

Do we have to reveal or conceal our familiness identity? Consumers' perception of a family firm branding in the tourism industry: The role retro vs. contemporary communication style.

Abstract

This study contributes to understanding the family firm's strategic decision in communicating their familiness identity to the stakeholder. Brand heritage association (longevity, uniqueness, expertise, and stability) has become the focal concept in this study. Brand heritage association components lead to consumers perceiving hotels as credible and unique. A hotel owned by a family can decide whether they want to reveal or conceal their familiness status to the public. When the hotel decides to reveal its familiness identity, the retro story style will be the best option. The contemporary story is suitable when a family-owned hotel conceals its familiness identity.

1. Introduction

Family firm branding combines the firm's identity and family identity (Zellweger et al., 2010, 2012). The family firm branding are being perceived will help family-owned companies heighten their unique value proposition in the marketplace, which is the involvement of the family in the firm (Craig, Dibrell, & Davis, 2008; Krappe, Goutas, & von Schlippe, 2011; Zellweger, Eddleston, & Kellermanns, 2010). Given the importance of brands and branding for companies today, family business scholars have started to explore the impact of family business branding on stakeholder perceptions, particularly consumers. Lude and Prögl (2018) argue that consumers appreciate family firms' branding. In contrast, Botero, Binz Astrachan, and Calabro (2018); Hsueh (2018) argued that a family business does not elicit positive associations or perceptions. From the previous studies, we understand that the impact of brand heritage on consumer relationships with the brand is considered well-established. However, to date, only a handful of studies emphasize consumer perception of family firm branding from the perspective of brand heritage. Hence, the current study seeks to bridge the gap in the literature by conducting a rigorous analysis of consumer brand heritage perception and its consequences (i.e., perceived credibility, perceived uniqueness, brand trust) on the intention to engage with the family firm company. The current study will explore family firms in Indonesia, particularly in the tourism industry.

2. Theoretical Framework and Hypotheses

Brand heritage can be considered from the firm perspective as a resource and the consumer perspective as a set of brand associations based on historical references (Balmer & Burghausen, 2015; Hakala et al., 2011; Hudson, 2011; Pecot, Florence, and Barnier, 2019). The stronger consumers associate a family firm with a brand heritage, the more consumers will perceive the family firm's branding as credible, trustworthy, and unique (Carrigan & Buckley, 2008; Gallucci et al., 2015; Krappe, Goutas, & Schlippe, 2011; Presas et al., 2014; Sageder et al., 2018; Zanon et al., 2019) and this also hold true for longevity, stability, tradition, and expertise as the component of brand heritage. Therefore, the current study will proposing the following hypotheses:

H1: Longevity positively impact perceived brand uniqueness (stronger when the firm reveals its familiness identity as compared to not revealed)

H2: Longevity positively impact perceived brand credibility (stronger when the firm reveals its familiness identity as compared to not revealed)

Without so much effort by nature, the family firm will perceive as a constant life that provides stability for its members (Lude & Prugl, 2018). In addition, firms that communicate their family in nature will trigger the perception of stability and eventually lead to uniqueness perception from the consumer (Lude & Prugl, 2018). The study result from Pecot, Florence, and Barnier (2019) demonstrates how brand heritage enhances brand credibility and personal nostalgia. Therefore:

H3: Stability positively impacts perceived brand uniqueness (independent of whether they reveal their familiness identity or not)

H4: Stability positively impacts perceived brand credibility (independent of whether they reveal their familiness identity or not)

Some scholars have reported that the tradition as a character common to a family firm is considered will facilitate building and maintaining an image of trustworthiness and credibility (Carrigan & Buckley, 2008; Gallucci et al., 2015; Krappe, Goutas, & Schlippe, 2011; Presas et al., 2014; Sageder et al., 2018; Zanon et al. 2019); a unique perception in terms of identity (Dos Santos et al., 2019). Following the previous arguments, thus we expect that:

H5: Tradition positively impacts perceived brand uniqueness (stronger when the firm reveals its familiness identity as compared to not revealing)

H6: Tradition positively impacts perceived brand credibility (stronger when the firm reveals its familiness identity as compared to not revealing)

According to Ramirez et al. (2020), positive brand oldness (or, in general, brand heritage), specifically, expertise, tradition, timelessness, and maintenance, may lead to favorable brand perceptions (i.e., credibility and uniqueness). Moreover, as stated by Hovland et al. (1953), expertise and trustworthiness act as a signal of whether or not a brand is perceived as credible. Following the line of argument above, therefore, the current study proposes:

H7: Expertise positively impacts perceived brand uniqueness (independent of whether they reveal their familiness identity or not)

H8: Expertise positively impacts perceived brand credibility (independent of whether they reveal their familiness identity or not)

2.1. The relationship between Perceived brand credibility and perceived brand uniqueness with Consumer Intention

Credibility is deemed as a predominant cue in the decision-making process that can influence individuals' overall attitudes and behavioral intentions (Manfredo & Bright, 1991). Perceived credibility will lower consumer perceived risk (Erdem & Swait, 2004) and heighten the likelihood that consumers will generate recommendations (Sweeney & Swait, 2008). In addition, scholars also argue that consumers perceived credibility of information stated in advertisements leads to their purchase intention (Lafferty et al., 2002; Lim & Van der Heide, 2015); intention to visit a hotel (Kim & Kim, 2014). Consequently, the following research hypothesis is proposed:

H9: Perceived brand credibility positively impacts Visit intention (independent of whether the firms communicate their familiness identity)

Furthermore, perceived uniqueness also becomes one of the important cues for consumer attitude, intention, and choice of brands (Chen & Peng, 2014; Ko, Costello, & Taylor, 2017; Miller & Mills, 2012; Shukla, 2012). Consumers perceive uniqueness elicited when they are exposed to something unusual with which they have never interacted before (Vigneron & Johnson, 2004; Knight and Kim, 2007; Southworth and Brookshire (2016). Consequently, firms, particularly family firms, should emphasize their one-of-a-kind angle when telling the story about the brand, such as combining history, present time, and the family's future direction. Accordingly, the following is predicted:

H10: Perceived brand uniqueness positively impacts Visit Intention (independent of whether the firms communicate their familiness identity).

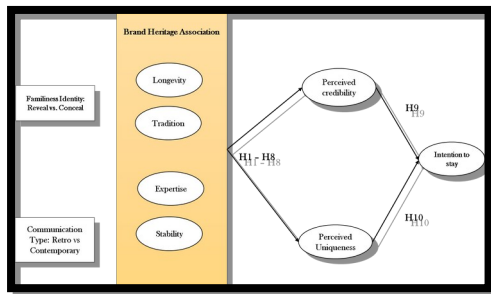


Figure 1: Research Model

3. Research Method

3.1. Study set-up

We created two advertisements centered on the tourism industry in a particular hotel with a 2 (Familiness identity: Revealed vs. Not revealed) by 2 (Story type: Retro vs. Contemporary) between-subjects factorial experimental research was designed (Appendix). The manipulation for story-type stimulus (retro vs. contemporary) was referred to in the study by Hallegatte, Ertz & Marticotte (2018). Retro in this context is described by their Bohemian Rhapsody suite dedicated to the legendary band, the Queen, and the ambiance that reminds guests of nostalgic songs, which shows that the company is still preserving the history and only made a small changes in their facility. The contemporary story described the hotel's Music Suite that once served the legendary band, the Queen but is now updated to celebrate modern music whilst preserving the historical. In addition to the experimental factors, seven constructs were included in the model: 4 constructs of brand heritage association (longevity, stability, expertise, and tradition), perceived brand credibility, perceived brand uniqueness, and intention to stay at the hotel. Longevity and stability were adapted and modified from Pecot et al. (2019), using four and five items, respectively. Using three items in each variable, tradition, and expertise are adapted from Ramirez et al. (2020).

3.2. Data collection

Data were collected based on a convenience sample from Indonesian university students as these students are part of Generation Z or those born in 1995. The four realistic visualization scenarios were each presented in the form of a simulated print advertisement combining the familiness identity and story type. The survey resulted in a net response of 500; each respondent participated in two scenarios, thus, leading to a raw data set of 1000 observations. A manipulation check was performed to fully understand the presented scenarios at the individual respondent level for quality reassurance. The respondents were asked to validate the communicated meaning of the presented scenarios via question and their responses. A

dichotomous scale assessed perceived information content. Most answers (91.36%) led to the intended categorization. Mis-categorized observations were excluded from further analyses – thus, only 864 responses were utilized.

3.3. Model Fit

A multi-group comparison of the measurement model reveals the measurement model's invariance. In line with Fornell and Larcker (1981), all the obtained AVE values exceed the cut-off value of 0.5. We conclude that the measurement model is adequate. Table 2 shows a complete list of the measurement items. Structural equation modeling (SEM) was performed to assess the structural model fit and to test the hypothesized relationship between the constructs. The SEM results with four subgroups indicate a good model fit with a χ^2/df ratio: 2.6; GFI: 0.88; CFI = 0.81; NFI = 0.89; IFI = 0.93; TLI = 0.93; RMSEA: 0.02.

3.4. Hypotheses Testing

The main test supported the relationship between longevity and perceived credibility with the $\beta = 0.15$ ($P \leq 0.01$). However, multi-group analysis shows that, as compared to the revealed the familiness identity, the unrevealed familiness identity ($\beta = 0.34$; $P \leq 0.01$) is proven to influence consumer perceived credibility to the hotel stated in the advertisement. Therefore, we have to reject hypothesis 1. Further multi-group analysis was performed by looking at the impact of story type, which uncovered an interesting finding. The family-owned hotel that exposes its familiness identity will perceive by the consumer as credible when they incorporate the contemporary story type ($\beta = 0.39$; $P \leq 0.01$) as compared to the retro story.

Eventhough the hypothesis 2 is rejected, the result of multi group analysis on the story type shows that the contemporary story style will elicit consumers' perceived uniqueness ($\beta = 0.37$; $P \leq 0.05$), compared to the retro story style ($\beta = -0.09$, ns). Not revealing familiness identity will perceive as unique by the consumer in both retro and contemporary story types.

Perceived stability positively influence perceived brand credibility ($\beta = 0.51$; $P \leq 0.01$) as well as perceived brand uniqueness ($\beta = 0.67$; $P \leq 0.01$) regardless of whether the family-owned hotel reveals or not their familiness status and also regardless of the story style that the firms use in their advertisement. Thus, hypothesis 3 and hypothesis 4 are supported.

Moreover, there is a positive and significant impact between perceived tradition and perceived brand credibility with the $\beta = 0.11$; ($P \leq 0.05$). The multi-group analysis shows that consumers' perceived tradition will impact their perceived credibility with the hotel only if the advertisement informs that the hotel is a family business ($\beta = 0.31$; $P \leq 0.01$). Therefore, hypothesis 5 is supported. Furthermore, interestingly our study also found that when a family-owned hotel intends to reveal its familiness status and expects the consumer would perceive them as credible; they have to incorporate a retro story type ($\beta = 0.25$; $P \leq 0.05$) instead of contemporary, in their advertisement.

A significant and positive relationship also shows in the relationship between perceived tradition and perceived brand uniqueness ($\beta = 0.22$; $P \leq 0.01$). The relationship is stronger when the family firm discloses their familiness identity through advertisement ($\beta = 0.48$; $P \leq 0.01$) compare to the situation where the firm conceals their familiness identity. Hence, hypothesis 6 is supported. Evidently, only retro story types proved suitable for either family firms that reveal their status ($\beta = 0.35$; $P \leq 0.01$) or the family firm that keeps their identity a secret ($\beta = 0.42$; $P \leq 0.01$).

The relationship between perceived expertise and perceived credibility is significant with the $\beta = 0.31$ ($P \leq 0.01$). The result is consistent with whether the family firm revealed their

familiness identity or not, and regardless also the type of story. Therefore, hypothesis 7 is supported

The proposed relationship between perceived expertise and perceived uniqueness is proven significant with the $\beta = 0.14$ ($P \leq 0.05$). The multi-group analysis revealed that perceived expertise would evoke consumers' perceived uniqueness only when family firm concealed their familiness status ($\beta = 0.18$; $P \leq 0.05$), rather than revealing it. Consequently, hypothesis 8 is rejected. Nonetheless, when a family firm informs their familiness identity through advertising, the consumer perceived expertise would be elicited and lead to perceived brand uniqueness when the firm incorporates a retro story style ($\beta = 0.16$; $P \leq 0.05$). However, a family firm that is not informing their familiness identity in their advertisement has the liberty to use either retro story style ($\beta = 0.22$; $P \leq 0.05$) or contemporary story type ($\beta = 0.19$; $P \leq 0.05$),

Once consumers perceive the hotel mentioned in the advertisement as credible, they will develop the intention to stay at the hotel ($\beta = 0.37$; $P \leq 0.01$). Therefore, hypothesis 9 is supported. Further analysis suggests that a hotel that reveals its familiness identity in the advertisement has the freedom to incorporate a retro story style ($\beta = 0.51$; $P \leq 0.01$) or contemporary ($\beta = 0.27$; $P \leq 0.05$). However, for the hotel that is concealing its familiness identity, it is suggested to use a contemporary story type ($\beta = 0.42$; $P \leq 0.01$) rather than a retro story type.

Perceived uniqueness is significantly proven to elicit the consumer intention to stay at the hotel ($\beta = 0.55$; $P \leq 0.01$) regardless of whether the hotel reveals their familiness status ($\beta = 0.61$; $P \leq 0.01$) or concealing it ($\beta = 0.53$; $P \leq 0.01$). Any story type will do justice for the hotel, whether or not they reveal their familiness status. Therefore, the result support hypothesis 10.

4. Conclusion and Implication

4.1. Conclusion

The hotel intends to reveal its familiness identity and will be associated by the consumers as having tradition and stability. That association leads to consumers perceiving hotels as credible and unique. However, revealing familiness identity will evoke expertise association that leads to consumer perception of the hotel as credible instead of unique. Furthermore, the longevity association on family-owned hotels that reveals their familiness identity will lead to neither credible nor unique perceptions of the hotel.

When revealing familiness identity is not an option for family-owned hotels; thus, the hotel can simply state, "we are established in.." without mentioning their familiness. This decision will evoke consumers' heritage association in a particular expertise, longevity, and stability association. Furthermore, that brand heritage association leads to consumers perceiving the family firm brand as credible and unique. In contrast, concealing the familiness status will elicit the traditional association; nonetheless, that association does not lead to perceived credibility and uniqueness. When consumers perceive the family-owned hotel as credible and unique, they also intend to visit the hotel, regardless of whether the familiness identity is revealed or concealed.

Are family-owned hotels perceived as credible and unique because they reveal or conceal their familiness identity? That is one option; however, family-owned hotels do not have to be obligated to choose either revealing or concealing because how the family-owned hotel framed the information stated in the advertisement will give consumers a positive perception of the hotel's credibility and uniqueness. For the revealing part of family-owned hotel, the

advertisement can frame the information with the retro story style; therefore, the hotel will associate by the consumer as having tradition, expertise, and stability. That association leads to positive consumer perceptions of the hotel as credible and unique. Nevertheless, the contemporary story style can be an option if the family-owned hotel wants to have a longevity association, and that association leads to the perception of credibility and uniqueness and eventually leads to consumer intention to visit the hotel.

As concealing the familiness identity becomes the decision from the family-owned hotel; thus, compared to retro, contemporary story style will become the rightest option to elicit expertise, longevity, and stability association. That association leads to the consumer's perception of the hotel being credible and unique. The credible and unique perception will lead to consumer intention to visit the hotel.

4.2. Managerial Implication

The family-owned hotel always has the option of either revealing or concealing their familiness identity and still getting the positive consequences from that option by using the right story style. When the hotel decides to reveal its familiness identity, the retro story style will be the best option. The retro story style basically consists of the company's historical story, recalling the good old times, whilst the contemporary story style contains the more modern side of the company but still recalls the past (e.g., we were established in 1930).

4.3. Limitation and Further Research

The current study has some limitations and can be improved for further research. This study only uses the hotel as an example of family-owned business; the result might be different in the context of other businesses. Therefore, expanding the case from other industries is the option for the next research. The brand heritage associations (longevity, stability, tradition, and expertise) suit the hotel context. A different case of industry might need more association components.

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