The Role of Product Wrongdoings on Brand Attitudes: A Comparison of Family and Non-Family Firms

by
Alexandra Martino

A THESIS

submitted to

Oregon State University

Honors College

in partial fulfillment of
the requirements for the
degree of

Honors Baccalaureate of Science in
Management and Psychology
(Honors Scholar)

Presented April 21, 2017
Commencement June 2017

AN ABSTRACT OF THE THESIS OF

Alexandra Martino for the degree of Honors Baccalaureate of Science in Management and Psychology presented on April 21, 2017. Title: The Role of Product Wrongdoings on Brand Attitudes: A Comparison of Family and Non-Family Firms.

Abstract approved:

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Donald Neubaum

Although the prevalence of family businesses in our current economy is rapidly increasing, there is very little research involving consumer perceptions of these firms. This study aims to study these consumer attitudes (i.e., trust, attitudes, and purchase intentions) towards family and non-family firms. This thesis also discusses how those wrongdoings affect the consumers' levels of trust. Previous literature reported that consumers view brands as being capable of possessing emotions and morals (e.g., spokescharacters used in firm branding, anthropomorphized brands). This study builds on those findings to discuss how consumers' attitudes towards these brands changed following an incidence of product wrongdoing. It presents a series of hypotheses, followed by the results from an online experimental survey used to explore these relationships.

Key Words: Marketing, family business, brand attitudes

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APPROVED:

Donald Neubaum, Mentor, representing Business

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Toni Doolen, Dean, University Honors College

I understand that my project will become part of the permanent collection of Oregon State University, Honors College. My signature below authorizes release of my project to any reader upon request.

Alexandra Martino, Author

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Introduction

Family businesses currently make up the majority of all business in the United States, and that number is rapidly growing. Current research cites many strengths of family businesses, including superior relationships with customers (Cooper, Upton, & Seaman, 2005, p. 242), proactive stakeholder engagement practices, and a deeper commitment to corporate social responsibility (Cennamo, Berrone, Cruz, & Gomez-Mejia, 2012, p. 1155). There are also higher levels of employee identification and harmony within the firm, which leads to long-term performance and commitment (Miller, Le Breton Miller & Scholnick, 2008, p. 52). These strengths become advantages and are viewed as positive, marketable aspects of the business to the consumer. While there are hardships to owning a family business, the benefits are often viewed to outweigh them. These factors lead many family businesses to be more highly thought of and respected; many even land on *Fortune's* "America's Most Admired List."

These aspects of family businesses all become marketable points to consumers, which further increases profits. With the increasing trend towards "mindful shopping" in today's society, it is becoming more important for consumers to know where their products are coming from and that the business is operating ethically. Family businesses, as a whole, have the reputation of being more ethical and responsible. Because of this correlation, many firms including Ford and Johnson & Johnson have marketed their businesses as family-owned and especially focused on this factor when selling products to the consumer in order to distinguish themselves from bigger corporations and create positive brand equity. In an age when many people are critical of "Corporate America", family operated firms may be viewed as more desirable to the average consumer. A survey conducted by the Institute for Family Business (2015) found that 54% of family firms claimed that emphasizing their business as family brand

increased the consumers' feelings of trust, social responsibility, and quality- and customer-orientation. However, while research surveying family businesses is relatively prevalent in current literature, it is very rare that consumers are surveyed on their attitudes in regards to family businesses.

How family businesses are marketed to consumers and how those advertisement methods resonate in their minds is a very important concept. As the number of businesses that are family owned increase, so does the demand for consulting and research for family businesses (Sharma, Chrisman, & Gersick, 2012, p. 8). However, it is also currently a relatively unexplored area of business, marketing, and psychological research. Because this demand is not currently being satisfied, the goal of this paper is to bridge the family business and marketing literatures.

Despite the prevalence and frequent success of family businesses, we know very little about how consumers view family business brands. While informative, surveys of family firms' branding strategies neglect to consider the consequences of such tactics on the brand attitudes of actual consumers. While no research has explicated the specific advantages of touting a family firm's status to consumers, it is reasonable to assume that the benefits are similar to those gained from the use anthropomorphic brands or spokescharacters (i.e., visual images, cartoon or human like promotional elements which symbolically humanizes the firm and can convey a brand's attributes, personality or benefits (Garretson & Burton, 2005)). This is because, like anthropomorphic brands or spokescharacters, a family brand "humanizes" the firm. As a result, firms which convey their family status are not just invisible, detached corporate entities; they are organizations owned and managed by living, breathing and responsible family members.

A study by Marina Puzakova, Hyokjin Kwak, and Joseph Rocereto (2013) served as an inspiration to this project. These authors showed that consumers evaluated businesses that were

represented with an anthropomorphic mascot more harshly after an incident of product wrongdoing than they did companies without such a mascot. These authors reasoned that because consumers tend to trust these anthropomorphic mascots more than businesses that do not, consumers punished the anthropomorphic brands more severely when that trust was violated.

This study, therefore, argues that just like the symbolic brand artifacts of anthropomorphized brands or spokescharacters, a family business brand can foster unique and favorable brand evaluations in the minds of consumers and positively shape their brand perceptions (Dotz, Morton, & Lund, 1996; Callcott & Alvey, 1991). While all firms benefit from brand positive impressions, maintaining this positive appeal is likely to be a particularly desirable and valuable outcome for family businesses. This is because the name, brand, and identity of the family firm are so tightly linked together.

As prior empirical work has shown, however, there may be limits to these protections. As suggested above, Puzakova et al (2013) discovered that following incidents of product wrongdoings, consumers' brand attitudes of anthropomorphized brands were more seriously harmed than consumers' attitudes of non-anthropomorphized brands. Extending this line of reasoning to family businesses, this study asks does the brand characteristic of being a family firm provide protection from consumer's negative assessments following a brand transgression, such as a product wrongdoing? Or, conversely, do consumers hold family firms to a higher standard and interpret their product transgressions more seriously, leading to a detrimental effect on their trust, brand attitudes, and purchase intentions?

What is a family business and why it matters

There is quite often a discrepancy of what being a "family business" entails in many people's minds. Additionally, there are many connotations, both positive and negative, that creep into consumers' minds and factor into their buying decisions. As done in previous studies (Teal, Upton, & Seaman, 2003, p. 181), we will operationally define a family business as a business with 50% ownership "in control" for privately held firms, have a family member serve as CEO, and have at least one family member as a director.

Olivier Mesly (2013), a professor of marketing at University of Quebec, defines certain characteristics of family businesses that differentiate them from other businesses. First, they often are a friendly resource for skills and information. They are also more personal and foster an emotional relationship with customers. Another benefit is that they typically have a lower agency costs, which might translate into lower prices for customers. Additionally, they often have better relationships with customers and wider stakeholder groups. This is often because these relationships are built and maintained through a variety of factors, including trust, commitment, diligence, benevolence, honesty, fairness, integrity, reliability, and reputation, all which can be a critical assets contributing to the competitive advantages of family businesses (Carrigan & Buckley, 2008, p. 656-657).

Through marketing techniques, "family-owned" becomes a type of brand that provides consumers with insight into who they are doing business with. According to current research done by Natalie Mizik (2014), a brand can represent quality in the consumers' mind and enhance customers' experience. It can set a representation for the business, symbolizing the risks and benefits to the customers (p. 692). It conveys familiarity and strong relationship ties to the consumer, and can be used as a competitive advantage over other businesses (Craig, Dibrell, &

Davis, 2008, p. 355). It is often a way to differentiate a business in a saturated market, and it has been shown to enhance financial performance (p. 352).

In one study, consumers stated that they prefer family businesses over non family owned firms for personal reasons, such as knowing the names of their customers, and producing a warm, welcoming environment and culture for the customers to thrive in (Carrigan & Buckley, 2008, p. 658). There is a variety of research that shows how positively family businesses are viewed overall, which could lead to a competitive advantage for family firms and a stronger image. However, with this benefit also brings higher risk; current research shows that consumers hold family businesses to higher standards, especially when it comes to product knowledge and customer service (p. 658).

However, these positive connotations are not always as beneficial as one might assume. While being branded as a family business can lead to protection from adverse information, including unethical practice and unsafe product reports, this protection may be limited (Folse, Burton & Netemeyer, 2013, p. 331). Again, Puzakova et al (2013) reveals that some brands, such as anthropomorphized brands which facilitate a deeper connection with consumers, are more seriously punished after a product or company wrongdoing than non-anthropomorphized brands. My study aims to extend these findings to family businesses.

Current state

As the economy recovers and matures, we see an increase in family businesses as well. In America, family businesses make up approximately 49% of GDP and 78% of new job creation (Craig, Dibrell, & Davis, 2008, p. 353).

As far as marketing goes, a comparative analysis showed that non-family firms allocate a larger portion of its overall budget to marketing over time, whereas family businesses allocate

less over time (Teal, Upton, & Seaman, 2003, p. 184), leaving them at a severe disadvantage compared to non-family owned businesses. Because prices of products can be raised in the market once the family name becomes known (Teal, Upton, & Seaman, 2003, 192), marketing of the business can have a direct correlation to an increase in sales and profits. Conversely, lack of marketing can also harm profit potential.

Current research shows that "context influences consumer valuations of established brands, completely negating the equity of the brand" (Buchanan, Simmons, & Bickart, 1999, p. 352). This goes to show how consumer perceptions are not always applied generally, and even a trustworthy brand can gain the reputation of being irresponsible if the consumers decide to view it that way.

Another study by Justin Craig, Clay Dibrell, and Peter Davis (2008) showed that having a "family-based brand identity" does not directly improve the performance of the business (p. 361). This shows that, while marketing a business as family-owned may be an intangible asset and competitive advantage, it does not directly correlate to an increase in sales or profitability. However, the article goes on to say that promoting the image of a family-brand can have a strong impact on a business, especially those of smaller or medium size (p. 366).

However, even though current research shows consumers have a positive view of family businesses in general, these studies are often limited and these elementary, exploratory studies that cannot necessarily be generalized to the whole population. One exploratory study conducted by Marylyn Carrigan and Joan Buckley (2008) examines family businesses overseas, specifically in Ireland and the United Kingdom. They state that, while consumers may see family businesses differently than non-family businesses, consumers' perceptions of family businesses remain a relatively untapped area of research (p. 656). The study goes on to show that limited research has

been done on how family businesses develop their abilities and distinguishable competitive advantage, and no research has been done on how consumers perceive these skills (p. 656). These studies give us some insight into how family businesses may be perceived, but the evidence is not necessarily compelling, and they also all make the claim that further research must be done before drawing any concrete conclusions.

Because of this, we cannot be fully certain if and why consumers might view family businesses and their brands positively. Currently, no research has explicitly concluded the advantages of branding a company as a "family business" in the eyes of consumers. However, a connection could be made to a study done by Pankaj Aggarwal and Ann McGill (2007). By studying anthropomorphism (i.e., human characteristics and traits to non-human objects, or products), Aggarway and McGill (2007) conclude that consumers often find these brands more favorable and likeable (p. 477). In other words, seeing parts of a product or brand as human-like can create positive product evaluations in the minds of consumers.

Utilizing schemas, or structured bodies of knowledge, related to trust and credibility, can invoke positive connotations and increase the overall general trust toward a brand strictly based on the anthropomorphized product (p. 478). Anthropomorphism is a natural human process and includes classic human experiences, such as seeing faces in clouds, giving emotions to animals, or naming cars. People tend to anthropomorphize inanimate objects for a variety of reasons (Aggarwai and McGill, 2007). First of all, doing so is comforting because it provides people with additional relationships and companionships, even if they are not human in nature (p. 469). Additionally, it helps people make better sense of the world by making unfamiliar things seem more familiar. It helps account for outcomes and provides information on events or things that people may be unknowledgeable about (p. 469). Lastly, Aggarwal and McGill (2007) assert that

attributing human traits to non-human objects is a cognitive strategy to make the world seem more human-like (p. 469). In summation, we as humans anthropomorphize in order to help make sense of things we don't necessarily understand or know that much about and become more familiar with unfamiliar phenomenon.

Anthropomorphism plays a large role in marketing. Judith Folse, Scot Burton, and Richard Netemeyer (2013) assert that spokescharacters likely protect consumer-based brand equity, which often leads to positive brand associations and can command price premiums for the brand (p. 331). These positive associations are created through marketing and how these characters are utilized in logos, slogans, and marketing campaigns.

Because of this previous research, it is reasonable to assume consumers would treat family businesses the same way and confer some of the same features as anthropomorphized brands. That is, by extension, family businesses should benefit similarly. In both situations, the brand is humanized and therefore provides a feeling of safety and security to the customers and general public. Based off of this assumption, it is likely that family businesses have a positive image in the eyes of consumers. Customers will view these brands more positively because they value the social connection as a fundamental need and these characteristics let them recognize, control, and anticipate the behavior of nonhuman entities, like family businesses (Folse et all, 2013, p. 332). This allows anthropomorphized brands to be viewed more favorably since customers can cognitively interact with them. These brands should also experience superior brand recognition and recall; they are more likely to stand out in the consumers mind, therefore leading to an increase in reputation (p. 332).

> H1: *Consumers will have more positive attitudes towards family businesses than non-family businesses.*

Family Firms and Product Wrongdoings

Even for brands that are trusted and highly regarded by consumers, product wrongdoings can have significant negative consequences (Aaker et al, 2004). For example, casual dining chain Chipotle has suffered mightily due to consumers' worries about the safety of the firm's products. After several widespread reports of its customers contracting e. coli, Chipotle's same-store sales plunged over 14% in 2015 after growing over 15% growth in the preceding year. While all firms must be weary of product wrongdoings, consumers do not hold firms equally responsible in all cases.

A key contingency in the relationship between product wrongdoing and consumer perception lies in where consumers assign blame and responsibility (Folkes, 1984; Klein & Dawar, 2004). In most cases, consumers can either categorize the responsibility for product wrongdoings as brand or firm based, or context related (Laufer & Gillespie, 2004). When product wrongdoings are viewed as brand or firm based, consumers are more likely to interpret these outcomes as intentional, and they will hold the brand responsible. Conversely, brand impressions may actually rise if consumers' perceptions of product wrongdoings change from firm-based to context driven (Monga and John, 2008) as they shift the burden of responsibility from the firm to others. In short, the more consumers assign responsibility for product wrongdoings to the brand or firm, the more their impressions of the brand's attributes will suffer.

In their study of the effects of product wrongdoings on consumers' perceptions of brand trust and attributes, Puzakova et al. (2013) found that consumers "punished" anthropomorphized brands more severely than non-humanized brands. These authors reasoned that when consumers view brands as possessing human-like qualities, consumers are more likely to assign responsibility for product wrongdoings to the firm and its brand. Specifically, after being

exposed to a series of articles about the product wrongdoings of brands, consumers' evaluations of the anthropomorphized brand, in terms of trust and attitudes towards the brand, were lower than they were for the non-anthropomorphized brand. By extension, this study argues that family firms are likely to suffer a similar fate. When family firms highlight their family status to consumers, consumers will logically perceive those firms as possessing the ability to have reasoned thought and intentional actions. After a product wrongdoing, consumers will more likely assign blame to the family firms, which, in turn, will lead to lower levels of trust and brand attitudes for family than non-family firms.

> H2: *Negative brand information caused by product wrongdoing will result in less favorable attitudes towards the brands of family firms than the brands of non-family firms.*

Methodology

Data was collected via a Qualtrics survey using the Mechanical Turk platform, an online labor market created by Amazon. Mechanical Turk is a popular research tool used to collect survey data for experimental studies. Survey participants can be identified and screened based on the qualifications set by the researcher (Paolacci & Chandler, 2014, p. 184). Participants are paid for their time and contributions to the project by the researcher. However, many participants state that they are not merely motivated by the slight financial gain; they are also motivated by the experience, which they claim is "fun" (p. 184).

Respondents can be screened by the researchers, who can choose to include or reject potential respondents based on of their approval rates (p. 186) (i.e., the percentage of times they have been determined to successful complete their task as rated by previous Mechanical Turk requestors). Data quality on Mechanical Turk has been shown to be variable but good. It has sped up the survey process and has provided researchers with access to a greater number of different populations across the world (p.187). Studies can be conducted and completed in real

time and can reach a larger audience at a relatively low cost, making it the best platform for my research. It is important to note, however, that the respondent pool may not be representative of our desired target population. For instance, the US demographic tends to underrepresent African American and Hispanic populations while over-representing Asian populations (Berinsky, Huber & Lenz, 2012, p. 354).

The study started with an online 2 x 2 within-subjects experiment and survey. One hundred responses were collected using the Mechanical Turk platform. All participants were over 18 years old and reported living in the United States. Each respondent took on average 18 minutes to complete the survey and were compensated $2.00. Each respondent was randomly assigned to one of the four treatment conditions: 1) family firm/no product violation, 2) family firm/product violation, 3) non-family firm/no product violation, and 4) non-family firm/product violation.

Manipulations

In the survey, two different descriptions of the same company were used for experimental manipulations. A real company, Cargill, a large, family-owned company located in the Midwest, was chosen to increase the sense "reality" of the study. In the first description, Cargill was clearly defined as a family firm; however, in the second description, no specific description of Cargill's ownership or management structure was provided (see Appendix 1 for the full text of the family firm/non-family firm manipulations).

After the respondents were introduced to Cargill, they were shown a Truvia ad, one of Cargill's more popular products (see Appendix 2). They were then asked multiple questions to gauge their levels of brand trust, attitudes, and purchase intentions regarding Cargill.

After that series of questions, respondents were then asked to read a newspaper article regarding Truvia, which created either the product violation or non-product violation manipulation. Each article discussed a recent court case involving Truvia and product mislabeling. In the non-violation condition, the article stated the court case was dismissed. However, in the violation condition, the article stated Cargill agreed to pay $6.1 million to settle the case (see Appendix 3). After reading these articles, the respondents were then asked to reassess their brand trust, attitudes, and purchase intentions. The survey concluded with a series of demographic information questions.

Measures

Modeled after the measures used by Puzakova et al (2013), I asked respondents to assess their feelings of trust, attitudes toward the brand, and purchase intentions towards Cargill. First, the participants were to rate their perception of trust in Cargill on four dimensions (i.e., Dependability, Reliability, Stability, and Honesty, with 1 = "strongly agree" and 7 = "strongly disagree"). Participants then assessed their brand attitudes on the four dimensions, this time using a 7-point Likert- scale where 1 = "Unfavorable", "Bad", "Unpleasant", and "Dislike" and 7 = "Favorable", "Good", "Pleasant", and "Like". Lastly, participants were asked about their purchase intentions in regards to Truvia (i.e., Next time I buy an artificial sweetener, I will take Truvia into consideration.) again utilizing a 7-point scale where 1 = "Strongly Agree" and 7 = "Strongly Disagree". The trust, brand attitude, and purchase intention questions were asked twice in the survey; once before the product violation manipulation, and once after this manipulation.

Results

To ensure the quality of the data, three comprehension checks were included in the survey. First, after the Truvia advertisement was shown, the participants were prompted to

choose a word or phrase from a list of four which was not specifically mentioned in the ad. If they chose the wrong answer, the participants were not allowed to continue the survey and were not compensated. For the first 100 respondents what passed this attention check, two other questions were embedded later in the survey (i.e., "Choose somewhat agree if you are paying attention." and "People who are paying attention should choose agree for this question") to make sure respondents were paying attention to the questions asked. Eight respondents incorrectly chose one or both of these responses; their responses for the entire survey were moved, leaving the study sample with 92 complete and useful responses.

Manipulation Checks

One way ANOVA t-tests showed that the respondents perceived Cargill as being a family firm more strongly in the family business condition than in the non-family business condition. Specifically, means to the question "Cargill is a family-owned company" (1 = Strongly Agree and 7 = Strongly Disagree) were significantly different ($F(1, 43) = 5.034$, $p = .03$, Family Firm = 1.55 and Non Family Firm = 2.22). Two points need mention here. First, although the mean responses in the two cases were statistically different, it should be noted the mean response in the non-family case was only 2.22. Second, data for this manipulation was only collected for 45 of the 92 respondents.

Data were also collected to assess the extent respondents perceived the newspaper article as negative against Cargill. One-way ANOVA t-tests showed that respondents in the product violation condition perceived the newspaper article more seriously negative for Cargill than those in the non-violation condition. Specifically, means to the question "I believe the information in this article about Cargill is negative" (1 = Strongly Agree and 7 = Strongly

disagree) were significantly different ($F(1, 84) = 27.145$, $p < .001$, Violation = 2.62 and Non-Violation = 4.14). These results show that our manipulations generally performed as expected.

Hypothesis testing

Initially, I tested to identify any differences in initial trust, brand attitudes, and purchase intentions between the family and non-family business conditions. Hypothesis 1 predicted that respondents in the family firm condition would report more favorable levels of trust, brand attitudes, and purchase intentions. This Hypothesis was not supported by the results as no significant differences were found between family and non-family conditions.

I then conducted analysis to consider the influence of firm type and product violations on the respondents' perceptions of trust, attitudes toward brand and purchase intentions. Two way ANOVA failed to identify any moderating effect of family firm as proposed in Hypothesis 2. However, when examining the plots of the interaction terms from the results of the ANOVAs discussed above, I noted an interesting pattern. Specifically, in the case of family firms, respondents in both the violation and non-violation had negative reactions to Cargill, relative to their initial impression of Cargill, and relative to non-family firms. For example, the mean post-violation score for "Dependable" in the non-family firm case was about 2.83; in the family business case, the response, on average, was 3.70 (see Figure 1 for details this interaction). Given that both family and non-family firms had received similar initial brand evaluations from respondents, it is surprising that respondents in the family firm/non-violation case reacted so negatively to Cargill's case being dismissed. Clearly, from Figure 1, respondents in the non-family case punished product violations. In the family firm case, respondents punished Cargill in both the violation and non-violation case. From this examination, I concluded that, for family firms, respondents viewed both the violation case (i.e., settling out of court) and the non-

violation (i.e., lawsuit being dismissed) case as being unfavorable news which reflected poorly upon the firm. While not supportive of my hypothesis, this provides tentative support for the idea that negative news reflects more unfavorably upon family than non-family firms.

Discussion

To start off, the respondents did not agree with the statement "Cargill is a family-owned company" as strongly as we expected and hoped they would. While it was significantly different, the mean scores should have been larger. This could mean the wording of the family business scenario was not as strong as I had hoped, which could have affected our overall results. By not more strongly cuing the respondents to distinguish whether Cargill was a family business or not, respondents' reactions across the family/non-family settings might have been too similar, which would explain the non-results. Nevertheless, these results are surprising in that they show no significant differences in consumer brand attitudes between the family and non-family firms. Future researchers should reexamine this question more deeply.

Another detail that could have had large effects the results is the cue use in the non-violation condition. While the scenario stated that the case was dismissed, respondents could still harbor negative feelings about Cargill given the fact the case was taken to court. Also, a potential alternative could be to directly state that Cargill was found not guilty of the violation to see how that manipulation affects consumers' attitudes.

Based on respondents' similar pre-test evaluations, we expected respondents' post-test evaluations in the non-violation case to be similar between family and non-family firms. However, on average, and not in a statistically significant way, respondents reported that they viewed family businesses as less trustworthy, which contradicts previous research. The reasons as to why this is should be evaluated in a follow-up study. So while the respondents seemed to

punish family businesses more harshly after a product violation, they also evaluated family businesses more harshly without this violation. The amount of punishment between the violation and non-violation conditions for family businesses were not as drastic or distinct as they were for non-family firms. Neither of our hypotheses was confirmed through our current study.

Conclusion

Further research is needed before drawing any firm conclusions. Given our small sample size (less than 25 respondents in each condition), finding significant differences may be difficult. Our respondents were also not necessarily representative of our target population, which could be one of the reasons our non-findings. Future data collection plans call for 200 respondents, which will increase the current sample size by roughly 200%. No direct conclusions should be drawn from our current study. Further research calls for a larger sample size and more effective manipulations in order to more rigorously test this study's hypotheses.

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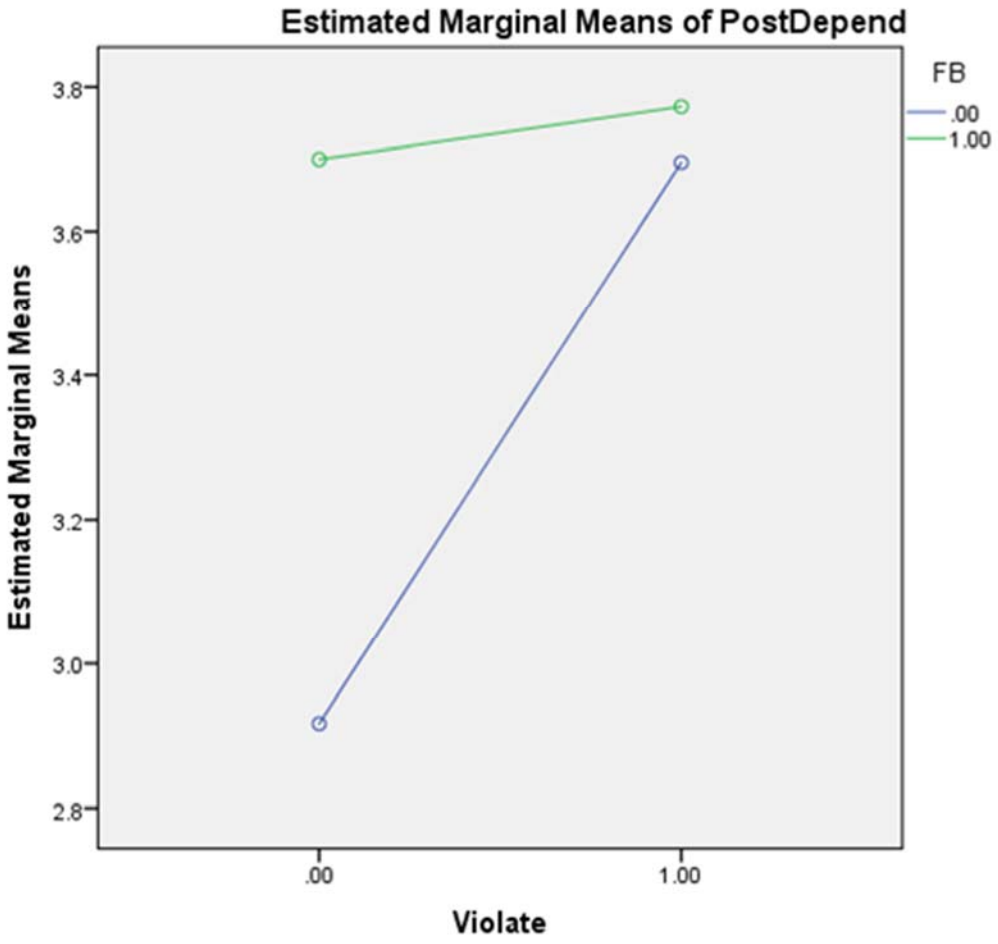
Figure 1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Estimated Marginal Means
.00
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Violate

Appendix 1

Family Firm Manipulation (differences from Non-Family Firm manipulation italicized)

According to its website, Cargill *has a long, rich heritage as a family business*, starting in 1885 with Will Cargill's first grain storage facility on the American frontier. *Will's brothers Sam and James soon joined the company* and helped establish Cargill's initial headquarters in La Crosse, Wisconsin.

In 1909, Will passed control of the firm to his son-in-law John MacMillian who remained CEO until the 1940s when his son, John MacMillian Jr. took over the firm. Whitney MacMillan, the final member of the Cargill-MacMillan family to serve as CEO, stepped down in 1995. Today, six members of the Cargill-MacMillian family sit on the firm's 17-person board of directors and the company has grown to become one of the largest family-owned businesses in the US.

One of Cargill's great successes is Truvia, a zero-calorie sugar alternative derived from the leaf of a stevia plant. Launched in 2008, sales of stevia-based products are now at $80 million. Current CEO David MacLennan thinks Cargill's stevia sales will eventually reach $500 million, which could add a full 5% to its bottom line.

Non-Family Firm Manipulation

According to its website, Cargill was created in 1885 with Will Cargill's first grain storage facility on the American frontier. Soon thereafter, Cargill established the firm's initial headquarters in La Crosse, Wisconsin.
Today, the company has grown to become one of the largest businesses in the US. One of Cargill's great successes is Truvia, a zero-calorie sugar alternative derived from the leaf of a stevia plant. Launched in 2008, sales of stevia-based products are now at $80 million. Current CEO David MacLennan thinks Cargill's stevia sales will eventually reach $500 million, which could add a full 5% to its bottom line.

Appendix 2

Truvia Ad

Appendix 3

No Product Violation Manipulation

According to a recent newspaper article, the class action lawsuit filed against Cargill in a U.S. district court was dismissed. Cargill was accused of misleading consumers by advertising Truvia as a natural sweetener and charging more for it than its sugar-alternative competitors. The plaintiffs had alleged that Truvia is largely synthetic and produced chemically.

In a company statement, “Cargill has denied and continues to deny that the labeling, advertising or marketing of its Truvia consumer products is false, deceptive or misleading to consumers or violates any legal requirement. We are pleased with the court's decision to dismiss these erroneous charges."

“We stand behind the labeling of our Truvia natural sweetener consumer products. Those products are made from natural ingredients and the labeling meets all applicable legal and regulatory guidelines.”

Product Violation Manipulation

According to a recent newspaper article, Cargill has agreed to pay up to $6.1 million and modify the labeling of Truvia sweeteners under a class settlement filed in a U.S. district court. Cargill was accused of misleading consumers by advertising Truvia as a natural sweetener and charging more for it than its sugar-alternative competitors when, the plaintiffs alleged, Truvia is largely synthetic and produced chemically.

In a company statement, “Cargill has denied and continues to deny that the labeling, advertising or marketing of its Truvia consumer products is false, deceptive or misleading to consumers or violates any legal requirement. We are pleased to have reached a settlement with all plaintiffs involved in this matter and are pleased that the settlement won approval by the court,”

“We stand behind the labeling of our Truvia natural sweetener consumer products. Those products are made from natural ingredients and the labeling meets all applicable legal and regulatory guidelines.”

Cargill continues to deny any liability or wrongdoings despite the negative legal settlement.