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'Family-Owned' or 'Family-Run'? The Words You Use Can Affect Customer Trust

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Family businesses often promote their ownership and heritage to build trust. Research suggests that “family-run” may send a stronger message than “family-owned” — and that adding more heritage claims can sometimes backfire.

Family firms are often perceived as particularly trustworthy. But this trust doesn’t come by default. Many companies actively communicate their family character through statements such as *“family-run,” “family-owned,”* or by emphasizing their long tradition with messages such as *“since 1789”* (Traube Tonbach, a 5-star luxury hotel and resort in the Black Forest region of Germany which also features a 3-stared Michelin restaurant) Others use signals such as *“Family run since 1887”* (Glenfiddich) or *“Family-owned since 1622”* (Heinz Glas).

Behind these family business branding strategies lies a simple assumption: The more references to family and tradition, the more consumers will trust the brand. And it seems natural to expect that. But that isn´t necessarily the case.

Our research suggests that simply communicating family ownership is not enough. Family business branding does not automatically build trust. Instead, success depends on whether these signals create the right perceptions in consumers' minds. So how can family firms use ownership signals effectively? New research provides answers (Finkbeiner, 2026).

What We Studied

We conducted an exploratory qualitative pre-study and a controlled online experiment, involving 560 consumers from Germany aged 18 to 65, using a fictitious champagne brand. The study examined how different cues communicating a company's family character ("family-run" and "family-owned") influence consumers' perceptions of stability, longevity, and adaptability and, through these perceptions, foster brand trust. In addition, we investigated whether adding a founding year strengthens or weakens these mechanisms.

The findings reveal that communicating a firm's family character does not automatically build brand trust. Instead, consumers react surprisingly sensitively to subtle differences in wording, and the effectiveness of family business branding depends on the perceptions these signals evoke.

What We Found

The “family-run” label tends to evoke associations with continuity, long-term orientation, and adaptability. Consumers perceive active family involvement as a sign of responsibility and stewardship. As a result, such a label can strengthen trust in the brand.

The “family-owned” label, by contrast, is perceived more ambiguously -- and if the family’s active involvement is not stated clearly, it may even be negative. Although ownership also evokes associations such as tradition and stability (Krappe, Goutas & von Schlippe, 2011), it does not necessarily communicate how actively the owning family shapes the business.

We also saw that family firms evoke both positive and negative consumer associations. Besides attributes such as tradition and continuity, participants also perceived family firms as being stagnant, opaque, or less innovative. Similar ambivalent associations have also been reported in previous research (Krappe, Goutas & von Schlippe, 2011). Interestingly, our quantitative research mirrored what consumers told us in our earlier qualitative pre-study, suggesting that these ambivalent perceptions of family firms already emerge at the level of spontaneous consumer perceptions. These findings are consistent with our experimental results, in which the "family-owned" cue showed a weaker overall trust-building effect than the "family-run" cue.

The Psychology of Trust

Trust does not arise simply because consumers recognize a company as a family business. Rather, it depends on the meanings consumers attach to the signals they encounter.

Consumers draw far-reaching conclusions from limited information. Even a few words on a logo, package, or website influence whether a brand is perceived as stable, long-term oriented, and capable of adapting to changing circumstances. Consumers often associate family firms with these qualities (Riefolo, Grosskopf, & Ahrens, 2026) and infer that the family firm has survived past challenges and can therefore be expected to act reliably in the future.

This cognitive mechanism is referred to as Perceived Brand Heritage (PBH). Rather than reflecting a brand's age alone, PBH captures whether consumers perceive a brand as demonstrating continuity, longevity, and adaptability over time (Urde et al., 2007; Balmer, 2011; Pecot et al., 2019, 2022). Our qualitative pre-study and subsequent experiment identified PBH as the central mechanism through which family business branding strengthens brand trust.

The findings further suggest that the two ownership cues have different cognitive effects on consumers. The phrase "family-run" appears to signal active family involvement in the business, reinforcing positive perceptions (Binz Astrachan & Astrachan, 2015; Finkbeiner, 2026). These perceptions constitute PBH, which our findings identify as the central mechanism through which family business branding fosters brand trust.

By contrast, the cue "family-owned" appears to activate two competing processes. On one hand, it also increases PBH, resulting in a positive indirect effect on brand trust. On the other hand, it can have a negative effect because it leaves consumers wondering how much the family is actually involved in the business. The result is a weaker overall trust-building effect.

When More Information Produces Less Impact

Family business leaders should also be aware that sending multiple signals can actually undermine trust.

For example, many family firms combine ownership cues with a founding year, such as *"Family-owned since 1939."* Examples can be found among American food brands and numerous heritage-oriented companies around the world. The intention is clear: emphasize authenticity, tradition, and long-term stability in order to strengthen trust.

However, this can backfire with consumers. In fact, we saw that signals may compete rather than reinforce each other. When a founding year is added, particularly alongside the label "family-owned," the effects of PBH become weaker. As the founding year already communicates longevity and heritage, consumers may attribute these qualities to the historical reference rather than the ownership cue, muting its impact.

For family firms, this means that more information does not automatically create more trust via PBH.

Takeaways

- **Ownership Alone Won't Cut It** -- Family business leaders and managers should be aware that heritage is not defined by a firm's ownership and age, but by consistently communicating continuity, enduring values, and the ability to evolve over time. Family ownership does not automatically endear the company to consumers.
- **Use Family Signals Strategically** -- In heritage-oriented industries, such as wine, champagne, or luxury hospitality, communicating that a company is *family-run* can be particularly effective. Consumers tend to interpret family management as a signal of visible responsibility and active stewardship. As

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a result, perceptions of stability, longevity, and adaptability are strengthened, which in turn can enhance brand trust.

- **Avoid Communication Overload** -- Adding more heritage cues (owned and founding year) does not automatically improve consumer perceptions. Companies should therefore carefully evaluate whether different signals truly complement each other or merely repeat the same message.
- **Build Trust Along the Entire Customer Journey** -- Family firms should not view ownership cues as isolated trust-building devices. In fact only pointing at ownership without explaining the family's active involvement can easily backfire.

Conclusion

These findings are also consistent with identity-based brand management. Ownership cues represent only one brand touchpoint. Their effectiveness depends on whether the values they communicate -- such as continuity, long-term orientation, and adaptability -- are reinforced consistently across the customer journey (Burmann et al., 2024).

Ultimately, trust is not created by a single claim on a logo but by the coherent interaction of brand identity, communication, and customer experience.

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