

## Customer perceptions about family firms and their effects on customer behaviors

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### ABSTRACT

The current is an exploratory project exploring the associations and impressions evoked by the term “family-owned business” (FOBs) and how these impressions affect intentions to buy from a family firm. Four studies were conducted to assess the perceptions about family firms. Based on signaling theory and the theory of reason action, it was predicted that the family nature of firms would act as a signal that consumers will use to determine perceptions, attitudes towards family firms, and intentions to buy from family firms. Results indicate that, in general, participants had positive perceptions about organizational values and neutral perceptions about products and services offered by family firms. As suggested by the Theory of Reasoned Action, these perceptions affected attitudes and intentions towards FOBs. Implications for theory and practice are discussed.

### Introduction

In today’s business world it is becoming increasingly important for organizations to distinguish their products and services from similar companies. As technology advances and competition increases, companies strive to create a distinctive value in the products and services they offer (Anisimova, 2007). Creating this distinctive value is important because organizations are faced with challenges that include intense competition from similar organizations and sophisticated consumers who have more information available when making decisions about what products to buy (Ind, 1997). These changes in consumer behavior have led organizations to focus some of their marketing efforts on strategic brand building in order to differentiate themselves from their competition and remain economically viable. These branding efforts are geared towards developing a strong brand that will allow the organization to enhance and sustain their distinctiveness by creating positive connections in the minds of consumers (Anisimova, 2007). While the branding literature has primarily focused on large multinational brands (Berton et al., 2008), the process

of enhancing and sustaining distinctiveness also holds great value to family firms (This paper uses the terms family firm, family-owned business, and family business interchangeably) as they try to market themselves in ways that enable differentiation from other organizations (Binz Astrachan et al., 2018).

Brands hold great importance for both organizations and consumers. To organizations, brands represent a way to identify and differentiate their products from those of their competitors (de Chernatony & McWilliams, 1989; Keller, 1993). For customers, brands represent a bundle of information that is useful when making decisions about relationships with an organization and intentions towards the organization (LaForet, 2009). Therefore, depending on the interest, branding research has been studied either taking an organizational perspective (i.e., what organizations do to enhance their brands, how does this affect performance) or a consumer perspective (i.e., what are consumer perceptions of a brand, how do brand perceptions affect consumer behavioral intentions). This study explores branding from the consumers perspective. In particular, the focus is on understanding the associations and impressions evoked by the term “family-owned business” (FOB) and how these perceptions affect intentions to buy from FOBs.

Research on branding in family business has been growing in the last decade. Most of this work has focused on understanding what FOBs do to brand themselves and how these branding efforts affect organizational performance (See Andreini et al., 2020; Binz Astrachan et al. 2018, Sageder et al., 2016 for reviews). In general, this research suggests that FOBs pride themselves in offering excellent customer service (Cooper et al., 2005). When communicated, this family brand works as an advantage in building relationships with customers (Binz Astrachan & Botero, 2018; Binz Astrachan et al., 2018; Botero et al., 2013; Cabrera-Suarez et al., 2011; Ward, 1997) and is positively related to organizational performance (Martinez et al., 2019; Craig et al., 2008; Memili et al., 2010; Zellweger et al., 2012). Although there is the assumption that the uniqueness of FOBs is also tied to the positive perception that consumers have about FOBs, there is limited systematic empirical evidence to support this claim (Binz Astrachan et al., 2018; Binz Astrachan et al., 2019; Sageder et al., 2016). This gap is important to address given that past research in branding suggests that perceptions that customers have about an organization and their products (i.e., attitudes towards the organization) are important because they affect purchase intentions (Keller, 2008) and willingness to work for an organization (Cable & Turban, 2003).

Responding to this gap and drawing on literature from marketing, branding, corporate communication, and family business, this manuscript presents an exploratory project developed to address two questions: (1) what cognitive associations does the term “family-owned business” evoke in the minds of consumers? and (2) how do these perceptions affect intentions to buy from a family firm? Building on the theory of reasoned action (Ajzen & Fishbein, 1980), we argue that perceptions about FOBs affect individual attitudes toward FOBs and their intentions to Buy. To test these predictions, we conducted four waves of data collection. In Study 1, we used a qualitative approach to gather general, positive, and negative associations with the term family-owned business. In Study 2, information gathered in Study 1 was used to develop a survey instrument to assess general perceptions of products and services of FOBs, attitudes toward FOBs, and intentions to buy from FOBs. Study 3 and 4 were created to replicate the findings from Study 2 with different samples and to refine the measures. Our results show that there is great variance in how family businesses are perceived. However, supporting the theory of reasoned action, individual perceptions influence attitudes towards FOBs and intentions to buy from these firms. In particular, positive perceptions of FOBs’ company values and their products and services resulted in more positive attitudes towards FOBs, which increased the intentions to buy

from these firms. The following sections present the logic for our work, describe the procedures followed, discuss our findings in relation to previous work, and highlight areas for future research.

## Literature Review

### Family Business Brands

Although many family firms, both large and small, promote their family ownership as a means for differentiation, only in the last 10 years research has consistently explored the branding process of FOBs (Binz Astrachan et al., 2018; Binz Astrachan et al., 2019). Even though scholars agree that family ownership can work as a differentiator in the marketplace, there is no generally accepted definition of what constitutes a family business brand. One of the reasons for this is that branding research in family firms has been approached from three different points of view (Binz Astrachan et al., 2018). Some scholars have studied family business brands taking an organizational identity approach. These scholars take the organization’s point of view (i.e., sender view) to understand which processes and factors drive and/or hinder whether a family firm promotes its brand (Binz Astrachan & Botero, 2018; Blömbäck & Ramirez-Pasillas, 2012; Cooper et al., 2005; Gallucci et al., 2015; Kashmiri & Mahajan, 2015). A second group of scholars explore family business brands using an identity approach to better understand which features of the family firm organizational leaders and managers decide to communicate to stakeholders and the way that this information is communicated to them (Botero et al., 2013; Micelotta & Raynard, 2011; Parmentier, 2011). A third group of scholars take a reputation view of a family business brand. Those who take this approach try to capture the unique perceptions that stakeholders have about family firms and understand part of its effects on their behavior (Arijs et al., 2018; Beck & Prügl, 2018; Botero, 2014; Hauswald & Hack, 2013; Lude & Prügl, 2018). We take a receiver approach to studying the family business brand that is consistent with the reputational approach.

For this project, similar to others (i.e., Martinez et al., 2019 and Binz Astrachan et al., 2018), we view a family business brand as the formal and informal communication of the family element of a company that creates associations and expectations in the minds of stakeholders that can differentiate one organization from others in the marketplace. We take a stakeholder approach to the study of a brand and try to understand the different family brand associations that customers may have when a company communicates that they are a FOB. Although there is research that suggest that

the term “family firm” can be used as an element of the brand that elicits positive associations (Binz et al., 2013; Blombäck, 2009; Blombäck & Ramirez-Pasillas, 2012; Botero et al., 2018; Carrigan & Buckley, 2008; Kashmiri & Mahajan, 2014; Orth & Green, 2009; Sageder et al., 2016), there are authors who also find support for family brands eliciting negative association in the minds of customers (Botero et al., 2018; Carrigan & Buckley, 2008; Krappe et al., 2011; Orth & Green, 2009). Thus, we need to systematically understand what different positive and negative associations are generated when family firms communicate their family ownership as an element of their brand, and how these perceptions influence their behaviors towards the brand.

A first step to better understand when to communicate the family business brand is to capture the general evaluations that different types of customers have with the term “family-owned business.” To our knowledge there has been only one study that has explored this in a systematic way. Botero et al. (2018) argue that the term “family firm” serves as a signal that activates perceptions about an organization. These authors argue that when individuals do not have ample information about a firm, they will use previous knowledge or information to assign a positive or negative value to that signal (i.e., the family firm label). For example, if a person does not know anything about a firm that describes themselves as family-owned, they will use their previous experiences with family firms, or what they generally know about family firms to infer the characteristics of this organization, and infer whether they like it or not. However, when they have previous experiences with a company with these characteristics, they will base their perceptions on whether they had positive or negative experiences with these types of firms in the past. Botero et al. 2018 find that family firms generate associations that encompass tradition and continuity, small and medium companies, trustworthiness, strong culture, corporate citizenship, unprofessionalism and limited career opportunities.

These findings provide a baseline understanding of the general associations that stakeholders have about family firms. However, they are limited in that the authors did not directly ask what participants perceived as positive and negative attributes associated with the term “family firm” and in that they are done with a Swiss sample. Recent work from Binz Astrachan et al. (2019) indicates that the perceptions about a family business brand may be culturally dependent. Thus, we wanted to build on this work to better understand the general and specific (i.e., positive and negative) perceptions about family firms and the effects of these perceptions on intentions to buy from a firm. Building on signaling theory (Connelly et al., 2011; Spence, 1973;

Taj, 2016) we argue that the term “family-owned business” serves as a signal that activates both positive and negative associations for receivers of information. When individuals have limited information about an organization, explicitly communicating the family business brand (i.e., the involvement of a family in the business) is likely to activate unique positive and negative interpretations about this firm, which will play a role in the intentions that they have towards buying from these firms. Given that previous research varies regarding the positive and negative features associated with the family brand, we wanted to better understand the associations that would be activated regarding the characteristics of the firm and the products and services they offered. Besides the work of Botero et al. (2018), previous research has not directly focused on perceptions. Therefore, due to the limited understanding of these associations based on past research, we approached this part of our project in an exploratory way. This exploratory approach enabled us to better understand what associations potential consumers have about FOBs. With this in mind, the following research question is advanced:

**RQ1.** What are associations that customers have with products and services from “family-owned businesses”?

Much like Keller (2008), we believe that perceptions that consumers create about a brand are formed through the interaction they have with the branded entity. That is, a consumer’s perception about a family firm and its products is affected by the current and previous interactions the consumer has had with organizations that describe themselves as family-owned. In general, the type, the favorability, the strength, and the uniqueness of these brand perceptions are what determines the value of a brand for an organization (Keller, 1993). Therefore, the benefits of communicating that an organization is a family firm will only happen when consumers have positive perceptions about family firms. To better explain the effects these associations have on individual behavior, the following section summarizes research on consumer perceptions of FFs and how they influence their behaviors towards family firms.

### **Effects of Perceptions on Intentions Towards a Family Firm**

Research has suggested that the perceptions that individuals have about organizations are important because they affect the behaviors of internal and external stakeholders (Fombrum & Van Riel, 1997; Rindova & Fombrum, 1999). For internal stakeholders, perceptions about the organization have been related to organizational identification

(Dutton et al., 1994), organizational change and adaptation (Dutton & Duckerich, 1991), organizational commitment (Coyle-Shapiro & Morrow, 2006), and organizational citizenship behaviors (Organ et al., 2006). For external stakeholders, perceptions about an organization have been linked to intentions to work for an organization (Rafaeli, 2000, 2006), intention to invest in an organization (Balmer & Greyser, 2003), and consumer buying behavior (Balmer & Gray, 2003, Balmer & Greyser, 2003). Given the importance of perceptions, organizations today acknowledge the strategic importance of brands and brand management in the creation of impressions about companies and their products in the minds of the consumers (Anisimova, 2007; Balmer & Gray, 2003; Hulberg, 2006).

In this sense brands can play an important role in the consumer market. That is, when brands generate positive associations in the minds of consumers, this can result in stronger buying behavior. However, when they generate negative perceptions, it can hurt a firm by lowering its sales. Previous research supports the importance of consumer perceptions on their buying behavior (Da Silva & Alwi, 2006; Ind, 1997; Spears & Singh, 2004). One of the assumptions in the family business literature is that “family-owned businesses” have unique advantages over other types of organizations, and that external stakeholders (i.e., consumers) are able to perceive those differences and evaluate family firms more positively than non-family firms. The problem is that up to date there is limited research understanding what associations are evoked when communicating that an organization is a “family-owned business” and their effects on consumer intentions. Research so far has only assessed the level of trust ascribed to family and non-family firms (Lude & Prügl, 2018; Beck & Prügl, 2018) and the degree of authenticity perceived in the family business brand (Lude & Prügl, 2018). Although these are important first steps, it is important to continue to build our understanding to better understand what associations are created and when these associations result in benefits for the family firm (Binz As-trachan et al., 2019).

To address this gap, we designed a set of studies to understand the effects that perceptions about products and services of family firms have on attitudes towards family firms, and intentions towards family firms. The theory of reasoned action (TRA) provides a useful framework to understand this process. TRA posits that the best predictor of actual behavior is behavior intentions, which is dependent on two things: (1) one’s attitude toward the behavior and (2) subjective norms (Fishbein & Ajzen, 1975). Attitudes toward performing a behavior represent an assessment of how much individuals like engaging in a behavior (Fitzmaurice, 2005) and consist of one’s beliefs and evaluations

about that behavior. Research suggests that the attitude that an individual has towards a behavior will determine positive or negative intentions of individuals (Ajzen & Fishbein, 1980). That is, when individuals have positive attitudes toward a behavior, they will be more likely to have positive intentions to engage in a behavior. At the same time, when they have a negative attitude toward a behavior, they will be less likely to engage in it. The second component of the theory talks about subjective norms. Subjective norms represent the individual’s perceptions of social appropriateness of performing a behavior (Stiff & Mongeau, 2003), and includes others’ perceptions of performing that behavior, as well as how important others’ opinions are for the individual engaging in the behavior (i.e., the motivation to comply with what others believe). Research has supported that an individual’s decision to engage in a behavior is stronger when the opinions and attitudes of the people from one’s referent group (i.e. friends, family, etc.) are positive toward that behavior (Kim & Hunter, 1993).

Using TRA as a framework can help us better connect how perceptions about products and services of family firms are related to an individual’s behavioral intentions and, ultimately, to their behavior. For this paper we focus on the attitudinal component of the theory and argue that in exchange relationships such as buying from an organization, the attitudes individuals have about an organization are formed based on the impressions that the individual has about characteristics of the organization or its products/services. In particular, we believe that these attitudes are affected in part by what the organization communicates. Therefore, the messages that individuals receive from organizational branding efforts are used to create attitudes toward that organization, and those attitudes affect their intentions to engage in relationships with the organization (i.e., buy from or work for the organization). With this rationale in mind, the following hypotheses are advanced:

**H1.** Individual perceptions about products and services offered by family firms will be positively related to attitudes towards family firms.

**H2.** Attitudes towards family firms will be positively related to intentions to buy from family firms.

Four studies were conducted to explore the research question and hypotheses presented above. Study 1 was conducted as a pilot study to assess the general, positive, and negative perceptions stakeholders had about organizations that described themselves as “family-owned businesses.” From these responses, a survey was created to assess perceptions about products and services from family-owned

businesses and the likelihood to buy from a family-owned business (Study 2). We wanted to replicate the findings from Study 2 with students and working professionals and improve the measures; therefore, we conducted two other studies (Study 3 & 4). In the remaining sections of this paper, each of the studies will be presented independently and a final general discussion will summarize the contributions of this project.

## Method

### Study 1

#### *Participants and Procedure*

Eighty-seven students from introductory courses were recruited during class for the first data collection wave for this project. To assure anonymity demographic information was not collected. In an attempt to determine participant perceptions about family-owned businesses, three open-ended questions were asked: (1) when you think about a family business, what thoughts, feelings, images, etc. do you think about? (2) what are the positive thoughts that come to mind when you think about a family business? and, (3) what are the negative thoughts that come to mind when you think about a family business? Participants took between 10 and 15 minutes to complete the survey.

### Results

Eighty-four students responded to the first question. Responses were coded by two independent coders. Coders first coded each of the information by themselves to create the themes. Then, coders met to identify the common themes and to reconcile differences about the themes. After the discussion, six themes emerged when coding the general thoughts and feelings that participants associated with family-owned businesses. Results from the coding indicate that 40% of respondents viewed family firms as businesses that come from a small town (Theme 1). Twenty-two percent viewed these firms as businesses that are based on tradition (Theme 2). Twelve percent viewed them as businesses with good quality products and services (Theme 3). Eleven percent viewed these companies as businesses that were less effective/efficient than larger corporations (Theme 4). Ten percent as businesses that encourage wealth and success in the family (Theme 5). And 5% viewed them as businesses that are father/son operated (Theme 6).

Eighty-five students provided their responses regarding the positive thoughts generated by the label “family-owned business.” Similar to the first question, respon-

es were coded to see emerging themes, and eight different themes emerged. Respondents expressed that the term “family-owned business” was positively associated with organizations that showed closed relationships and opportunities for bonding of family members (39%), consistent and positive customer relations (35%), tradition (12%), wealth (5%), quality of products and services (4%), small size (2%), positive impact on the community (2%), and trustworthy organizations (1%).

Finally, when identifying the negative associations created with the term FOB, 85 students responded and three themes emerged. Overall, respondents perceived that FOBs were organizations characterized by more conflict (51%), less competitive drive than larger corporations (30%), and not as profitable as other organizations (19%).

The results of this study helped us build an initial understanding regarding the positive perceptions about products and services associated with the term family-owned business. However, to further understand what particular perceptions individuals have about products and services and how these perceptions are associated with the term family-owned business, we designed a second study to better test our predictions. In Study 2, the initial responses and themes generated from Study 1 were used to create a survey instrument to assess perceptions about products and services and ask how these perceptions would affect intentions to buy from and work in FOB.

### Study 2

#### *Participants and Procedure*

Participants in this study included 145 college students. The average age was 20.58 years ( $SD = 2.65$ ) and 65% were females. Additionally, 72% currently worked, 50% had worked for a family firm in the past, and 32% had families that owned a business. Participants were recruited during class and asked to answer a survey designed to assess their knowledge, perceptions, and intentions regarding products and services about organizations that were described as “family-owned businesses.” The survey was divided into two parts: perceptions of products and services from family-owned businesses, and demographic information. Completion of the survey generally took between 10 and 15 minutes.

#### *Measures*

The survey for Study 2 included a total of 73 items that were created to measure different perceptions about characteristics of family firms, attitudes towards family firms and

intentions to buy and work for family firms. Participants indicated their level of agreement with each statement using a 5-point Likert-type scale (1 = Strongly Disagree and 5 = Strongly Agree). Four factors were retained after factor analysis: intention to buy from family-owned businesses (1 item), perceptions of organizational values (3 items), per-

ceptions of quality of services (3 items), and attitude toward family firms (4 items). Each variable was measured with items developed for this study. All measures can be found in the Appendix.

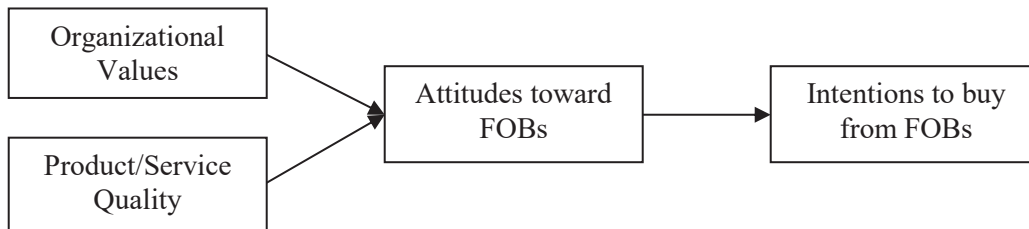


Figure 1. Tested Model for Intentions to Buy from FFs

### Analyses

After assessing discriminant validity using factor analyses, RQ1 was answered by looking at the frequencies of the aggregated variable. To assess H1 and H2, we assessed mediation using principles from Baron and Kenny (1986). The model tested is presented in figure 1. Regression analysis was conducted. In model 1 (DV = intention to buy from FOBs), the effects of control variables (age, sex, whether family owns business, and whether participant worked in FOB) were examined. In model 2 (DV = intention to buy from FOBs), the effects of the independent variables were examined. In Model 3 (DV = intention to buy from FOBs), the effects of the mediator (Attitudes) were assessed. In model 4, the effects of the independent variables on attitudes towards FOBs were examined. Finally, in model 5 (DV = intention to buy from FOBs), the effect of all the variables combined was assessed.

### Results

Means, standard deviations, and reliabilities for all studies are shown in Table 1. When assessing the general perceptions about products and services of FFs (RQ1) results show that 87% of the participants had positive perceptions about the organizational values that family-owned businesses had, and 50% had positive perceptions regarding the products and services offered by family-owned firms (see Table 2).

As seen in Table 3, model 2, results show that perceptions of organizational values were significantly related to intention to buy from family firms ( $\beta = .42, p < .01$ ). In model 3, attitudes and intentions were positively related ( $\beta = .59, p < .01$ ), fulfilling the initial pre-condition for mediation. In model 4, perception of organizational values ( $\beta =$

$.36, p < .01$ ) and product/service quality ( $\beta = .17, p < .10$ ) were significantly related to attitude toward FOBs. Finally, results from model 5 indicate that attitudes were significantly related to intentions ( $\beta = .48, p < .01$ ). Thus, these results support that attitude toward FOBs fully mediated the relationship between perception of organizational values and product/service quality on intention to buy from FOBs. These results support H1 and H2.

Although Study 2 was useful in helping us understand what perceptions participants had about products and services of family firms and how these perceptions influence attitudes toward family-owned businesses and intention to buy, it had two major limitations. First, the scales had been originally developed for the study and had not been used in research before. Thus, the scale for perception of product service/quality had very low reliability. Low reliability can introduce error when interpreting our results, thus requiring us to retest the scale or redevelop the scale. Additionally, given that our sample was primarily students, it was difficult to ascertain whether the results obtained would be peculiar to the student population. This could prevent the generalizability of our findings. Given these two issues we decided to develop two additional rounds of data collection: one that was focused on the redevelopment of the scale and had student participants (i.e., Study 3) and one that collected data with professionals as part of the sample (Study 4). In the following pages we present these two studies and their results.

### Study 3

#### Participants & Procedures

Participants in this study included 90 students. The average age of participants was 19.89 years ( $SD = 1.60$ ) and

Table 1  
 Mean, standard deviation and reliabilities for variables in each study

	<b>Chronbach's Alpha</b>	<b>Mean</b>	<b>SD</b>
<b>Study 2</b>			
Perception of Organizational Values	.92	4.09	.91
Perception of Product/Service Quality	.55	3.37	.53
Attitude toward FOB	.83	3.63	.72
Intent to Buy		3.66	.85
<b>Study 3</b>			
Perception of Organizational Values	.89	4.23	.98
Perception of Product/Service Quality	.74	3.13	.80
Attitude toward FOB	.52	3.60	.61
Intent to Buy		3.83	.84
<b>Study 4</b>			
Perception of Organizational Values	.68	4.37	.54
Perception of Product/Service Quality	.73	3.52	.51
Attitude toward FOB	.86	4.08	.58
Intent to Buy	.76	2.87	.81

Table 2  
 Perceptions about products, services and work environment in family firms

<b>Variable</b>	<b>Negative</b>	<b>Neutral</b>	<b>Positive</b>
<b>Study 2</b>			
Organizational Values	7%	6%	87%
Product and Service Quality	4%	56%	40%
<b>Study 3</b>			
Organizational Values	9%	2%	89%
Product and Service Quality	17%	55%	28%
<b>Study 4</b>			
Organizational Values	1%	4%	95%
Product and Service Quality	2%	58%	40%

Note. Negative values = scores below 2.5  
 Neutral Values = scores between 2.5 and 3.5  
 Positive Values = Scores above 3.5

Table 3  
Results for OLS regression analysis for intention to buy from FOB<sup>a</sup> (Study 2)

Variable	Intention Model 1	Intention Model 2	Intention Model 3	Attitude Model 4	Intention Model 5
<b>Control Variables</b>					
Age	.04	.04	.02	.03	.02
Sex <sup>b</sup>	.09	.08	.13 <sup>†</sup>	-.08	.11
Family owns business <sup>c</sup>	.03	.08	.01	.07	.04
Has worked for FOBs <sup>c</sup>	.04	.04	-.03	.12	-.03
<b>Independent Variables</b>					
Per. Organizational Values		.42**		.37**	.24**
Per. Product/Service Quality		.08		.17 <sup>†</sup>	.05
<b>Mediator</b>					
Attitudes toward FOBs			.59**		.48**
<i>R</i> <sup>2</sup>	.01	.22	.35	.24	.39
Adjusted <i>R</i> <sup>2</sup>	-.02	.19	.33	.21	.37
<i>F</i>	.41	6.52**	14.95**	7.20**	12.82**

*N* = 143

<sup>a</sup> Model statistics are betas

<sup>b</sup> Coding: 0 = Female, 1 = Male

<sup>c</sup> Coding: 0 = No, 1 = Yes

\*\*  $p < .01$  \*  $p < .05$  <sup>†</sup>  $p < .10$

48% were males. Additionally, 60% currently worked, 46% had worked for a FF in the past, and 33% had families that owned a business. Similar to Study 2, participants were recruited during class and asked to participate in this study in exchange for extra credit, but given that the survey in Study 2 was extremely long, we decided to explore intentions to buy from FOBs and intentions to work for FOBs with separate samples. In this study we followed the same procedure as used in Study 2.

### Measures

The variables assessed in this study were intention to buy from FOBs (1 item), attitudes toward FOBs (4 items), perceptions of organizational values (3 items), and perceptions of products and services (3 items). The items were the same ones used in Study 2. Table 1 summarizes mean, standard deviation and reliability for all measures, while the Appendix shows all the items for this study.

### Results

When exploring RQ1, results indicate that 89% of the participants in this study had positive perceptions about the organizational values of FFs. Additionally, the majority of participants (55%) had neutral perceptions about products and services offered by FFs (see Table 2). We tested H1 and H2 following the same procedure as in Study 2. As shown in Table 4, in model 2, neither perception of organizational values ( $\beta = .12$ , n.s.) or perception of product/service quality ( $\beta = .09$ , n.s.) was related to intention to buy from FOBs. In model 3, attitude toward FOBs ( $\beta = .56$ ,  $p < .01$ ) was positively related to intentions to buy. Since the mediator was significant, the initial precondition for mediation was fulfilled. In the next step, model 4, we tested the independent variables' significance in relation to the mediator. Perception of organizational values ( $\beta = .12$ , n.s.) was not related to attitude toward FOBs; however, perception of product/service quality ( $\beta = .44$ ,  $p < .01$ ) was. In the final step, model 5, the mediator (attitudes) had a significant relationship to intentions to buy from FOBs ( $\beta = .614$ ,  $p < .001$ ). These results indicate that attitude toward family-owned business-



Table 4  
Results for OLS regression analysis for intention to buy from FOB<sup>a</sup> (Study 3)

Variable	Intention Model 1	Intention Model 2	Intention Model 3	Attitude Model 4	Intention Model 5
<b>Control Variables</b>					
Age	.01	.02	-.00	.14	-.06
Sex <sup>b</sup>	-.03	-.03	.00	-.11	.04
Family owns business <sup>c</sup>	.01	.02	.11	-.15	.12
Has worked for FOBs <sup>c</sup>	-.07	-.05	-.05	.06	-.09
Exposure to FOBs	.05	.12	.00	.22 <sup>†</sup>	-.03
<b>Independent Variables</b>					
Per. Organizational Values		.12		.12	.05
Per. Product/Service Quality		.08		.44**	-.19
<b>Mediator</b>					
Attitudes toward FOBs			.56**		.62**
<i>R</i> <sup>2</sup>	.01	.01	.31	.24	.36
Adjusted <i>R</i> <sup>2</sup>	-.05	-.05	.25	.17	.33
<i>F</i>	.14	.84	5.91**	3.63**	4.71**

*N* = 90

<sup>a</sup> Model statistics are betas

<sup>b</sup> Coding: 0 = Female, 1 = Male

<sup>c</sup> Coding: 0 = No, 1 = Yes

\*\* *p* < .01 \* *p* < .05 † *p* < .10

es partially mediates the effects of perception of product/service quality on intention to buy from a family-owned business. Thus, H1 was partially supported and H2 was supported.

This study helped us develop a better measure for perceptions of products and services. However, two shortcomings remained. First, the reliability of attitude toward family-owned businesses dipped below the .70 acceptable rate. This meant that we needed to evaluate this measure again. Second, although our participants had work experience, we wanted to also assess whether our results could generalize to the working population. To address these two issues, we ran a fourth wave of data collection that combined students and professional respondents.

## Study 4

### *Participants & Procedure*

To explore the generalizability of our previous results, in Study 4 we also recruited working professionals as part of the sample. Participants included 54 students and 65 working professionals (*N* = 119). The average age of participants was 32.59 years (*SD* = 15.84), and 72% were females. Additionally, 70% reported having a college education, 60% had worked for family businesses, and 40% indicated that someone in their family-owned a business. Similar to Study 3, the focus of this study was on intentions to buy from family firms. To recruit participants, we sent 270 email invitations. Participants were asked to forward the email to co-workers and friends, creating the snowball

sample. The email directed participants to an online version of a survey designed to assess their knowledge, perceptions and intentions regarding products and services from organizations that are described as “family-owned businesses.”

**Measures**

Building on the measures from Study 2 and 3, the survey for this study assessed perceptions of organizational values (3 items), perceptions of products and services (4 items), attitudes toward family businesses (4 items) and intentions to buy from family firms (2 items). Means, standard deviations and reliabilities are presented in Table 1. Items are presented in the Appendix.

**Results**

We first assessed participants’ perceptions of organizational values and products and services offered by family firms. Similar to Study 3, the majority of participants (95%) had positive perceptions about the values that family firms

possessed, while the majority of respondents (58%) had neutral perceptions about the products and services offered by family firms (See Table 2).

A similar procedure to Study 2 and 3 followed to test hypotheses. As can be seen in Table 5, in model 2, perception of product/service quality was related to intention to buy from a FOB ( $\beta = .272, p < .01$ ). In model 3, attitude toward FOBs ( $\beta = .44, p < .001$ ) was related to intentions to buy from FOBs. Since the mediator was significant, the initial preconditions for mediation were fulfilled. In model 4, perception of organizational values ( $\beta = .19, p < .05$ ) and perception of product/service quality ( $\beta = .38, p < .01$ ) were significant predictors of attitude toward FOBs. In the final step, model 5, attitudes were significantly related to intentions to buy from FOBs ( $\beta = .40, p < .01$ ). The models suggest that attitude toward family-owned businesses fully mediates the effects of perception of organizational values and perception of product/service quality on intention to buy from a family-owned business. Given this, H1 and H2 were supported.

Table 5  
Results for OLS regression analysis for intention to buy from FOB <sup>a</sup> (Study 4)

Variable	Intention Model 1	Intention Model 2	Intention Model 3	Attitude Model 4	Intention Model 5
<b>Control Variables</b>					
Age	.53**	.49**	.47**	.07	.46**
Sex <sup>b</sup>	-.01	.03	.09	-.15 <sup>†</sup>	.09
Family owns business <sup>c</sup>	.05	.03	.03	.01	.03
Has worked for FOBs <sup>c</sup>	.03	-.01	.03	-.09	.03
<b>Independent Variables</b>					
Per. Organizational Values		.03		.19*	-.05
Per. Product/Service Quality		.27**		.38**	.12
<b>Mediator</b>					
Attitudes toward FOBs			.44**		.40**
R <sup>2</sup>	.29	.37	.47	.30	.48
Adjusted R <sup>2</sup>	.27	.33	.44	.26	.45
F	11.61**	10.80**	19.75**	7.90**	14.44**

N = 119

<sup>a</sup> Model statistics are betas

<sup>b</sup> Coding: 0 = Female, 1 = Male

<sup>c</sup> Coding: 0 = No, 1 = Yes

\*\*  $p < .01$  \*  $p < .05$  <sup>†</sup>  $p < .10$

## Discussion

As competition between organizations increases, companies have placed greater emphasis on strategic brand building in order to set themselves apart from their competitors and to remain economically viable. This paper explored the perceptions that potential consumers have about the products and services of organizations that describe themselves as family-owned businesses and the effect of these perceptions on intentions to buy from a firm. Using principles from signaling theory and the theory of reasoned action, we argued that highlighting that a firm is family-owned will provide a signal that consumers will interpret as positive or negative. When consumers perceive it as a positive characteristic, they are more likely to have positive attitudes toward family firms, which leads to a higher level of intention to buy from a firm.

Results from the studies in this project suggest that describing a business as family-owned can generate both positive and negative associations in the mind of the stakeholder. In this sense, our results replicate the work of Botero et al. (2018), who also find that family firms are associated with tradition, strong culture, corporate citizenship, more conflict and lower professionalism. However, our results also suggest that in the context of products and services the family association is likely to generate positive perceptions, particularly for values that reflect customer centric behaviors. These results are consistent with the work of Cooper and colleagues (2005) and Lyman (1991), who report that family businesses pride themselves on their relationships with customers and are more focused on personal interaction. In this sense, our study helps to clarify the unique differences that customers may ascribe to family firms. In this case, it seems as though study participants perceived family firms as paying important attention to their customers and being important players in their communities. However, when assessing the direct perceptions about products and services, our results indicate that participants had primarily neutral perceptions. These results are interesting given that previous studies have claimed that individuals often perceive that family-owned businesses produce high quality products (Carrigan & Buckley, 2008; Poza, 2010). This points to the need for additional research to continue to understand how customers evaluate a family business brand and under which conditions it would be beneficial to promote the family business brand.

A second aspect explored in this project was the influence of perceptions on attitudes toward FOBs and intentions to buy from FOBs. Results from studies 2, 3 and 4 are consistent with the Theory of Reasoned Action, which suggests that attitudes towards family firms will be posi-

tively related to intentions to buy from these organizations. In all of our studies, we found that those who had positive attitudes toward family-owned businesses were more likely to also have greater intentions to buy from these firms. We also hypothesized a relationship between perceptions and attitudes towards FOBs. The two perceptions that we focused on were organizational values, which measure the perception of the importance that family firms placed on customers and the community, and products & services. Our results show some support for the positive relationship between perceptions of organizational values and attitudes towards FOBs. Study 2 and 4 found that values were positively related to attitudes. We believe that one of the reasons not all the studies found this relationship significant is because of the sample used. In Study 3, the sample was composed entirely of students, and it is possible to think that given the students' acquisition power, a more important issue that develops positive attitudes toward a business is the product price. Thus, it seems that the attitudes towards FOBs are in part determined by the extent to which customers perceive that the family firm cares for its customers and the community in which they reside.

We also explored the effects of products and services perceptions on attitudes toward FOBs. Although past research has found some support for this relationship (Okoroafo & Koh, 2009), our studies found mixed support. In our case only two out of the three studies conducted (i.e., Study 3 and 4) found support for this relationship. We believe that lack of support from Study 2 may be a product of using students in the sample. As mentioned above, given the difference in acquisition power between professionals and students, it may be that when individuals know that they can afford better products, their perceptions of quality of products and services will influence attitudes towards firms in a stronger way. However, our results do point towards the importance that perceptions about product and services can have on the attitude toward FOBs.

Combined, our results seem to suggest that the process through which the family business brand influences intentions to buy from a firm includes several steps. First, the family business brand influences different perceptions about the firm (i.e., the value and respect that it places on customers & the community, and the quality of products & services). The second step involves how different perceptions translate into attitudes towards a family firm. In this step, we expect that those customers that have positive perceptions will also develop positive attitudes towards the family firm. Finally, it is these attitudes that will, in turn, influence the attitudes towards a family firm. With this in mind, we believe that to better understand when and how the family business brand influences intentions to buy from

a firm, it will be important to take a process approach.

### Implications for Theory and Practice

When taken together, our results have several implications for theory and research. First, we believe that our study provides important insights into the process of how a family business brand can translate into intentions to buy from a family firm. As we mentioned earlier, the family business brand first influences perceptions. These perceptions then affect the attitudes toward FOBs, which ultimately impact intentions to buy. Taking this approach, we could argue that previous research that has explored the effects of the family business brand on intentions to buy has already explored several perceptions that matter. These include trustworthiness (Beck & Kenning, 2015; Beck & Prüggl, 2018), benevolence (Beck & Prüggl, 2018), brand authenticity (Lude & Prüggl, 2018, Zanon et al., 2019), and reputation (Binz et al., 2013), just to mention a few. What is currently missing is a better understanding of how, why, and when these perceptions positively influence the belief and evaluations that a customer would have about a family firm (i.e., attitudes towards FOBs), and then intentions to buy. Given this, future research could benefit from using a process view to better understand the effects of the family business brand.

Our results also have important implications to understanding the receiver/ recipient approach to family business brands. Binz Astrachan et al. (2018) argue that family business brands can be explored either from the sender's or from the receiver's point of view. Thus, an important implication of this project is that it continues to shed light into the different considerations that are at play to better understand the receiver and how they process family business brand information. In particular, it sheds light onto the different aspects that are affected by the communication of the brand. It also provides some understanding of the consumer and how they may process information. Binz Astrachan et al. (2019) have suggested that for family business branding research to move forward, one of the aspects that we need to focus on is on understanding the receiver. This study sheds some light into how the receiver could be impacted by the family business brand. It also sheds light into how consumers from the North may react to the family business brand. Given that the data was collected in the USA, these results can provide some insights of these consumers.

At a practical level, results from studies 2, 3, and 4 can help family business owners better understand the importance of how perceptions about an organization can affect attitudes and intentions towards a family firm. In this case, practitioners can reflect on how their actions and communications are likely to impact the attitudes that consumers

have towards family firms, to make sure that they do not hurt the possibilities of enhancing the perceptions and attitudes in these types of consumers.

### Strengths, Limitations and Future Research

Like any project, this one has both strengths and limitations. We believe that an important strength is that we systematically explored the perceptions that stakeholders have about FOBs, and how these perceptions affect intentions towards FOBs. Although exploratory in nature, the four studies that make this project allowed us to fine-tune understanding, measurement, and the framework in the project. At the same time, it allowed for replication and extension of previous work. Therefore, the main strength from our study is the inclusion of multiple waves of data collection to test the ideas proposed in this paper.

As is the case in any research, there are limitations that are important to acknowledge. The first limitation is the scales used in this study. Given the limited empirical research exploring perceptions about family firms from the non-family stakeholder's perspective, there were no previously tested scales that we were able to use for our project. Thus, we had to develop our own scales based on an initial pilot study and past family business literature. The reliability of these was not always the best for empirical research. This can be problematic because the lack of a sound scale may introduce error that can influence the generalizability of the findings in this project. Therefore, we suggest that future research work on the scale development first and then continue to explore the perceptions about FOBs.

A second limitation of the project was the lack of comparison to non-family business perceptions. The current study focused solely on perceptions of businesses that described themselves as FOBs; however, this means that conclusions cannot be drawn as to whether or not FOBs are different than non-FOBs or which types of family firms can benefit from using the family business brand. The findings merely indicate that in certain contexts, family businesses may find it useful to communicate their family association when branding their products or their organization. Not having a comparison group may be problematic because when participants compare FOBs and non-FOBs or different types of family businesses, their perceptions about FOBs may change. With this in mind, future research should seek to address this issue by including a comparison group. This comparison can provide more clarity regarding when the use of the family business brand is beneficial to a firm.

A final limitation is the general focus of the studies. The survey instruments did not ask about a specific product or service. Focusing on a specific product or service may

change people's opinions because it would include more details for the participant to consider. There may be multiple factors that affect attitudes toward FOBs. However, this project explored only a couple of these factors. With this in mind, future research should explore perceptions about family firms using other experimental techniques to test whether the results from the study replicate when using different data collection techniques.

### Conclusion

This study explored consumer perceptions about family firms and their effects on intentions to buy from a firm. Taking a receiver approach to the family business brand, we found that attitudes towards the family firm are at the center of understanding how a family business brand influences a customer's intention to buy. In particular, we find that in our four samples family firms were generally associated with positive organizational values (i.e., higher concern for the customer and the community) and neutral perceptions about the quality of products and services. These in turn influenced attitudes towards the FOB and then intentions to buy. When taken together, these results point to the importance of taking a process view to understand why and how a family business brand influences intention to buy. Future research would benefit from exploring further focusing on the customer (i.e., target audience) to more broadly understand how they are impacted by the family business brand and could influence how a family company may choose to communicate their brand.

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## **Appendix Scales for the Studies**

### **Study 2**

#### Perception of Organizational Values

- A family-owned business values its customers.
- A family-owned business would help the local community.
- A family-owned business builds relationships with its customers.

#### Perception of Product/Service Quality

- Overall, family-owned business would make better products than other organizations.
- I trust a product from a family-owned business to be of high quality.
- Family-owned businesses pay close attention to detail when developing their product.

#### Attitude toward FOBs

- I believe that I should support family-owned businesses.
- It is important to support family-owned businesses.
- I would recommend a family-owned business to my friends.
- I would encourage my friends to support family-owned businesses.

#### Intention to Buy

- If all things were equal, I would purchase from a family-owned business.

### **Study 3**

#### Perception of Organizational Values

- A family-owned business values its customers.
- A family-owned business would help the local community.
- A family-owned business builds relationships with its customers.

#### Perception of Product/Service Quality

- Overall, family-owned business would make better products than other organizations.
- I trust a product from a family-owned business to be of high quality.
- Family-owned businesses pay close attention to detail when developing their product.

#### Attitude toward FOB)

- I believe that I should support family-owned businesses.
- It is important to support family-owned businesses.
- I would recommend a family-owned business to my friends.
- I would encourage my friends to support family-owned businesses.

#### Intention to Buy

- If all things were equal, I would purchase from a family-owned business.

### **Study 4**

#### Perception of Organizational Values

- A family-owned business values its customers.
- A family-owned business would help the local community.
- A family-owned business builds relationships with its customers.

#### Perception of Product/Service Quality

- Overall, family-owned business would make better products than other organizations.
- I trust a product from a family-owned business to be of high quality.
- Family-owned businesses provide the best services in town.
- Services by family-owned businesses are of better quality than other organizations.

#### Attitude toward FOBs

- I believe that I should support family-owned businesses.



- It is important to support family-owned businesses.
- I would recommend a family-owned business to my friends.
- I would encourage my friends to support family-owned businesses.

**Intention to Buy**

- I currently go out of my way to support a family-owned business.
- When I shop, it does not matter if I buy from a family-owned business.