), which support that different characteristics are identified in different stages of growth. For example, they are more personality-centered in the early stages and show a more professional structure in the next stages.

4. DISCUSSION

The business environment has brought about tremendous changes in terms of management and decisions. In this study, family businesses, from different business life cycle stages of development, were selected for the interviews to trace the owners' common and different perspectives. Three companies are in an early stage of development, while the other two are in a higher stage.

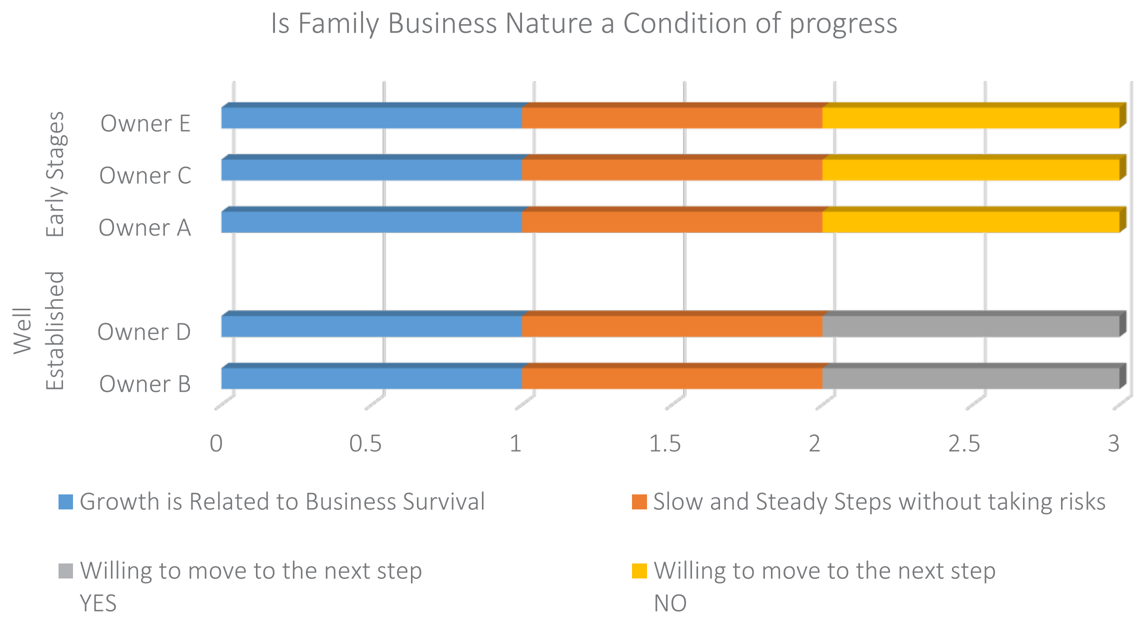

Figure 3. Is family business nature a condition of progress?

The results support previous research (Cooper et al., 2005; Sreejesh et al., 2018; Shen & Tikoo, 2021; Tokarczyk et al., 2007) that highlights the supportive role of interpersonal relationships in business survival efforts. Research findings underline that personal or even friendly relationships of the owner-founder with customers, suppliers, and staff were vital at the launch of their businesses. Moreover, three out of five participants argue that the customer approach should maintain a professional approach. In order to grow a family business, it is required to adopt modern marketing techniques (Efferin & Hartono, 2015). The personal relationships and customer-centric character that relationship marketing creates help a business in the early stage. However, to grow and survive for future generations, it must operate at a professional level, as interpersonal relationships could be an obstacle.

All participants believe that the concepts of loyal customer or brand name do not exist, a finding that opposes Kwon et al. (2021), who argue that a brand name can represent quality and provide assurance that helps build trust between businesses and customers. Market conditions have changed, customer characteristics are different from the past, and customers no longer show any faith in brands. An insignificant reason is enough for the customer to turn elsewhere. One explanation could be the plethora of options that consumers now have. The Internet has made it possible to compare features and compare prices. It could be the impersonal relationships that form in the globalized market. It is well known that technological developments, electronic media, and social media have brought about changes in the level of social relationships and personal contacts.

Furthermore, based on the analysis of data, a correlation between relationship marketing and the life cycle of a business is not supported. Findings document that the life cycle of family businesses does not affect decisions related to relationship marketing since it is related more to the management style of the owner-founder.

On the contrary, the life cycle of family businesses plays a vital role in how owners apply branding strategies. Two respondents whose businesses are in the early stage focus on personal contact with the customer and use informal relationship marketing to enhance their communicative competence and recognition by adopting digital marketing tools. Well-established companies implement internal organizational methods, integrating executive marketing practices. These findings are in line with Parmentier (2011), who identified two practices for enhancing family brand visibility, taking advantage of

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opportunities to make the family brand familiar and creating opportunities, thus attracting customers' attention.

Finally, all respondents share the common perspective that survival is strongly related to growth in terms of better services, advanced organizational procedures, and recruitment, preferring to operate in a more stable environment. A different point of view was recorded concerning the willingness of the owners to move to the next level. Owners of well-established family businesses are ready to take the required growth-oriented decisions, as they are more flexible, have more decentralized organizational structures, and have realized that market conditions change rapidly. On the contrary, owners of family businesses in the early stage adopt a more defensive management style and prefer to maintain a more secure position. These results are aligned with previous research (Beck, 2016; Motwani et al., 2006; Pimentel et al., 2021; Samanta, 2009; Sreejesh et al., 2018), which supports the more personality-centered management style in the early stages and more professional structure in the next stages.

CONCLUSIONS

The aim of the study is to examine how interpersonal relationships are applied to family SME businesses and how owners-founders perceive branding significance along with company development. The paper revealed that relationship marketing is not affected by the different stages of the development of family businesses. Although interpersonal relationships are significant at the launch of entrepreneurship and the customer satisfaction is owner's top priority, it is not documented the correlation between relationship marketing and customer loyalty. Moreover, the results indicate that a family business life cycle does not affect relationship marketing decisions which are not integrated in the central strategy in the contemporary business environment. The analysis of the relationship between different stages of development of the family business and branding leads to interesting findings. Results highlight the impact of the life cycle stage on family businesses' branding strategy. Owners of well-established companies focus on organizational methods adopting a professional approach and hence feel confident to take development-oriented decisions, while owners of family businesses in the early stage rely on informal relational marketing thus feeling insecure in front of such decisions. Family business life cycle plays a crucial role in their development as owners of well-established family businesses are more managerial mature trying to achieve a balance between the past and the future while owners of family businesses in the early stage have a completely different perspective, which reflects their hesitation and lack of confidence when advanced managerial skills are required.

AUTHOR CONTRIBUTIONS

Conceptualization: Irene Samanta.
Data curation: Irene Samanta.
Formal analysis: Irene Samanta.
Investigation: Irene Samanta.
Methodology: Irene Samanta.
Project administration: Irene Samanta.
Resources: Irene Samanta.
Validation: Irene Samanta.
Writing – original draft: Irene Samanta.
Writing – review & editing: Irene Samanta.

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