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COMPARISON OF MARKETING VITALITY OF FAMILY AND NON-FAMILY COMPANIES DOING BUSINESS IN CZECH REPUBLIC

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ABSTRACT. Family businesses were founded in Czech Republic mostly after 1989, and they are now undergoing the first generational change. Throughout their existence, they have become major employers in the regions, bringing about innovations, progress and social responsibility. If they are to develop further, if they are to be competitive against non-family companies that are managed by professional management, the successors must also use newer, more advanced marketing and management tools. The issue of family business becomes a big challenge for Czech academic environment too. This is a very topical issue, but not yet studied, it may potentially bring new scientific knowledge in the field of marketing management for family businesses in Czech Republic.
The survey period of marketing vitality was between 2016 and 2017. Literature review has been prepared by means of desk research. Its elaboration was based mainly on *foreign* monographic sources, scientific articles available in the Web of Science, Proquest, Scopus and other databases. The scientific method was primary quantitative research – a questionnaire survey – which aimed to compare the marketing vitality of family and non-family businesses, and also to compare the use of defined marketing tools by family and non-family businesses. The survey data on 264 enterprises were analyzed using descriptive statistics, graphically processed and evaluated through correlation analysis. The results of this paper confirm the hypothesis that family businesses as well as non-family small-sized businesses have their success based on the so-called "value marketing" (and in the opinion of the authors intuitively) on building long-term customer loyalty by constantly increasing the value offered.

***JEL Classification*:** M10, M13, M19

Keywords: family business, non-family business, customer segmentation, marketing communication, value, Czech Republic, quantitative research, questionnaire survey.

Introduction

Czech Republic has a chance to become the eleventh country in the European Union to enact family business in its legislation. On the proposal of the Association of Small and Medium-Sized Enterprises and Crafts (AMSP), in January 2018 the government began working on a bill to be submitted into the comment procedure including the definition of a family business. The Prime Minister Andrej Babiš and the Minister for Regional Development Klára Dostálová have confirmed that family businesses will become a governmental priority in the coming years. Havlíček said: *Enacting family business into the legal order is only the first step. Our goal is to make family businesses, licensed trades and farms mainstream. We are going to convince the government and the public that intergenerational responsibility transfer is the foundation of a stable economy and that maintaining a family business balances the influence of multinational companies that only have a commercial approach to regions, municipalities or local products. One of the new forms of support is, therefore, the preparation of the Family Business Office network, where State support will be used to prepare regional centres for the support of family businesses on the basis of legal, economic and educational tools* (AMSP, 2018).

Education of owners, successors and employees is essential for the development of family business. The strategic vision of the 2014-2020 SME strategy states the following: "Czech entrepreneur = ideas, confidence, competitiveness and prosperity". Thus, it presents a Czech entrepreneur as an economic entity relying on quality and competitive products and services, continually increasing own innovation capacity, able to produce new ideas and better enjoy the protection of intellectual property, able to *apply knowledge and research results* brought out primarily by domestic research organizations, responding flexibly to customer requirements and transforming them into innovative products, applying skills of the effective use of the Internet and ICT, seeking qualitative and price advantages, succeeding at the international markets and further expanding qualitatively and quantitatively (Ministry of Industry and Trade, 2017).

The main issue concerning the competitiveness of family businesses against non-family companies is primarily the fact that it is very difficult for the former to survive in the current economic environment, due to the following in particular:

- Increasing competition between family and non-family businesses, decreasing production costs, the rising number of mergers, the growing role of corporate and national research, internationalised research;
- Multinational companies behave "transnationally", acquiring human resources with increasing flexibility and ease; they spend a lot of money on training their employees and on their professional management;
- Information and communication technologies integrate global operations of companies and their strategic functions, global networks are a reality for multinational corporations, changing not only the organization of production, logistics and sales, but also research, development, communication technologies, and the system of building and evaluation of customer relations.

For family businesses, these development trends can be fatal. They are exposed to greater business risk now since their losses will affect not only the business itself but also the income of all family members involved in it. The family and their employees, customers and suppliers are also at greater risk. Risks also include limited career prospects as well as considerably minimized employee benefits which are becoming much more common in large non-family businesses. To a large extent, family business employees have limited (both in terms of time and finance) opportunities for further education. We should also point out the risk of poor succession planning. This lesser degree of security is compensated, in particular, by informal working relationships, participation of family members in decision-making, close and more active communication between the owner and employees, family know-hows, respected values, and usually higher business ethics.

If we, as the representatives of the university platform (that is, for the Family Business Year 2018, represented by the University of Economics in Prague, University of Finance and Administration in Prague and Technical University in Liberec), wish to provide family businesses with formal, non-formal or informal learning (Mužík, 2012), we first need to identify the weaknesses of family/non-family businesses. This study/assessment of the marketing vitality of family and non-family businesses should contribute to this identification. The research objective is to compare which of the marketing management tools are used by family and non-family businesses, then to evaluate the extent to which the defined marketing tools are used in family and non-family businesses and to confirm or refute the hypothesis that family businesses as well as non-family small-sized businesses build their success on the grounds of the so-called "value marketing", i.e., building long-term customer loyalty by constantly increasing the value offered.

According to the Opinion of the European Economic and Social Committee on Family Businesses in Europe as a source of future growth and better jobs (own-initiative opinion, 2016 / C 013/03), family businesses make up more than 60% of all small and large companies in Europe and provide 40-50% of all employees. In the vast majority of economies the largest share belongs to micro-enterprises and SMEs, therefore, most family businesses also belong to this sector. To know the real % representation of family businesses within the SME sector of Czech Republic, their real impact on Czech economy (the share in GDP, in employment etc.) will only becomes possible once family business is defined in the Czech New Civil Code (is expected at the end of 2018). Oncethe category "family businesses" is officially introduced, Czech Statistical Office will be able to collect and evaluate the data on it more efficiently.

1. Literature Review

Family is an integral and fundamental part of the society in all cultures and across time periods. Its purpose is to educate the following generations in order to be able to continue and further develop the knowledge and experience of the previous generation. We understand family as a small group of people who are linked by marital, family or similar relationships based on a common way of life (Možný, 1990). Such groups of people are best positioned to create a community engaged in building something that lasts and ensures livelihood not only for the present generation but also for the generations that follow. The advantage of the communities is in their cohesion. Emotions and feelings, informal ties, the ability to manage conflicts play a major role. Creating a family business is a lifelong work. It is a commitment not only to the individual members of the family, to the employees, but also to everyone with whom the company cooperates.

Many publications and research have focused on *analysing the differences between family- and non-family businesses*. The issue of different approaches focused on education, ability to learn and adapt to current market changes was dealt with by Baker and Sinkula (1999). Differences in approach to risk and innovation activities have been examined by Miller (1983), Dess and Lumpkin (2005). Different approaches to achieving global competitiveness and the entry of companies in foreign markets and internationalization are described by Kontinen and Ojala (2010), Gallo and Sveen (1991). The efficiency in family-type businesses influenced by more difficult access to external sources of funding, nepotism, paternalism, and conflicts, was the focus of the study of Mandla (2008), Lansberg (1983).

Relations between company governance and family management are dealt with by Rouvinez and Ward (2016), the issue of maximizing the potential of family and business was studied by Aronoff and Ward (2011), while family business compensation is described by Aronoff, McClure, Ward (2011). It has been discussed that a family emphasizes quality because it represents its own name and tradition, it is motivated by the success of the family business in the next generations. Non-family businesses are defined as businesses that do not consider themselves as such, in which family has no majority ownership. Their aim is primarily to return the investment through reconciling ownership and management objectives (Westhead, 1997). Moreover, industry specifics essentially affect the company's composition and diversity. Thus, different industries indirectly influence the company's strategy and their managerial and ownership structures (Velinov *et al.*, 2015).

The increasingly intensive process of globalization requires new approaches to management, quality and innovation, change management, marketing communication and improving expertise in family businesses. It places high demands on every individual. It creates possibilities for those who are creative, who aspire to learn new information, watch trends and offer unique superproducts (Souček, 2015), for those able to acquire basic theoretical knowledge and skills and subsequently apply them in multi-faceted business practice. Only such individuals can succeed in the future. Marketing trends belong to sphere of knowledge that needs to be constantly gained. Based on a literature review, the authors state that family businesses should move from initial intuitive management to management based on innovation, transformation, new knowledge, adaptability, openness to new markets and opportunities resulting from globalization and internationalization.

Marketing has become the life view of a modern person in the context of a sustainable development philosophy. Economic development is underpinned by production that produces ever more sophisticated products, providing increasingly sophisticated services marketed with the help of marketing principles and, in particular, exposed needs, requirements and expectations of customers, competitive advantages as the motives for purchase. Competitive advantages are limited by the ability of family and non-family business' owners to manage their marketing activities through effective processes, develop and use progressive technological and technical processes. Thus, the company is able to provide increasingly better and more significant satisfaction to the final customer segment (Čichovský, 2001).

Marketing and marketing management is an extremely dynamic field that is developing very fast. Its strength is in the ability to have marketing thinking, marketing approach to customers, employees, to oneself and to work. Famous authors (Kotler, Keller, 2014; Armstrong, 2005; Pride and Ferrell, 2016) build their ideas on the right motivation and approach to life. It can be deduced that success always begins in the mind and the first manifestation of a successful person is their approach, determination and conviction that what they do is meaningful.

What is the point of marketing and marketing management? Being able to answer the question whether and why current or future customers want to buy from us. Do we win because we have a more interesting price, a unique product, easy access to it or convincing communication? (Chlebovský, 2017) Or does our brand offer our customers a strong story, experience, emotion, expression of relationship to a group, and external self-expression? (Olins, 2009) Can we impress this brand with its own unrepeatable and unmistakable identity, representing the medium of iconic meanings and symbolic characters, capable of approaching the reality of the social situation of everyday life, anticipating the psychological needs of customers, their visions, desires and ideals? (Roubal, 2017) Are they attracted by the values the company believes in, with which they identify and thanks to which the company is unique and interesting for them? (Matisko, 2017) Do we have a visionary in the company who focuses strategic projects well? (Hammond, 2017) Do we select the appropriate target groups and provide them with adequate information so that these groups are not resistant to communication? (Kupec, 2016) Do we manage modern communication trends such as more and more popular livestreams allowing us to be original, Spotify audio spots with the advantage of accurate targeting and accurate measurement, do we offer a chatbot – artificial intelligence in the form of live chat, are we in virtual or augmented reality? (Ďurmek, 2017) Or is the reason a pleasant environment, familiar faces, a factor of identification that means the customer knows exactly who we are, where we come from, how far we have gone and where we (and the customer) are going – the fact that the company has an inimitable identity? (Geršlová, Žák, 2012) We could continue almost indefinitely with the list of questions because the context, interaction and synergies of individual marketing activities do not have to be a zero sum game. While some tools can ensure success of one company, they may be inapplicable for another firm and its customer segment. Ideally, all marketing mix tools should be able to contribute to the success of both family and non-family businesses (Clark *et al.*, 2014).

It can be said that marketing management is based on the ability of a company and its managers to analyse the environment and the market position of the company, and prepare situational analysis as a basis for a printed document – a marketing plan. It also consists of setting up the processes leading to the efficient use of customer, emotional and other marketing mix tools, managing integrated marketing communication and communication campaigns, and correctly allocating business resources, setting up metrics to evaluate the effectiveness and efficiency of marketing activities. This leads to the conclusion that the issue of marketing management is an extremely complex system of interrelated processes. The modern form of "5C marketing strategies" refers to Customer Needs, Company Skills, Competition, Collaborators, and Context (Matúš *et al.*, 2015). Marketing strategy can also be understood as a development, as the ability to understand the reasons of the current situation, as defining the future, designing and implementing the way to succeed in the future. It can also be assumed that if a company considers marketing in an offline environment as unnecessary, it will be very difficult for the company to implement online marketing. There is a hypothesis climing that non-family businesses are more likely to use intuitive marketing tools closely related to business activities, personal sales, building and consolidating long-term emotional relationships with customers, employees and suppliers. These are underscored by frequent personal communication – which is *de facto* one of the typical features of a family business. The authors believe that it is and will not be enough for family businesses, both today and especially in the future. Therefore, their research tries to identify the scope of marketing methods used in the day-to-day operation of Czech family and non-family businesses, whether routine, pragmatism or intuition are dominant and to what extent.

The authors have long been dealing with issues that they refer to as "marketing health", "marketing vitality". Why vitality? The theory of general business vitality in the Czech Republic is studied by Plamínek. It is based on the similarity of different types of systems containing living components – economic, ecological and social systems. In order to survive, such systems need success – a situation in which they have achieved what they set out to achieve. If actual successes are not at the expense of future successes, we can talk about sustainable success and about vital systems, e.g. vital companies. Achieving vitality requires mastering four key disciplines – usefulness, effectiveness, stability and dynamics. In terms of utility, we need to answer three questions: to whom, why and how we intend to be useful. In terms of effectiveness, we need to answer in a similar order the questions of processes, resources and structures. We need to ask how we will create products, what we will need for it and how we will organize processes and resources. By resolving usefulness and effectiveness, the company reaches imaginary balance, stability. The fourth vital discipline is dynamics. Stability has enabled us to respond successfully to changes and to prevent potential threats; dynamics assumes that the company will anticipate and potentially trigger changes, both within the company and its surroundings, e.g. in the markets. Dynamics will be ensured by forecasting and influencing of development, human activity. Four vital disciplines form a natural sequence (Plamínek, 2014). According to the authors, it is possible to obtain the defined vitality through proper marketing management of the company. A key concept is a system composed of elements and relationships, of everything that actually exists. When evaluating a system, it is necessary to ascertain not only its state but also its ability to make changes (Kolektiv autorů, 2017).

2. Scientific Research Methods

The authors first established indicators of marketing vitality evaluation. They were looking for a tool that would be understandable for small and medium-sized family businesses and suitable for both family and non-family businesses, employing traditional and trend marketing management tools and methods, appropriate criteria and measurement methods. The authors noted that approaches to evaluate the performance of a company have undergone considerable development. In particular, there are many approaches to evaluate the economic condition of companies and use thereof depends on the current circumstance on a particular market. Traditional approach tools that assess the economic situation based on the interpretation of financial analysis indicators have been excluded. The authors considered partial application of the Balanced Score Card methodology (Kaplan, Norton, 1996), Fundamental Interpersonal Relations Orientation (Schutz, 1958), marketing audit type analysis (Jakubíková, 2013), a methodology to keep a company healthy and how to manage it to avoid “illnesses” (Pollak, 2003). They have arrived to a conclusion that each method has certain features convenient for their application in respect of the requirements of evaluated phenomena. None of them, however, was specifically or exclusively focused on the marketing of small and medium-sized companies or family businesses. In line with modern literature and relying on personal knowledge the authors took certain inspiration from the Model of Excellence Europe Foundation for Quality Management (EFQM). This particular model is based on self-assessment. The authors defined eight indicators that, when assessing data reliability, showed a value of 0.682 Cronbach’s Alpha, a value that lies at the limit of usability of these indicators as a certain scale. Indicators – see *Annex*.

Family business has been defined for the purposes of this research as follows: a family business means business activity performed by spouses, other first generation relatives (parents, children, siblings), other members of the family, provided that least 50% of the company is owned by members of one family, either on the basis of bloodline or other family ties, such as marriage. Family business can also be considered as a form in which more than one generation of a family work together linked to each other by business policy and the intention of the owner is to pass it on to the next generation. Non-family businesses are defined as organizations established and operating for profit the owners of which are not members of one family.

2.1. Data Collection – Evaluation of Individual Indicators

In 2016, a pilot research was conducted on 109 family businesses (180 family businesses were approached and 71 family businesses of this sample declined to research), i.e. 65%. Each of these indicators was assessed for selected family businesses, so that the evaluators of the progress towards individual indicators were students attending Marketing Company Management course at the University of Finance and Administration. The students were thoroughly trained by their tutor in order to achieve the required standardization of the evaluation. Students selected family-based companies they knew in their place of residence (targeted selection of family businesses); in cooperation with the owners of these family businesses or family members they carried out a scoring / self-assessment of progress towards the specified indicators. The aim of the pilot research was not to achieve a representative sample of family businesses, but to assess the relevance of the evaluation criteria for the purpose of their subsequent modification – see *Annex*. The assessment of applied specific marketing activities by individual indicators ranged from 15 to 91, with an average of 45,375 points. The outcome was presented at the International Scientific Conference on Marketing Identity 2017 (Petrů, Zich, 2017).

The 2017 analysis is based on selection of companies from the Czech database of family businesses established by the University of Finance and Administration established 3 years ago and currently showing about 3,000 entries. The contacts have been obtained from open public sources, roundtables organized by AMSP attended by representatives of the University of Finance and Administration, various events such as the Family Business of the Year, Family Farm of the Year, Day of Entrepreneurs, etc. Data concerning the family relationships in the companies have been verified in the ARES database[1]. Students attending the Marketing Management course have either selected a family business from the list, or a non-family business located in their place of residence, with the number of employees up to 250 and with a manager who is willing to answer the questions truthfully. At this point, it should be noted that this is not a conventional method of random selection. Due to the nature of the research problem (especially concerning the segment of family businesses that is not statistically monitored) and the ambiguous definitions of family businesses it was necessary to use a targeted selection. As in the previous year, the students were thoroughly trained to achieve the required standardization of the evaluation. The sample number of companies approached was given by the low number of evaluating students.

2.2. Evaluation aspect

A – YET TO BE LAUNCHED – almost nothing happens, there may appear some good ideas, especially from the owner, but they have not gone any further than to project.

B – SOME PROGRESS – there is certain evidence that something useful is actually happening in the area.

C – SIGNIFICANT PROGRESS – there is clear evidence that the area under consideration is being addressed well. There is regular and routine review and continuous improvement of individual activities.

D – COMPLETELY IMPLEMENTED – an excellent approach or result that is fully addressed in all areas and aspects. A model solution or success has been achieved, it is difficult to expect further substantial improvements in addition to developing positive trends. For each indicator, the evaluation is within the following scores.

[1] An information system that allows searching for economic entities registered in the Czech Republic. It displays the data kept in the individual registers of the state administration from which it draws data (the so-called source registers).

Table 1. Scoring scale

A (1)	B (2)	C (3)	D (4)
0 – 10 points	up to 33 points	up to 67 points	up to 100 points
Yet to be launched	Some proven progress	Significant proven progress	The projects have been fully achieved

Source: authors.

It was necessary to find a procedure that would be simple, while allowing a focus on a specific situation. Marketing vitality is assessed as follows by scoring individual statistics with weight allocation.
0 – 10 points – firm is in a marketing crisis.
11 – 33 points – firm is marketing „ill", marketing vitality without intervention is not secured.
34 – 67 points – marketing vitality is very likely. 68 – 100 points – marketing vitality is almost guaranteed.

This method has its limits, particularly the subjective approach of the evaluator and the incompleteness of the evaluation. Nevertheless, this method was evaluated as a concept suitable for assessing the marketing vitality of family businesses.

3. Conducting Research and Results

265 businesses in total were approached. One enterprise was from Russia and therefore was excluded for the purpose of comparing the vitality of Czech family and non-family businesses. This sample is not to be generalized, but works as a representative sample for qualitative research, each of firms is specifically identifiable. Thus, the dataset contains 264 businesses, of which 214 are family and 50 non-family businesses. The sample of companies surveyed is so composed because the addressed enterprises were predominantly of a family type and the students themselves are also part of these family businesses. Their composition was evaluated from the point of the year of establishment of the company, legal form and number of employees. These parameters allowed a partial correlation with marketing activities. The composition of the dataset is shown in *Tables 2-4*.

Table 2. Classification of businesses by statistical legal form

Legal Form of Enterprise	Family Firm		Nonfamily firm	
	Percent	Frequency	Percent	Frequency
101	16,8%	36	8%	4
105	0,9%	2	0%	0
107	0,9%	2	0%	0
112	**66,4%**	**142**	**60%**	**30**
121	8,9%	19	12%	6
141	0%	0	2%	1
421	0,9%	2	0%	0
706	0%	0	4%	2
932	0,5%	1	2%	1
Not Specified	4,7%	10	12%	6
Total	100%	214	100%	50

101 – Individual Doing Business According to the Trade Licensing Act not Registered in the Commercial Register; 105 – An Individual Doing Business According to Laws Other than the Trade Licensing Act and Law

on Agriculture not Registered in the Commercial Register; 107 – Agricultural Entrepreneur – An Individual not Registered in the Commercial Register; 112 – Limited Liability Company; 121 – Joint Stock Company; 141 – Public Service Company; 421 – Branch of a foreign legal entity; 706 – Association; 932 – European Company.
Source: authors, own research.

Table 3. Classification of companies by year of establishment

Year of established	Family firm		Non-family firm	
	Percent	Frequency	Percent	Frequency
1877-1985	1,9%	4	2%	1
1989-1995	24,3%	52	22%	11
1996-2005	32,7%	70	24%	12
2006-2017	**40,2%**	**86**	**40%**	**20**
Not Specified	0,9%	2	12%	6
Total	100%	214	100%	50

Source: authors, own research.

Table 4. Classification of companies by number of employees

Number of employees	Family firm		Non-family firm	
	Percent	Frequency	Percent	Frequency
0 – 49 employees	*68,2%*	*146*	*60%*	*30*
50 – 99 employees	7,5%	16	0%	0
100 – 199 employees	5,1%	11	8%	4
More than 200 employees	5,6%	12	8%	4
Not Specified	13,6%	29	24%	12
Total	100%	214	100%	50

Source: authors, own research.

The above tables show that the surveyed dataset of family and non-family businesses according to the number of employees includes mostly small enterprises up to 49 employees (compared to the pilot research showing larger share of companies with up to 20 employees), mostly in the form of a limited liability company, established between 1989 and 2017. In future, other interesting indicators might be included, e.g. CZ-NACE sectors, turnover, age structure of marketing employees (younger generations may be expected to have more positive attitude to engaging modern communication technology tools, etc.).

The evaluation of application of specific marketing activities through individual indicators ranges from 7 to 91 points (15 to 91 in the pilot research). The following table shows that there were 3 companies among the monitored family businesses that reached the overall score of 7–10 points, meaning that they have not started applying not a single marketing activity yet; there was no non-family business within this score range. The "completely implemented" evaluation (above 68 points) was achieved by 9.3% of family and 12% of non-family businesses, but none of them reached 100 points. From this perspective, non-family businesses can be considered more vital than family businesses – see *Table 5*.

Table 5. Share of family/ non-family enterprises in individual evaluation intervals

Average point value	Family Firm		Non-family Firm	
	Percent	Frequency	Percent	Frequency
7 – 10 points	1,4%	3	0%	0
11 – 33 points	30,4%	65	**34%**	17
34 – 67 points	**58,4%**	125	54%	27
68 – 91 points	9,3%	20	**12%**	6
Not Specified	0,5%	1	0%	0
Total	100%	214	100%	50

Source: authors, own research.

The average score for the individual indicators for the whole dataset is shown in *Table 6* and *Figure 1*. The results show how family and non-family businesses fulfil the activities under the individual indicators. The average score of family businesses is 44.2 points (45.3 points in the pilot research); the average score of non-family businesses is 45.2 points. The results point to "significant progress" (There is clear evidence that the area under consideration is being addressed well. Regular and routine review and continuous improvement of individual activities are carried out). Score is slightly higher than 33 points – there is certain evidence that something useful is actually happening in the area. Also from the point of percentage comparison of the average points achieved in each category, non-family businesses show higher vitality.

Table 6. Average score of individual indicators, comparison of family x non-family business

Average point value	Average point value of family firm	Average point value of non-family firm
Marketing plan	35,7	**36,6**
Customer segmentation	**45,9**	45,2
Relationships with customers	50,1	**53,5**
New communication technologies	37,6	**43,8**
CSR and its communication	45,0	**49,3**
Description of marketing processes, brand management	33,1	**33,9**
Analysis of the provides values	**58,7**	54,4
Evaluating the effectiveness	**47,4**	44,9

Source: authors, own research.

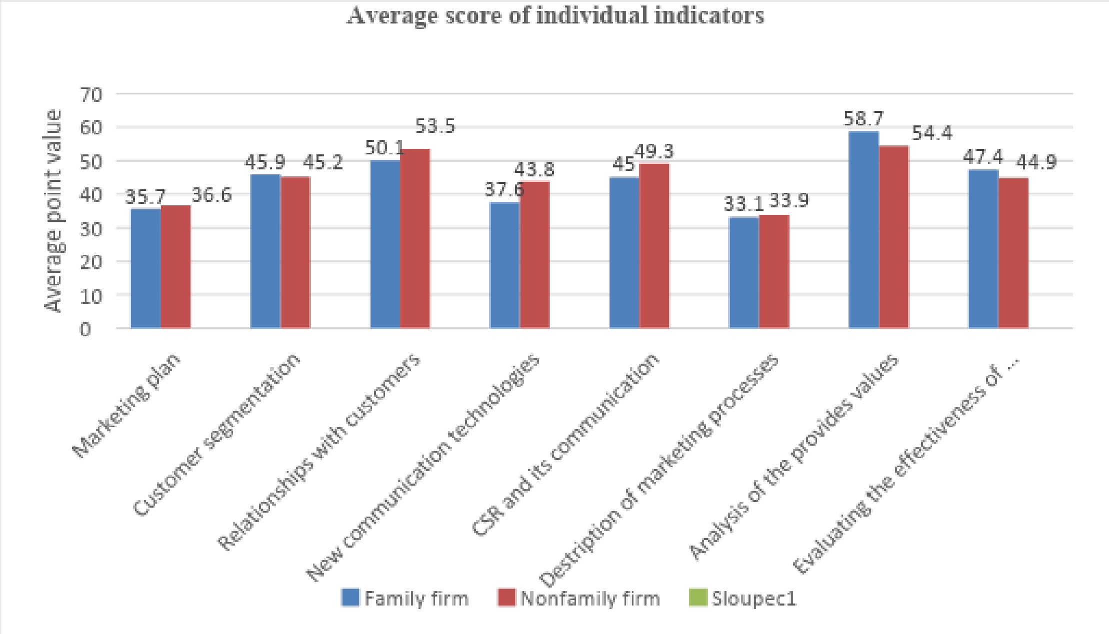


Chart 1. Average score of individual indicators, comparison of family x non-family business
Source: authors, own research.

For convenience only, the evaluation of marketing activities has been categorised on a scale from 1 to 4. In accordance with the evaluation criteria, category 1 corresponds to 0 to 10 points, category 2 corresponds to 11 to 33 points, category 3 corresponds to 34 to 67 points and category 4 corresponds to 68 to 100 points. The following *Table 7* presents the average values of these categories for each indicator of marketing vitality (The higher the average value, the more advanced the application of the monitored indicator methods). The table shows the highest value for family businesses in the indicator *Value analysis* – 3.07, while for non-family businesses also in the indicator Value Analysis – 2.98. However, the lowest score is found for family businesses in the indicator *Description of marketing processes* – 2.25, and for non-family businesses the lowers score appears in the indicator *Description of marketing processes* – 2.24; in the indicator *Marketing plan* – 2.3 for family businesses, 2.34 for non-family businesses.

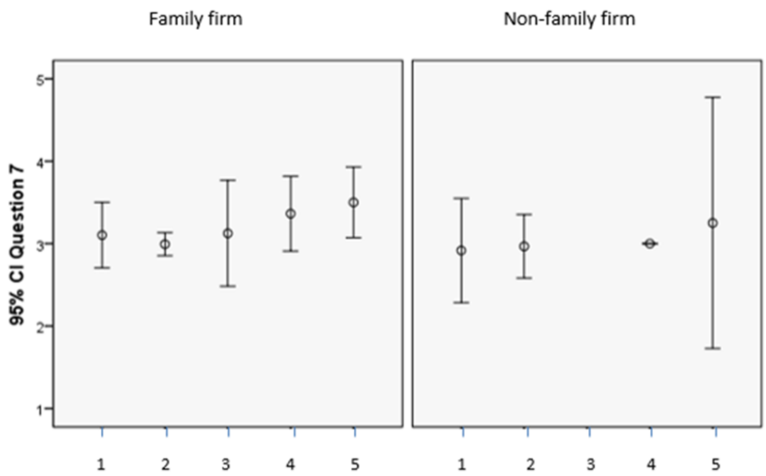
Table 7. Average scores of individual indicators in marketing vitality indicators; comparison of family and non-family businesses

			Family businesses		Non-family businesses	
Indicator	Minimum	Maximum	Mean	Std. Deviation	Mean	Std. Deviation
Marketing plan	1	4	2.30	0.985	2.34	1.022
Customer segmentation	1	4	2.64	1.014	2.60	1.010
Customer relations	1	4	2.86	0.964	2.96	0.925
Use of new technologies	1	4	2.38	0.925	2.64	0.985
Social responsibility and its communication	1	4	2.59	1.087	2.74	1.139
Description of marketing processes, brand management	1	4	**2.25**	0.955	**2.24**	0.916

Analysis of the provided values	1	4	**3.07**	0.901	**2.98**	0.985
Evaluation of the effectiveness of communication activities	1	4	2.74	0966	2.66	1.042
Valid N (listwise)						

Source: authors, own research.

The monitored aspects describing the investigated family businesses reveal an interesting correlation with the size of the business. In this paper we measure the size of the business from the point of number of employees. For illustration, the following *Figure 2* shows the score of the Value Analysis indicator that received the highest point in the group of family businesses, and the Value Analysis indicator that received the highest score in the group of non-family businesses. Since the indicator is similar for both segments, both segments (family and non-family businesses) are put side by side to get a better picture.



Note: Vertical axis – Average point value: 1: not specified, 2: 7-10 points, 3: 11-33 points, 4: 34-67 points, 5: 68-91 points; Horizontal axis – Number of employees: 1: not specified, 2: 0-49 employees, 3: 50-99 employees, 4: 100-199 employees, 5 more than 200.
Figure 1. Analysis of the provides values (Question 7) Analysis by Employee Numbers
Source: authors, own research.

The status of a family business, quality and unique nature of their products, know-how of family businesses, convenient opening hours, family brand, traditions, friendly relationship with employees, friendly personal relationships both at the workplace and in the family, low fluctuation probability, etc.) may be considered as worth having. For family businesses, valuations are broadly the same according to the number of employees (except for 2: 0-49 employees), and 3: 11-33 points, 4: 34-67 points are most common, which may mean that medium-sized family businesses pay more attention to the analysis of the provided values and are being improvements occur in this area. For non-family businesses, the results are inconsistent and show that non-family companies with a large number of employees have a sophisticated analysis of the provided values, which may indicate they are multinational corporations well established on the market.

Figure 2 shows that with growing size of the business, the indicator valuation also rises, which confirms the working hypothesis that companies with more employees have a higher degree of marketing vitality.

3.1. Discussion

It can be claimed that the analysed SMEs – both family and non-family type – clearly prefer the form of a limited liability company. This may be due to the fact that the establishment of a limited liability company is relatively inexpensive, up to CZK 20,000, minimum capital is required for the establishment of the company, its registered capital covers the liability. This legal form of an enterprise offers an opportunity to optimize both social welfare and health insurance payments as well as tax optimization. However, the reason enterprises generally prefer the form of a limited liability company can be due to trends, credibility, prestige and profitability. In order to compare the preference of the legal form of entrepreneurship in family and non-family businesses, the second most favourite legal form of an enterprise may be more interesting: in the case of family businesses, it is a self-employed natural person under the Czech Trade Licensing Act not registered in the Commercial Register; for non-family businesses it is a joint stock company. In a family business, the self-employed person legal form corresponds to a certain extent to the perception of family businesses by the public. The public perceives them as small companies and mini-companies, such as bakery, confectionery, family farms, garages, etc.; they rely on tradition and craft. For these entrepreneurs the high risk of liability with all of one's assets, quick and simple establishment and generally average tax optimization may not be so important. Families of this type may prefer family traditions, passing of the craft or family know-how from father to son. Perhaps the respect for traditions and crafts is what the family businesses wish to be perceived most and they present and communicate the respect in their marketing activities. On the other hand, the legal form of a joint-stock company with non-family businesses offers high credibility, image and prestigious market position. It usually has higher capital, can offer interesting possibilities of liability, requires higher share capital – at least CZK 2,000,000, it is an appropriate form of business for a broad range of business activities with more than one investor (as opposed to the family businesses owned by the first generation. A JSC seems to be preferred in companies managed by second-generation owners, siblings, or as preferred form in the case of investment of external corporate resources).

When analyzing the years in which the companies were established, both groups of enterprises in the sample confirm they were established between 2006 and 2017. This can be attributed, to a certain extent, also to the fact that a generation has been brought up that sees "business enterprise?" as their choice of profession. This choice might have been influenced by the example of their parents who established their business undertakings after 1989. Young entrepreneurs can draw on their years of experience, skills, trials and errors and on the fact that they have grown up in a business environment.

The assessment of application of specific marketing activities through individual indicators is, according to the authors, influenced by the size of the companies surveyed. In the case of family and non-family businesses, it is in the interval 7-91, with the average of all monitored parameters being 44.2 points for family businesses and 45.2 points for non-family businesses. The result according to the statistical numerical score is better for non-family companies, but the 1 point difference is negligible. According to the evaluation parameters these are the companies showing certain evidence that something useful is actually happening in the analysed field, or that one of the analysed aspects is regularly reviewed and constantly improved. A score between 34 and 67 suggests that marketing vitality is very likely.

For both forms of business, the area with the best evaluation is one where the business owner, family members and non-family management define the position of a family/non-family business on the market through the *values provided to customers* compared to competitors. Examples of value may include e.g. family business status, warm personal relationships, product uniqueness and quality, know-how of (family) business, convenient opening hours, brand, tradition, etc. These values are part of the online and offline presentation materials of the company. On the basis of the statistical evaluation, the assumption was confirmed that *family businesses and small-sized non-family businesses have their success based on so-called value marketing* – on building long-term customer loyalty by constantly increasing the value offered. The creation of values is not dependent on marketing departments that are non-existent in small-sized family- and non-family businesses – it involves all employees of the company. The objective of value marketing is the customer satisfaction, i.e. how an individual perceives the product and services in relation to their expectations. If the product or service exceeds their expectations, the customers are highly satisfied or delighted, convinced that it is in their best interest to stay with the company and not to go to another one. Loyal customers spread positive verbal information and attract other customers, helping to create positive company image.

The value of 91 points occurred in 22 cases, of which 12 were family businesses and 10 were non-family businesses. Family business management indicator was indicated in only 5 family businesses. In order to successfully build the brands and increase their value the brand name and logo associated with the brand must be selected very carefully. In the case of family businesses, their brand and logo usually contain family surname or the field of industry they engage in (Podzimek and Son, Bouček Interiors, Ateliér Haškovec, Žák and Sons Transport, Šnajdar Construction Mělník, etc.) and thus evoke the family nature of their enterprise. Maybe that is why the owners of the family enterprises feel that there is no need to make the brand more visible. However, the authors believe that it is quite the opposite. As noted by Hesková (2008), the marketing view of a brand is wider; a brand is much more than the mere name and designation of the goods. A brand is a powerful stimulus to make the customer aware of the overall image of the company, a product, about the value added package – and there is a lot the family enterprises have to offer. In their brand management they have an opportunity to point out the strengths of family businesses, undoubtedly including their ability of flexibly address the current needs, requirements and expectations of customers, knowledge of local market conditions, focus on quality, time flexibility, proven family know-how, traditions, positive interpersonal relationships, etc.

Even though marketing is a scientific discipline with a long and established tradition and trend-driven marketing processes have an impact on the success of small and large businesses, there is only a limited number of literature or research papers on the issue of strategic marketing management in family businesses. Published articles form to two groups. The first group examines the perception of family businesses by the market and the impact of this perception on customers' purchasing behaviour - this issue has not been analysed in this paper. The second group of articles focuses on marketing practices applied by family businesses. It can be claimed that at some points the authors of this paper have arrived to similar results as the foreign authors (albeit in their own unique form of primary research). However, the articles mostly deal with one specific issue of marketing in detail and do not evaluate the overall marketing health of the analysed enterprises. The reason is primarily the heterogeneity of family business given by its history, fields of industry, size, business environment, customers, etc. For example, Zachary *et al.* (2011) has published a technique that allows analysing the content of family business presentations in an online environment. Craig, Dibrelle and Davis (2008) analysed the brand – they point out the fact that support to the family brand identity within a company is more customer-oriented and thus positively influences the performance of the company on the rebound. Family enterprises have gained the advantage of authenticity, the connection of the business with a face and personality of the family clan and permanency that associate with honesty, sustainability, social responsibility. Beck, Debruyne, Janssens and Lommelen (2011) compared family businesses in the Czech Republic with those in Belgium and the Netherlands, examining the impact of generational exchange on corporate market orientation and the application of marketing innovations. The Family Business Institute (IFB) found that 54% of family businesses in the UK consider their family status an important part of their marketing strategy, and most (64%) believe that supporting the company as a family brand is a positive asset for growth and a positive reputation (Tesseras, 2015). Another issue is the necessity of a key element that must be put into practice by family businesses and it is the need to develop a marketing plan as a written document covering individual marketing strategies.

Conclusion

It can be said that the results of the 2016 pilot research and the results of the 2017 research are almost identical in the case of family businesses. The research was focused on finding the state of marketing vitality of family businesses, and comparing their vitality with non-family businesses of similar size. The results confirm that SMEs (family and non-family types) primarily use *so-called value marketing*, that through the values they offer they are building long-term satisfaction and consequently customer loyalty – which fully corresponds to the tradition and strengths of small businesses.

Authors have arrived to a conclusion that owners of smaller family and non-family businesses favour intuitive marketing tools. The conclusion arises from the score of parameter 1 – a business has prepared a written document – a *marketing plan* that includes a product, price, distribution and communication strategy, methodical introduction of innovations (product, process, communication and other innovations). Along with parameter 6 – the company has specified its marketing-related processes– the lowest scores were achieved in both family and non-family businesses. Evaluation of parameter 4 – use of trend communication technologies – is similarly unfavourable. The results speaks in favour of the need to emphasize education of SME owners in the field of modern marketing tools, point out the importance of strategic planning, provide examples of good practice describing success, visibility and other positive aspects before and after the communication trends are implemented into the day-to-day operation of the company.

The research results have tested the possibility to measure the marketing vitality of companies through self-evaluation. Like the EFQM model, it is a practical tool that enables self-reflection, assessment of whether a business is developing in a direction determined by owners and top management. If there is no written document in a company, no a marketing plan, no clear definition of long-term goals and strategies of implementation thereof, this method is difficult to apply. However, it suggests where greatest potential for improvement in the business enterprise is and encourages the search for new solutions. Marketing vitality evaluation also faces the issue that the concept of marketing is not perceived by all SME owners similarly – sometimes its individual tools are used intuitively and owners do not see them as marketing tools.

Family business management requires the owners and family members to have many specific skills and knowledge, including marketing. Family businesses, similarly to non-family-type firms have, need to deal with issue of how to ensure growth in sales. Marketing is becoming the key to attracting new customers, keeping existing ones and achieving higher sales volumes and profits. Marketing strategies applied by family businesses (if applied at all) in previous years may not be effective enough any more and attention needs to be focused on trending tools – online communication, social media, virtual reality, etc. Owners are convinced that they know their customers, particularly if the company operates in the customer segment already in the second generation – they do not realize that times are changing and people change and it is necessary to re-evaluate the perception of the current needs, requirements and expectations of the customer groups and adopt marketing strategies to meet them. They underestimate the content and design of web presentations – but today's customer expects professionalism, site customization by mobile devices, etc. Family businesses often assume it is just the packaging or company name that creates the brand, some even fail to refer to the company as a family one. The task here is to make them realize that brand management is not about logo or a slogan, it is just about everything within the enterprise, may it be a unique know-how, quality, presentation of other positive features of a family enterprise.

It can be debated whether quantitative research of family enterprises is the only right research method due to their heterogeneity. It turns out that even in the context of self-evaluation it is necessary to analyse the issue thoroughly with the help of qualitative research methods – in depth interviews, round-table meetings etc. Studying stories, elaborating case studies and examples of (non)good practice may shed some light on business activities performed and practises employed by families.

This article offers suggestions for further research, e.g. to evaluate the marketing vitality of family and non-family businesses in the segment of large enterprises and compare the results with those in the SME segment; to investigate the specifics of family businesses in the individual business sectors (particularly services, individual industries, education, health, etc.); cooperate with international universities and compare the results of research in the Czech Republic with other countries (e.g. the Visegrad 4, China, Finland, etc.); valuate the reasons why trend communication technologies are not engaged in smaller family businesses (it can be only assumed it is due to ignorance of the enterprise founders and their reluctance to learn new practices; another reason may be the communication technologies being inappropriate for their customers, depending on their customers being ready and willing to work with Internet marketing etc.). Another issue may be whether SME owners consider it a priority to use strategic marketing management tools as tools to obtain a non-recurring competitive advantage. The authors hope to have inspired the academic community to focus their attention on exploring the aspects of marketing vitality, family business, and SME business.

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Annex

Indicators of marketing vitality

1. The company has prepared **a written document – a *marketing plan.*** It includes product, price, distribution and communication strategy, methodically counts on introducing innovations (product, process, communication and other innovations). Innovation is seen as a requirement for achieving the vision of a family / non-family business.
2. The company has a working ***customer segmentation.*** Customers are divided into **groups (segments**), each segment has its own business and marketing strategy (customized products/services, prices, communication, distribution). Their contribution to the company is continuously evaluated, and the trend of increasing successful and profitable business cases can be demonstrated in a three-year period.
3. The company owner, including relevant family members and non-family workers, **builds and develops personal *relationships with customers*.** In the company, customer information is collected over a long period of time through one of the CRM information systems (such as Pohoda, SAP, Raynet, e-Way, etc.). The obtained information (TOP customers, TOP sales, TOP profitability, accuracy and timeliness of communication, complaints, claims, compliments, payments, new customers, lost customers, etc.) are used to predict their shopping trends and to build long-term profitable relationships.
4. The company regularly monitors, evaluates and **uses *new communication technologies*** (updated website presentations, mobile applications, e-commerce, content marketing, active social networks, search engine optimization, digital analytics, **livestreams,** audio spots on Spotify, chatbot, virtual/augmented reality, etc.). Their implementation is evaluated from the point of their financial benefit and customer satisfaction.
5. The business owner, family members and non-family workers volunteer to engage in social, cultural or sporting ***activities*** where the firm has its registered office or business premises. The company sponsors selected interest activities at the place of its business, it is a positive business example, engages in environmental care, and behaves socially responsibly to its partners. It uses these activities for follow-up communication (public relations activities) both online and offline.
6. The company has its marketing-related processes described – that is, processes related to ***(family) brand management***, survey of customer shopping habits and marketing trends, managing product, price, distribution and communication strategies, creating and updating website and mobile presentation content. Processes are functional and ensure customer satisfaction (in other words, marketing activities are not random).
7. The business owner, family members and non-family management define the position of a family/non-family business on the market by analysing the ***values provided to customers*** compared to competitors. Examples of value may include e.g. family business status, warm personal relationships, product uniqueness and quality, know-how of (family) business, convenient opening hours, brand, tradition, etc. These values are part of the online and offline presentation materials of the company. It can be shown that the values offered lead to higher customer satisfaction and loyalty.
8. The ***communication tools*** used (participation in fairs, advertisement, advertising, sales promotion, sale, meeting with customers, etc.) are evaluated in terms of their financial and image effectiveness.