

Chapter 83

The Impact of Marketing Strategy in Small Family Businesses

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ABSTRACT

This chapter refers to small family businesses in Greece and examines the impact of their marketing strategy during an economic crisis period. The research took place in the broad area of Athens between December 2011 and March 2012. Data were collected to form a database of Greek independent private family companies (n=380) using personal interviews (structured questionnaire) with owners/managers of first- and second-generation family businesses. The chapter shows how small family businesses indicate marketing strategy using Carson's model. Limitations of expertise outline the marketing background, which can be described as "self-assisted." The research offers a verification of a previous model so that problems that arise from companies not putting into practice any marketing concepts can be examined. The significance of the chapter is that there have not formerly been any reviews made about Carson's model in Greece during the economic crisis period emphasizing family businesses.

INTRODUCTION

Family businesses constitute a dynamic segment of the economy that contributes to wealth creation, job generation and national competitiveness (Ward and Aronoff, 1990; Westhead and Cowling, 1995; Wang, 2002) and is a vital part of industrial change and innovation. In Greece, according to a research conducted by Grand Thornton (2003), family firms

represent the 80% of all businesses. In addition, the last three years out of the 105.000 new businesses that started their operations in Greece a percentage of 70,3 belonged to family businesses (Avramidis, 2007). Similar to all organizations, family firms have to make use of a number of organizational activities, structures and strategies in order to satisfy customers while overcoming competition. However, due to the fact that in this category of

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business the social and economic system coexists and interacts, these companies, while choosing the appropriate courses of action, have to face all the pros and cons of family businesses as well as all positive and negative characteristics of economic firms in general. Consequently the need for these firms to use marketing strategies is considered to be a necessity and not a peripheral to their requirements; as their owners have to plan for the future while dealing with the essential daily matters from customer enquiries, production matters and financial control to employee recruitment and other operational details within severe resource constraints (Stanworth & Gray, 1991; Hogarth Scott et al., 1996).

However, the establishment of family business research as an academic field of study is relatively recent and even though a plethora of family businesses issues and marketing tactics exists there is a scarcity of both theory and practical implication in the use and impacts of marketing concept. In Greece it has not been explored in the extent it should have nor has it been given the importance it ought to have. As a result it is very important to investigate the marketing tactics in the most vital sectors.

According to (Getz & Carlsen, 2005) family business has not been explored as an independent sector, especially in Greece. The aim of the research is to identify the impact that the marketing mix has on family businesses in Greece. Furthermore, the current paper examines if these companies gives importance in understanding the market and competing at the same time.

BACKGROUND

Marketing Orientation and Family Business Limitations

Family firms could be defined as enterprises in which two different social systems, the business

system and the family system intersect (Getz & Carlsen, 2005) (Kyriazopoulos & Terzidis, 2000).

However, a commonly accepted definition for family businesses does not exist (Sharma and al, 1996 in Getz & Carlsen, 2005). According to Yilmazer and Schrank (2006) a definition of a family business is: “businesses, in which at least two family members work and the business is owned and managed by one of the family members.” Barry (1975, in Getz et al, 2005) on the other hand simply defines them as enterprises controlled by members of a single family. Getz and Carlsen (2005) state that by simply searching for the term family business the many relevant references are not revealed as a great part of the literature is subsumed under another heading such as entrepreneurship and small business.

The main characteristic of a family business is the succession ownership (Rosenblat et al, 1985) to the next generation. According to Chung et al (2003) “succession in family businesses is important as it does not require only the transfer of ownership and control but also a number of changes in the business model” and that the next generation’s members who are usually more educated and innovating must make so as to compete in the market place (Sharma et al., 1996). However, in the companies that display distinctive patterns of power and authority (Poutziouris et al., 2003), first generation owners seem to be reluctant as they believe that despite the fact that the decision making within the business is affected by the entire family system (Poutziouris et al, 2003) next generation’s members will not succeed in growing the company’s size.

Getz et al., (2005) identify that the preparation level of owners and successors influence the transition and the future direction of businesses and have a significant impact on the firm’s marketing concept.

It is well documented that small family businesses have unique characteristics that differentiate them from conventional marketing in large corporations (Getz et al., 2005). These characteristics

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