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Consumers and the Trust Advantage of Family Firms Under Different Conditions of Brand Familiarity

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Family firm reputation and humanization: Consumers and the trust advantage of family firms under different conditions of brand familiarity

Abstract:

Pioneering conceptual and empirical work ascribe a trust advantage to family firms compared to their non-family analogies. But it remains unknown if this trust advantage persists with varying degrees of consumers' brand familiarity. Furthermore, the underlying cognitive mechanisms in the minds of consumers that trigger the trust advantage remain unexplored. Using mixed methods, four subsequent studies indicate that family firms' trust advantage does prevail in the context of real and familiar brands, and the strength of consumers' perception of an organization as a human being (i.e., humanization) explains higher levels of benevolence and trust attributed to family firms.

Keywords:

family firm reputation, corporate brands, real brands, brand familiarity, humanization

1. Introduction

Family firms increasingly communicate their family firm identity, thus projecting a family firm image with the intention to create a strong family firm reputation¹ in the minds of major stakeholders. Accordingly, family business scholars have started to investigate topics related to family business branding (for timely reviews see Beck, 2016; Binz Astrachan, Botero, Astrachan, & Prügl, 2018; and Sageder, Mitter, & Feldbauer-Durstmüller, 2018). However, “*empirical findings on how stakeholders perceive family firms and the effects of a family firm’s image and reputation remain unclear*” (Sageder et al., 2018, p. 2). Nevertheless, one widely agreed-upon effect of a strong family firm reputation (FFR) is the notion that stakeholder perceptions of family firms differ from those of non-family firms in their attribution of trustworthiness and trust. In pioneering conceptual and empirical studies (e.g., Deephouse & Jaskiewicz, 2013; Hauswald & Hack, 2013; Lyman, 1991), as well as in the Edelman Trust Barometer (2017), family firms are found to have a trust advantage, with particularly strong empirical support in the context of consumers (e.g., Binz, Hair, Pieper, & Baldauf, 2013; Carrigan & Buckley, 2008; Orth & Green, 2009). While these pioneering studies in the context of consumers are of great value, they are limited in two main aspects. First, we do not know if the trust advantage holds for real corporate brands. Most of the empirical evidence is based either on survey data and experimental research (e.g., Beck & Kenning, 2015; Binz et al., 2013; Lude & Prügl, 2018a) using fictitious and thus per

¹ According to Binz Astrachan et al. (2018), three different views of a family business brand must be distinguished: (1) The *identity view* of the family business brand focuses on what family business owners and leaders believe to be true about their organization, which includes characteristics they view as differentiating factors of their business. (2) The *image view* of the family business brand pertains to whether and how the business owners and leaders choose to portray the family nature of their business to stakeholders within and outside the business (i.e., the image is what family business leaders and owners project to the world with the belief that their projection will create an image of the company in the minds of stakeholders that closely matches the company’s essence). And lastly, (3) the *reputation view* of the family business brand captures the unique perceptions that external stakeholders view as the differentiating factors for family firms in the marketplace and other venues, like for example the trust advantage related to a strong family firm reputation. In this paper we focus on the reputation view.

definition unknown brands or are explicitly asking for associations with the category ‘family firm’ in qualitative studies (Carrigan & Buckley, 2008). This leaves it unclear whether the family firm status is relevant for consumers’ attitudes, intentions, and behavior in situations dealing with real, familiar, and thus ex-ante known brands. Two competing viewpoints suggest that the ‘family firm trust advantage’ (a) might be even more pronounced or (b) might be less relevant (or even completely gone) for corporate brands *if consumers are confronted with real brands they are familiar with* instead of unknown or fictitious brands. Second, and equally important, we still do not know *why* family firms are perceived as more trustworthy by consumers. Therefore, we aim to explore the underlying cognitive processes in the minds of consumers to advance our theoretical understanding of the trust advantage of family firms. Besides a missing answer to the *why* question, again, it is of particular interest to disentangle the role of brand familiarity, that is whether the cognitive process does apply to unfamiliar and familiar brands alike.

Building on conceptual work by Hauswald and Hack (2013) and anchoring it to the context of consumers as primary external stakeholders of family firms, we focus on two crucial questions to advance our understanding of the family firm trust advantage: (1) Does the trust attribution related to a strong family firm reputation persist for *real* corporate brands, in turn affecting consumers’ purchase intentions, and how does the degree of familiarity with these real corporate brands impact trust perceptions and purchase intention? (2) Why do family firms have a trust advantage, i.e., what underlying cognitive mechanism causes this distinct perception of family firms in the minds of consumers?

We tackle these two research questions with four subsequent studies in the context of consumers as our focal stakeholder group. Building on stakeholder theory (Freeman, 1984), we ground our research in the trust literature. Particularly, we take the Mayer, Davis, and Schoorman (1995) organizational trust rationale as the starting point for our analysis of stakeholder trust. First, in

study 1 (N=119) we reveal that the positive link between FFR, brand trust, and purchase intention does “survive” in the context of real brands. That way, our understanding of the trust advantage was extended as behavioral intentions were linked to it, showing the economic importance of the trust attribution induced by a FFR. Furthermore, in line with organizational trust literature and recent conceptual suggestions (Hauswald & Hack, 2013), we disentangled and tested the mediating effect of benevolence (a central dimension of trustworthiness) on the FFR–trust relationship. Our research informs stakeholder and organizational trust theory as (a) stakeholder theory so far has primarily been applied to focus on trust among members of the focal organization (e.g., Cruz, Gómez-Mejía, & Bercerra, 2010), leaving trust attributions of major stakeholders to the focal organization largely unexplored; (b) benevolence has received little attention in organization-level research so far in comparison to other trustworthiness dimensions like ability or integrity (Schoorman, Mayer, & Davis, 2007); and (c) in organizational trust theory, cross-level analyses are largely missing (Fulmer & Gelfand, 2012), which we overcame by focusing our analysis on the individual-to-organization level.

Second, in study 2 (focus groups, N=29) we identified the role of humanization of the corporate brand as the central cognitive process explaining the link between FFR and brand trust. This cognitive process was subsequently tested in (a) an experimental study with real but unfamiliar brands (study 3, N=62) and (b) a study applying a critical incident technique with real and highly familiar corporate brands (study 4, N=79). We found strong support for the mediating role of humanization of the corporate brand in both studies as a stronger FFR evokes a clearer and more tangible picture of the “company as a human being”, which in turn creates higher levels of benevolence and brand trust. Accordingly, studies 2, 3, and 4 extend the literature on family firm branding by identifying and testing an explanation for the family firm trust advantage. Furthermore,

we contribute to organizational trust theory by shedding light on *why* organizations receive attributions of benevolence and trust.

2. Theoretical background and hypotheses development

Stakeholder theory focuses on managerial decision-making in the context of the processes and outcomes of a company's relationship with multiple stakeholder groups that affect and are affected by its decisions (Jones & Wicks, 1999). Doing so, stakeholder theory emphasizes the firms' benefits from having trusting relations with their stakeholders (Jones, 1995). One important antecedent of stakeholders' trust is the stakeholders' perceptions of benevolence (Cruz et al., 2010; Hauswald & Hack, 2013; Mayer et al., 1995). These perceptions of benevolence have important consequences as, for example, stakeholders are more willing to commit resources if they perceive a company to be benevolent (Choi & Shepherd, 2005; Kramer, 1999; Whitener, Brodt, Korsgaard, & Werner, 1998). Organizational trust and its relationship to its antecedents and consequences can be viewed from the perspective of multiple stakeholders such as, for example, consumers, employees, suppliers, distributors, partners, stockholders, and regulators (Donaldson & Preston, 1995). Nevertheless, different stakeholder groups may have different views and requirements of trust towards the organization. As existing research has paid a lot of attention to internal stakeholder groups (i.e., organizational members, primarily employees; Hummels & Roosendaal, 2001), little is known about external stakeholder groups. That is why we focused on consumers as a major external stakeholder group in this study.

2.1. Benevolence, trustworthiness and trust in the organizational trust theory

Trust can be defined as the belief of one party that another party will behave in a predictable manner (Luhmann, 2000). Two important issues of a focal party's trust of another party are (1) the perception of uncertainty and vulnerability by the focal party in dealing with the other party and (2) the expectation that the other party will behave in the interest of the focal party or with goodwill

(Mayer et al., 1995; Rousseau, Sitkin, Burt, & Camerer, 1998; Whitener et al., 1998). In this tradition, Mayer et al.'s (1995) trust theory postulates that trust refers to “the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (1995, p. 712) which we have adopted for the purpose of this paper.

Trust theory was developed with the objective to be applicable across disciplines (Schoorman et al., 2007). And indeed, the theory has been used in such diverse areas as marketing, finance, information systems, political science, communication, ethics, law, and psychology (Schoorman et al., 2007) as well as in family business research (e.g., Hauswald & Hack, 2013). Furthermore, trust theory is designed to be applicable at different levels of analysis. As organizations are inherently multilevel systems, and trust operates at the individual, team, and organizational levels of analysis, attention to these different levels can be considered a theoretical and empirical imperative (Fulmer & Gelfand, 2012; Klein, Dansereau, & Hall, 1994). In this paper, we consider the degree to which an individual member of a stakeholder group (consumers) trusts an organization. Consistent with this approach, Zaheer, McEvily, and Perrone (1998) contended that the origin of trust is always grounded in an individual perspective, even if individuals belonging to a certain (stakeholder) group may share a similar orientation. They further argued in line with Fulmer and Gelfand (2012) that the trustee as the target of trust may be an organization. Likewise, Currall and Inkpen (2002) reasoned that the individual-to-organization interaction is an appropriate level of analysis when studying trust in organizational contexts.

In this article, we focus on consumers' perceptions of a company's trustworthiness and benevolence as an important antecedent of organizational trust. Thereby, trust is an attribute of the trusting party, while trustworthiness and benevolence are attributes of the trusted party. Benevolence refers to “the extent to which a trustee is believed to want to do good to the trustor,

aside from an egocentric profit motive” (Mayer et al., 1995, p. 718). Benevolence is considered one dimension of the trustworthiness construct, along with ability and integrity (Mayer et al., 1995). Furthermore, and of particular importance, perceived benevolence, as the central dimension of perceived trustworthiness (McKnight & Chervany, 2002), has to be conceptually and empirically distinguished from trust (Pirson & Malhotra, 2011), as perceived benevolence is an antecedent of trust (Williams, 2001). Hence, trustworthiness and trust are not just two different terms for the same construct, but perceptions of trustworthiness and benevolence trigger trust attributions by consumers. In that sense, trust is the consequence of benevolence perceptions. Schoorman et al. (2007) found that, while we already know a lot about ability and integrity at the organizational level of analysis, benevolence attribution to organizations has received comparably little attention. Accordingly, and building upon the conceptual work of Hauswald and Hack (2013), we focus on benevolence (and not on ability and integrity) for three major reasons: First, attributions of ability are found to be domain specific (Mayer et al., 1995). Building an argument that consumers perceive family firms as being more competent across different contexts and domains is difficult. On the contrary, benevolence is a broader term. It can be assumed that a specific category of firms (like family firms) that are perceived as generally acting in the interest of others do so across different contexts and domains (Hauswald & Hack, 2013). Second, prior research suggests that it is rather difficult for stakeholders to differentiate between benevolence and integrity, as benevolence is conceptually very closely related to integrity (McKnight & Chervany, 2002; Pirson & Malhotra, 2011). Finally, over time, benevolence becomes more important than other trustworthiness dimensions (Pirson & Malhotra, 2011; Schoorman et al., 2007). Already Mayer et al. (1995) believed that when the organization is unknown, or when there is no existing relationship between stakeholder and organization, integrity will be the most salient dimension in perceived trustworthiness, while when the organization is known, or as the relationship between stakeholder

and organization develops, benevolence will become the more salient trustworthiness dimension in the decision of whether to extend trust (see also Pirson & Malhotra, 2011). Similarly, Schoorman et al. (2007) noted that “judgments of ability and integrity would form relatively quickly in the course of the relationship and that benevolence judgments would take more time” (p. 346). Thus, benevolence might be particularly relevant for consumers when they already have some basic familiarity with the focal organization and its corporate brand.

2.2. Benevolence, trustworthiness, and trust in family firm research

A total of 49 scholarly studies have mentioned family firms’ trust or trustworthiness as a key advantage of this company type. While most of these studies are of a conceptual nature, many have presented empirical evidence of either a qualitative (Binz Astrachan & Botero, 2017; Blodgett, Dumas, & Zanzi, 2011; Blombäck & Brunninge, 2013; Blombäck & Ramírez-Pasillas, 2012; Carrigan & Buckley, 2008; Haugh & McKee, 2003; Micelotta & Raynard, 2011; Schwartz, 2005; Steier, 2001) or a quantitative nature (Ahlers, Hack, Madison, Wright, & Kellermanns, 2017; Allen, George, & Davis, 2018; Azizi, Salmani Bidgoli, & Seddighian Bidgoli, 2017; Beck & Kenning, 2015; Binz Astrachan, Patel, & Wanzenried, 2014; Binz et al., 2013; Chrisman, Chua, & Kellermanns, 2009; Chrisman, Chua, & Sharma, 1998; Cruz et al., 2010; Deephouse & Jaskiewicz, 2013; Lude & Prügl, 2018a; 2018b; Lyman, 1991; Orth & Green, 2009). Out of these empirical studies, four focused on the trust among family members (Allen et al., 2018; Chrisman et al., 1998; Haugh & McKee, 2003; Steier, 2001), five focused on trust or trustworthiness among family and non-family managers or (potential) employees (Azizi et al., 2017; Chrisman et al., 2009; Cruz et al., 2010; Deephouse & Jaskiewicz, 2013; Lyman, 1991), one study measured private equity firms’ trust of family firms (Ahlers et al., 2017), and one study examined trust in the context of nonprofessional investors (Lude & Prügl, 2018a). The remaining 12 studies empirically investigated *consumers’* perception of a family firm as trustworthy, whereof six relied on

statements from family firm managers arguing to communicate the family firm's nature with the goal to evoke consumers' trust (Binz Astrachan & Botero, 2017; Blodgett et al., 2011; Blombäck & Brunninge, 2013; Blombäck & Ramírez-Pasillas, 2012; Micelotta & Raynard, 2011; Schwartz, 2005). This leaves only six articles that took the consumers' perspective and assessed family firms' perceived trustworthiness directly (Beck & Kenning, 2015; Binz Astrachan et al., 2014; Binz et al., 2013; Carrigan & Buckley, 2008; Lude & Prügl, 2018b; Orth & Green, 2009).

Hence, the first study empirically assessing consumers' perceived trustworthiness of family firms is Carrigan and Buckley (2008), who interviewed Irish and British females, who stated that they perceived their family-owned local grocery stores as more trustworthy. Reasons mentioned by the participants referred to their personal relationships with the store owner, triggering authenticity, as well as the small size and the longevity of the store, indicating that the owning family cared about the customers, or else they would have not survived for so long. Orth and Green (2009) were then the first to show quantitatively that consumers perceive a generic grocery store type owned by a family as more trustworthy than a store owned by a national chain. Via a critical incident technique, consumers were presented with a description of a new grocery store opening in their town and asked to think of a grocery store they knew that fit this description. The description was manipulated to reflect either a family-owned grocery store or a store owned by a national chain, whereby both store types also differed in their degree of social engagement. Building upon this approach, Binz et al. (2013) assessed consumers' perceptions of a typical family firm in comparison to a typical publicly owned (non-family) company with survey data. Hence, the authors did not ask for the evaluation of specific firms but of firm categories. The perceived trustworthiness was thereby measured as one item paying into a relational quality factor that could be shown to positively influence consumer preferences. Based on the same data, Binz Astrachan et al. (2014) conducted a comparative study on the use of covariance-based structural equation modeling (SEM)

versus partial least squares SEM. The results show that (using the second approach) consumers' social expectations (emotional appeal, workplace environment, and social and environmental responsibility) and business expectations (vision and leadership, financial performance, and products & services) about a typical family firm (again referring to the general firm category) affect its perceived trustworthiness directly and indirectly through the perceived expertise. Beck and Kenning (2015) merged both approaches by assessing consumers' perception of retailers with a varying degree of FFR. The authors found a positive effect of FFR on retailers' perceived trustworthiness. Furthermore, a positive effect on the perceived trustworthiness of the products offered by the retailers (independent of the brands) could be demonstrated. Finally, in a large-scale experimental study (N=495) with fictitious brands in the context of manufacturers, Lude and Prügl (2018b) tested the influence of an FFR on relevant brand perception variables. Their findings reveal that a strong FFR triggers higher levels of brand attitude, brand trust, as well as purchase intention. Building on these empirical findings on consumers' perception of family firms, we identified two major research gaps. *First*, besides the impact of grocery stores and retailers with an FFR on consumers' trust, no empirical evidence exists on how FFR of *corporate brands* is related to trust and perceived trustworthiness/benevolence that clearly disentangles antecedent (benevolence) and consequence (trust) as required by the trust literature (Mayer et al., 1995). Furthermore, we do not know how this is influenced by consumers' degree of *familiarity* with the according corporate brand. These insights are especially required, considering that benevolence rather develops over time (Schoorman et al., 2007), becoming more important with higher degrees of familiarity. Furthermore, this gap is important because branding strategies, such as the decision to build an FFR, are not only directed towards potential consumers who are unfamiliar with the brand but also to consumers who already know that brand. Moreover, influences on consumers' purchase intentions as a proxy for behavioral effects remain unknown on a corporate branding level. *Second*,

besides many arguments previously mentioned to explain the trust advantage of family firms that are grounded in the particularities of family firms, it remains unexplored what triggers this perception on behalf of the consumers. Therefore, we wanted to *explore* what underlying cognitive processes in the minds of consumers lead to such increased perceptions of firms' benevolence. Guided by these gaps, this paper asks two subsequent research questions. (1) Does the trust attribution related to a strong family firm reputation persist for *real* corporate brands, in turn affecting consumers' purchase intentions, and how does the degree of familiarity with these real corporate brands impact trust perceptions and purchase intention? (2) Why do family firms have a trust advantage, or with other words, what underlying cognitive mechanism causes this distinct perception of family firms in the minds of consumers?

2.3. Hypotheses development

Next, building upon these empirical and conceptual insights, we derive hypotheses directed towards answering the first research question: Does the trust attribution related to a strong family firm reputation persist for real corporate brands, in turn affecting consumers' purchase intentions?

Family firm reputation, brand trust, and purchase intention in the context of real brands

Brand trust is an essential component in building successful relationships between a company and its consumers (e.g., Morgan & Hunt, 1994). Therefore, building a strongly trusted brand should be among the prioritized goals of marketers. Towards that end a strong FFR may be beneficial, as a potential trust advantage for family firms is found in existing research (Beck & Kenning, 2015; Binz et al., 2013; Orth & Green, 2009; Carrigan & Buckley, 2008). The finding that perceived trustworthiness is related to the family firm "category" instead of a particular family firm also indicates an institutional trust advantage (Binz et al., 2013), further supporting that link. Considering that trust tends to evolve over time (Mayer et al., 1995), and as different dimensions of trust may have different importance at a certain point in time (Schoorman et al., 2007), it remains

open whether this relationship described above is applicable in the context of real corporate brands as well. Nevertheless, as the trust attribution seems to be rather strong in different contexts (see for example Edelman Trust Barometer, 2017), we assume that we observe an overall effect of a FFR on brand trust similar to prior research (Beck & Kenning, 2015; Lude & Prügl, 2018a,b). Therefore, we hypothesize an effect of a strong FFR (on the corporate level) on consumers' brand trust. Formally, we propose:

H1: There is a positive relationship between family firm reputation on consumers' brand trust in the context of real brands.

Furthermore, in line with prior research on brand trust (Chaudhuri & Holbrook, 2001), we propose that the brand trust perception of a real corporate brand does influence consumers' perception of products branded by that company. We argue that brand perceptions might affect the consumers' purchase intentions because their behavioral intentions of consumers apparently have their roots in the perception of the brand (J. Aaker, Vohs, & Mogilner, 2010; Biel, 1992). Thus, when consumers trust an organization, they are more likely to have stronger purchase intentions (Fulmer & Gelfand, 2012). In accordance, we assume a positive effect of consumers' brand trust (corporate level) on purchase intention (product level). We hypothesize:

H2: There is a positive relationship between brand trust and consumers' purchase intention in the context of real brands.

The mediating role of benevolence in the context of real brands

According to the conceptual differences between trustworthiness and trust (i.e., trustworthiness being an antecedent of trust; see Mayer et al., 1995), a fact that has largely been overlooked in empirical family business research so far, we argue that an FFR increases consumers' brand trust through an increased perceived trustworthiness. We assume that, as discussed by Hauswald and Hack (2013), perceiving a company as a family firm primarily triggers a perception of benevolence.

In line with trust literature, we further argue that as benevolence becomes more important over time (Pirson & Malhotra, 2011; Schoorman et al., 2007), the link between benevolence and brand trust might even increase in the context of real corporate brands that are ex-ante known by consumers (relative to the contexts of fictitious and unknown brands). As perceived benevolence is a central antecedent of brand trust (Hauswald & Hack, 2013; Mayer et al., 1995), and as both perceptions are potentially facilitated by a strong FFR, we hypothesize:

H3: Benevolence mediates the link between family firm reputation and consumers' brand trust in the context of real brands.

The moderating role of brand familiarity: two competing viewpoints

While prior research has suggested (Hauswald & Hack, 2013) and indicated that consumers perceive the generic firm category of “family firms” (Binz Astrachan et al., 2014; Binz et al., 2013; Orth & Green, 2009), and products offered in local grocery stores or intermediaries with an FFR and direct customer contact (Beck & Kenning, 2015; Carrigan & Buckley, 2008), as more trustworthy, we do not know whether this effect is observable for corporate brands producing products themselves. Furthermore, we do not know how this effect evolves over the timespan of a brand as consumers get more familiar with a corporate brand. The literature suggests two competing viewpoints, namely that the ‘family firm trust advantage’ (a) might be more pronounced or (b) might be less important (or even completely gone) for corporate brands if consumers are confronted with real brands they are familiar with instead of fictitious brands, used in existing studies. Thus, differing levels of brand familiarity with real corporate brands might impact consumers’ trust attributions tied to the family firm status in one way or the other.

Viewpoint 1: Family firm status becomes more important with higher brand familiarity

Keller (1993) defined brand associations as informational nodes (linked to the brand node) in memory that contain the meaning of the brand for consumers. Consumers use brand associations to help process, organize, and retrieve information in memory and to aid them in making purchase decisions (D. A. Aaker, 1991). Associations tied to the information “family firm” might be considered as secondary by consumers (Blombäck & Brunninge, 2013) and thus do not play a central role in the initial phase of information search but primarily in the final phase of the buying decision, distinguishing brands in the consideration set. Along these lines, the dimensionality of brand associations was found to be influenced by brand familiarity (Low & Lamb, 2000). These results indicate that brands that are more familiar to consumers tend to have more highly structured brand associations in their memories. Brands that do not have high familiarity do not have strongly developed brand associations in consumers' memories, and hence, brand associations for these lesser-known brands tend to be unidimensional (Low & Lamb, 2000). Thus, consumers have more developed memory structures for more familiar brands (Low & Lamb, 2000), suggesting that consumers may be willing to spend more energy in processing information regarding familiar brands compared to unfamiliar brands. The implications of these findings are that the family firm status may indeed become more relevant the more familiar the consumer is with the brand (Blombäck & Brunninge, 2013). Accordingly, we hypothesize:

H4a: The effect of family firm reputation on consumers' perceived benevolence and brand trust is positively moderated by brand familiarity.

Viewpoint 2: Family firm status becomes less important with higher brand familiarity

For unfamiliar brands, any incoming information will be perceived as novel and relevant (Campbell & Keller, 2003). Any information will be used to learn and form an accurate impression of the brand and will be similarly processed due to the weaker knowledge about the brand (Delgado-

Ballester, Navarro, & Sicilia, 2012). Along this line of argumentation, research evidence also indicates that brand familiarity reduces the need for information search. For example, Biswas (1992) revealed that consumers tend to spend less time shopping for a familiar brand than they do for an unfamiliar brand. Based on that, one might argue that if consumers do not have any knowledge at all about a brand, the family firm notion is more salient, thus holding a more prominent position in the consumers' associative network as it is a point of orientation due to the category-related associations (Blombäck & Brunninge, 2013; Wilkinson & Balmer, 1996) that might be transferred to the unfamiliar brand. The implication of these findings is that the family firm status may be particularly relevant if the consumer is very unfamiliar with the brand. Recent research applying fictitious and thus unfamiliar brands has indeed shown that the family firm status and related attributions of trustworthiness and trust have a strong effect on brand attitudes and intentions (Beck & Kenning, 2015; Lude & Prügl, 2018b). Based on this viewpoint, we hypothesize:

H4b: The effect of family firm reputation on consumers' perceived benevolence and brand trust is negatively moderated by brand familiarity.

Please see Figure 1 for a conceptual model representing our hypotheses.

Insert Figure 1 about here

3. Testing family firms' trust advantage in the context of consumers for real corporate brands

In the following, we present four subsequent studies for our two research questions (see Figure 2).

Insert Figure 2 about here

Each study is structured along (a) study design and measures, (b) sample description, and (c) data analysis and results. While study 1 addresses our first research question by testing the proposed hypotheses, studies 2, 3, and 4 address research question 2, exploring and testing why FFR evokes benevolence perception and brand trust. Figure 3 graphically illustrates the data gathering procedure for the quantitative studies 1, 3, and 4.

Insert Figure 3 about here

3.1. Study 1: Family firm reputation and its effect on consumers' benevolence perceptions, brand trust, and purchase intention

Study design and measures. This study's purpose was to test the effect of a corporate brand with an FFR on consumers' benevolence perceptions, brand trust, and purchase intention by considering effects that occur in real-world purchase decisions (thus taking different degrees of brand familiarity into account). Therefore, three newly introduced products (a typical German snack, a package of high-quality pencils, and a dishwasher) from real corporate brands were used in this randomized online survey. To increase generalizability, each corporate brand and each product varied according to several criteria (e.g., family firm age, communication of family firm nature, family members' involvement in management, product price level, and purchase frequency). To ensure that there were real-world interfering effects with prior brand associations, defined as anything that is linked to the brand in the stakeholder's memory (D. A. Aaker, 1996; Keller, 1993), a minimal degree of participants' brand familiarity was conditional for their participation (i.e., they had to have at least some basic recognition of the brand). Participants' familiarity with the corporate brand was measured by assessing prior experience (single item; adapted from Laroche, Kim, & Zhou, 1996). As this question referred to actual prior behavior, and not a latent construct, and as it covers all options exhaustively, a single item is considered suitable (Diamantopoulos, Sarstedt,

Fuchs, Wilczynski, & Kaiser, 2012; Gardner, Cummings, Dunham, & Pierce, 1998). To assure that the familiarity effect can be traced back to the corporate brand (and not to the product), all products had been about to be introduced (and thus were unknown to the participants at the time of the survey). The products were displayed in a company's advertisement poster to prominently present participants with both the corporate brand and the newly introduced product. After seeing the advertisement, respondents indicated their purchase intentions (two items; adapted from Lowe & Alpert, 2015), perceived uncertainty with the product's quality, trustworthiness (Mayer et al., 1995), brand trust (Erdem & Swait, 1998), and FFR (five items; adapted from Memili, Eddleston, Kellermanns, Zellweger, & Barnett, 2010; Zellweger, Kellermanns, Eddleston, & Memili, 2012). Assessing FFR as the last treatment-affected variable reduced participants' response biases by unfolding the focal research interest in advance. Measuring FFR on a continuous scale allowed us to assess consumers' heterogeneous perceptions of FFR (Beck & Kenning, 2015; Sageder, Mitter, & Feldbauer-Durstmüller, 2018). In line with recent research (e.g., Beck & Kenning, 2015), we argue that consumers do not simply differentiate dichotomously (family firms vs. non-family firms), as the strength of their perception of an FFR varies gradually (which was already suggested by pioneering work; see Micelotta & Raynard, 2011). Finally, after the product-level and corporate-level constructs, individual-level control variables were assessed (e.g., product-class knowledge (Chang, 2004) and socio-demographics). All answers were measured on seven-point Likert-type scales (*1=I totally disagree, 7=I totally agree*) where applicable. All constructs with their operationalization, factor loadings, and reliabilities are depicted in the Appendix.

Sample description. The participants were recruited through a convenience sampling approach and without providing incentives to avoid reward-oriented response behavior. In the final sample (N=119; 54.6% female), with an average age of 29.5 years, 48.7% of the participants were students,

followed by employees (37.0%) and self-employed persons (10.9%).² Germany was chosen as the context for our study because of the long history and prominence of family firms.³ Furthermore, the consistent context increased the internal validity and comparability of the studies, as contextual issues have been shown to substantially influence (family) firm behavior (Welter, 2011; Wright, Chrisman, Chua & Steier, 2014). The sample was negatively tested for a late response bias by comparing the construct means of the first and last thirds of respondents (Armstrong & Overton, 1977).

Data analysis and results. An exploratory factor analysis (principle component analysis; varimax rotation) reveals a five-factor solution representing the included constructs (see Appendix). All items show an MSA (measure of sample adequacy) value above .5 and are suitable for factor analysis. Overall, 86% of the variance is explained (first factor: 22%), not indicating common-method bias (Podsakoff & Organ, 1986). All scales show high reliabilities (>.934) and high factor loadings (>.700). The data further complies with necessary assumptions such as normal distribution according to the Kolmogorov-Smirnov test. No issues regarding multicollinearity or discriminant validity are observable (HTMT < .5). A variance-based structural equation model was estimated with SMART PLS 3 (Ringle, Wende, & Becker, 2015). Please see Table 1 for a summary of the results.

Insert Table 1 about here

Our first model shows a positive effect of FFR on brand trust ($\beta=.370$; $p<.001$) and of brand trust on purchase intention ($\beta=.240$; $p=.002$) supporting hypotheses H1 and H2. Model 2 includes

² In this vein, we have checked for subsample differences between students and other groups. Several t-tests revealed that students did not differ significantly regarding the focal independent variable (FFR). We consider students to be equally consumers of the tested products. Furthermore, we tested for influences of income and age.

³ Germany is a suitable country for our study, as it has one of the highest ratios of family-owned businesses worldwide, with 91% of companies being family controlled (Stiftung Familienunternehmen/Foundation for Family Businesses in Germany, 2011). This indicates that German consumers are at least somewhat familiar with this organizational type. Furthermore, family firms have a long tradition with a high degree of relatively old incumbent companies but also many family firms in their first generations. This potentially increases the variance of consumer perceptions necessary to conduct our studies.

consumers' benevolence perceptions resulting in a positive and significant path from FFR on benevolence ($\beta=.282$; $p=.002$) and further from benevolence on brand trust ($\beta=.537$; $p<.001$). Thereby, the direct path from FFR on brand trust remains positive and significant ($\beta=.208$; $p=.007$), indicating a partial mediation of benevolence. Hence, hypotheses H3 finds support, although no full mediation is observed. Finally, model 3 includes consumers' brand familiarity as a moderating variable to test hypothesis H4. Both moderation effects on the path FFR–brand trust ($\beta=.008$; $p=.914$) and on the path FFR–benevolence ($\beta=.035$; $p=.733$) have non-significant results. Considering the direct effects of brand familiarity, only the effect on brand trust ($\beta=.235$; $p=.001$) results positive, while the effect on benevolence ($\beta=.058$; $p=.502$) also result non-significant. Hence, the results lead to the rejection of hypotheses H4a and H4b as none of the proposed positive or negative moderation effect could be observed. Please find the results of the third model also depicted in Figure 4.

Insert Figure 4 about here

Therefore, this study indicates in the context of real corporate brands that (a) a strong FFR increases consumers' brand trust; (b) consumers' brand trust increases their purchase intention, indicating a transferability of the effect from the corporate to the product level; (c) this effect of FFR on brand trust is partially mediated by consumers' perceived benevolence of the family firm; and (d) while consumers brand familiarity positively influences brand trust, it does not moderate the effects of a strong FFR, indicating an independence of the family firm effect from consumers' prior brand familiarity.

3.2. Study 2: Identifying humanization as an underlying mechanism of the trust advantage of family firms

As subsequent step we wanted to understand the reason for the observed trust effect of an FFR. Therefore, three focus groups were conducted to further understand this phenomenon.

Study design. Focus groups were the preferred instrument over personal interviews as brand images are influenced by interpersonal influences (e.g., peer pressure, social desirability; Powell & Single, 1996). However, we combined the group discussions with participants' individual statements that were not discussed openly (i.e., "funnel approach"; Morgan, 1996) to assess individual opinions as well to better understand what makes family firms perceived to be more trustworthy. The focus groups followed a state-of-the-art procedure (Krueger, 1988). A well-trained moderator led the focus group discussion following a structured guideline. After a warm-up phase to anchor respondents to family firm company brands (vs. product brands), the respondents were asked to indicate their opinions, emotions, and perceptions about family firms in general. After developing a working definition of family firms, the participants were requested to identify specific drivers they considered influential for the associations (positive and negative) of that company type in general and based on two concrete examples. Further questions assessed the relevance of the information that a company is a family firm in purchase situations. Respondents were unaware of the research question, and the moderator was instructed to avoid a one-sided (positive) picture of family firms.

Sample description. Three focus groups were conducted with eight to 11 participants each (overall number of participants N=29). Thereby, one younger ($M_{age}=22.0$), one older ($M_{age}=48.9$), and one mixed-aged ($M_{age}=29.8$) group were recruited, with all groups consisting of 40 to 75% females. We controlled for the degree of urbanization and regional differences by conducting the focus

groups in three German cities with different numbers of inhabitants (<5,000, <50,000, and <250,000). The mean duration of the discussions was approximately two hours (112.3 minutes).

Analysis and results. A three-stage inductive approach was applied to analyze the data: (1) transcription of all statements, (2) coding of the transcriptions by two independent researchers (one from the research team and one from outside) and collection of all aspects regarding the distinctiveness of family firms as compared to non-family firms, and (3) performing a content analysis (Miles & Huberman, 1999) following a procedure similar to Kotlar and De Massis (2013).

Results. Statements included primarily positive (e.g., higher trustworthiness and benevolence) and to a lesser extent also negative (e.g., limited product offerings, small company size, and geographical and financial restrictions) characteristics of family firms (see Table 2 for an overview of the results). Interestingly, all three focus groups identified trustworthiness as the key benefit of family firms compared to their non-family counterparts, reflected for example by one statement from a male participant from group 3: *“For me, communicating that the company is a family firm makes a difference in trust.”*

Next, in analyzing the reasons for this trust advantage of family firms, four categories emerged from the data: a perceived geographical and social proximity of family firms (exemplary statement: *“Non-family firms are not that present.”* [Group 1, female]), its strong human values (exemplary statement: *“Behind [family firms] is always a construct of values that you don’t have in a normal company.”* [Group 3, male]), the perception of “real” people acting and behaving (exemplary statement: *“When thinking about a family firm I do not imagine people in suits but rather something more familial.”* [Group 3, female]), and the personal relationship towards the firm (exemplary statement: *“A family firm is more likable than all these big companies that you don’t know anything about.”* [Group 1, female]). Thereby, these four categories were characteristics *“that you don’t have in a ‘normal’ company”* (Group 3, female).

Insert Table 2 about here

These categories were subsumed under the term *humanization* as they indicate that family firms are rather considered as actual human beings than inanimate organization. Thus, humanizing a family firms does not relate to a specific person (such as the family firm’s owner or manager) but to the company brand itself, which is associated with human characteristics (J. L. Aaker, 1997; Davies, Chun, da Silva, & Roper, 2001; Keller, 1993). Notably, the company was perceived as male rather than female. Friendliness was addressed several times as an important and typical attribute. Thereby, friendliness was mentioned as a major benefit regarding the credibility of family firms in brand management (Group 1, female). If a family firm were gone, participants stated that they would “*miss the friendly welcome and warmth*” (Group 1, female). Moreover, in the individual statements (not discussed in the entire group), participants stated that they associated family firms further as being aware of their responsibilities and having a focus on high-quality products, indicating a perception of hard-working family firm members. Hence, this study concludes that consumers perceive family firms as more trustworthy because they humanize them. This makes it possible to feel a strong relationship toward the organization, leading in turn to higher levels of trust. This is summarized by a male participant from the third focus group, who stated that “*[f]amily firms are more successful because this brand can be much better personalized.*” An individual statement from group 2 also considered family firms as something personal (Group 2, male). Likewise, a woman from group 3 stated, “*When thinking about a family firm, I do not imagine people in suits but rather something more familial.*” In line with this, participants individually associated humanlike attributes (e.g., emotional, socially compatible, friendly, good with kids, and down-to-earth) with the companies. Therefore, the results of the focus groups

support prior findings regarding the existence and importance of a trust advantage and point to humanization as an underlying mechanism for this effect.

3.3. Study 3: Testing humanization as an underlying mechanism of the trust advantage of family firms

Based on the focus groups' insight, we conducted an experimental study to test humanization as an underlying reason for the trust advantage of an FFR.

Study design and measures. As a first step, we put strong emphasis on high internal validity to be able to observe causal effects between the treatment and the resulting brand evaluation without “noise” from brand familiarity. Hence, interfering effects were avoided by conducting an experiment in our laboratory allowing to identify causalities (Cook, Campbell, & Shadish, 2002). Participants were presented with two products (milk packages) from real but unknown brands. The packages were from Austria and thus largely unknown to German consumers (we excluded participants who indicated they already knew the brands). This approach bears two advantages. First, we did not need to create a fictitious product, and second, we avoided confusion as both countries speak the same language (German). The chosen brands were pretested appropriately (two products were selected out of five candidates based on their attractiveness, their trustworthiness, and consumers' purchase intentions toward them). The selected brands had the most similar evaluations with no significant differences (attractiveness: $p=.587$; trustworthiness: $p=.179$; purchase intention: $p=.616$).

The two products were then framed differently (family firm vs. non-family firm), leading to a 2 x 2 within-subjects experimental design, whereby the framing followed a randomized order. The manipulation occurred with additional information about the depicted brands. The description text included identical company information with the only difference being the claim “family company” vs. “company”. Then, the participants had to answer six pairs of human characteristics on a seven-

point semantic differential scale (adapted from Davies et al., 2001). These were selected by a two-step process. First, the most suitable for the description of human beings were selected from each of the five categories presented by Davies et al. (2001) referring to J. L. Aaker (1997). Second, the identified characteristics were evaluated based on the results from our focus groups. Then, six pairs were selected: male–female, honest–not honest, lazy–hardworking, stupid–intelligent, and young–old. Lastly, brand trust was assessed equally to study 1 (Erdem & Swait, 1998); however, one item was excluded as it would have required prior experience with the brand (“Due to my experiences with [company] my expectation is that they keep their promises—not more and not less” (see Appendix). The degree of humanization was assessed by assigning both extreme points of the scale the value of 3 and the middle, 0. This is important as, by that measurement approach, it was irrelevant whether a firm was perceived as young or old, but it *was* important how strongly it was perceived as being either young or old, thus indicating a stronger or weaker humanization of the firm in the minds of the consumers (i.e., a clearer and more tangible picture of the firm as a human being). Finally, sociodemographic data were assessed.

Sample description. A convenience sample of 62 graduate students ($M_{Age} = 21.5$; 45.2% female) from a German university were asked to participate in this laboratory experiment. We controlled for participants with lactose intolerance ($N=4$) as well as for an occupation in family firms ($N=5$). No biases were observed for each of the just-mentioned groups, nor for response order. However, we included both family firm employment and lactose intolerance as control variables.

Data analysis and results: An exploratory factor analysis (PCA with varimax rotation) was conducted with the focal items from the brand trust and humanization scales with varimax rotation. All items were suitable for factor analysis ($MSA > .860$), and a two-factor solution (explained variance=43.7%; and 26.2%) was extracted that reflects both constructs. To test the effect of a family firm’s framing on the perceived brand trust, a regression analysis on the observation level

was conducted including a dummy variable for family firm vs. non-family firm framing while controlling for age, gender (dummy variable), lactose intolerance, and whether the participant was employed in a family firm (see Table 3). Two subsequent models were calculated with brand trust and humanization as dependent variables. Regarding brand trust, the family firm's framing ($\beta=.263; p=.001$) and especially humanization ($\beta=.407; p<.001$) show strong and positive effects. Next, the family firm's manipulation shows a strong effect on humanization ($\beta=.311; p<.001$), indicating a partial mediation.⁴

Insert Table 3 about here

In summary, this study identifies humanization as an underlying mechanism reinforcing the positive effect of a family firm's framing—that is, when participants see a firm as having an FFR—on the brand trust.

3.4. Study 4: Testing humanization as an underlying mechanism for the family firm trust advantage with highly familiar brands

Finally, we wanted to test whether humanization could also be accounted for in a setting with interfering effects of real-world circumstances and a high level of brand familiarity.

Study design and measures. We chose a critical incident approach similar to the technique applied by Orth and Green (2009), which has the benefits that consumers can make their judgements based on real experiences they are recalling and that effects arising from a single company can be avoided. In this online study, participants first needed to name one company that they personally considered to be the best-known family firm in Germany. This question was selected because it does not limit the set of named companies to such that are liked by the participants (i.e., asking for their favorite

⁴ To validate the mediation, a moderation effect of the family firm framing dummy with humanization was conducted, leading to non-significant effects ($\beta=-.159; p<.001$) (Baron & Kenny, 1986).

family firm would have led to this bias). Next, respondents were asked the degree to which they perceived that the named company is a family firm (three items), the degree of humanization (three items: friendly–unfriendly; lazy–hardworking; dishonest–honest)⁵, and their perception of the firm’s benevolence (five items) on the same scales as in studies 1 and 3. Finally, socio-demographics were assessed (see Appendix).

Sample description. A total sample of 79 participants (41.8% female) answered this short online survey. Most participants were students (51.9%), followed by employees (31.6%). No differences regarding the focal constructs could be observed among the different groups, and no late response bias could be observed.

Data analysis and results. An exploratory factor analysis with PCA and varimax rotation was conducted. One (reversed-coded) item from the benevolence construct needed to be excluded due to an MSA value of .3. The resulting three-factor solution perfectly reflects FFR, benevolence, and humanization. Factors are responsible for between 16 and 32% of the overall explained variance (=73%), not indicating strong issues regarding a common-method bias. Before testing our hypotheses, an in-depth item analysis was conducted to validate the suitability of the critical incident approach. Most of the stated companies were in the food sector (n=39), followed by the automotive industry (n=9) and retail (n=9). Other industries (in decreasing order) were engineering (n=5), textiles (n=5), consumer goods (n=3), media (n=2), chemistry (n=1), and other (n=6), underscoring the large variance. The degree to which the named family firm is considered a family firm varies substantially in line with our rationales on the heterogeneity of FFRs (mean=3.96; SD=1.49).

⁵ Several t-tests in study 3 revealed differences in the evaluation of the humanization attributes. Family firms were significantly considered as more honest, friendlier, and harder-working than their non-family counterparts. As study 4 only considered family firms, we decided to reduce the scale to the most relevant items (CR=.702; AVE=.468).

A variance-based structural equation model with SMART PLS 3.0 (Ringle et al., 2015) was used to test the mediating role of humanization (see Table 4 for a summary of the results). We first observe a positive effect of FFR on perceived benevolence ($\beta=.362$; $p<.001$) without including humanization in the model. When including humanization as a mediating variable, this effect becomes weaker but remains significant ($\beta=.243$; $p=.025$). Moreover, FFR has a positive and stronger effect on humanization ($\beta=.364$; $p<.001$), and humanization in turn on benevolence ($\beta=.312$; $p=.008$), indicating a small indirect effect of FFR on benevolence.

Insert Table 4 about here

4. Discussion

Two research questions regarding our understanding of the family firm trust advantage arose from our literature review's uncovering relevant research gaps: (1) Does the trust attribution related to a strong family firm reputation persist for *real* corporate brands, in turn affecting consumers' purchase intentions, and how does the degree of familiarity with these real corporate brands impact trust perceptions and purchase intention? (2) *Why* do family firms have a trust advantage? Four subsequent studies were conducted to contribute initial answers to the research community and the practitioners.

Regarding the first question, study 1 revealed meaningful insights. First, a strong FFR increases consumers' brand trust, which in turn increases their purchase intentions, indicating a transferability of the effect from the corporate to the product level. Second, the effect of FFR on brand trust is partially mediated by consumers' perception of the family firm's benevolence, leading to direct and indirect effects of FFR on brand trust. Third, while consumers' brand familiarity positively influences brand trust, it does not moderate the effects of a strong FFR, indicating an independence of the family firm effect from consumers' prior brand familiarity.

These findings regarding our first research question contribute to theory and practice in several ways. First, we apply rationales grounded in stakeholder theory in a cross-level setting, adding to the understanding of organizational trust beyond a single level of consideration (Fulmer & Gelfand, 2012) as we look at the individual-to-organization level (in line with Hauswald & Hack, 2013). Second, by showing that benevolence is a key antecedent to brand trust that is triggered by the perception of a company as family firm, we add to the understanding of the trust advantage of this category of firms compared to their non-family counterparts. Third, these findings indicate that building an FFR can also increase purchase intention via the increased levels of brand trust evoked by a strong FFR.

Regarding our second and exploratory research question, study 2 identified and study 3 tested humanization as an underlying mechanism partially mediating the positive effect of an FFR on consumers' perceived brand trust in a controlled experimental setting. Study 4 then shows that this observed mediation effect can also be found in real-world settings with interfering brand associations, familiarities, and industries. Accordingly, studies 3 and 4 positively tested humanization as an underlying cognitive mechanism in the mind of the consumers by identifying that it partially mediates the effect of an FFR on consumers' benevolence perceptions and brand trust of a family firm.

Therefore, this exploratory finding provides one explanation why the reported trust advantage occurs: the humanization of the brand by consumers. Humanization seems to be independent of a particular firm but rather related to the category of family firms. This also offers a possible explanation for the non-significant effect of brand familiarity observed in study 1. In line with previous studies relying on fictitious brands (e.g., Lude & Prüggl, 2018a,b) or the family firm category (e.g., Binz et al., 2013), a strong FFR leads to increased benevolence perceptions and

brand trust in the context of real brands as well, which seems to be triggered by consumers' humanization of the firm.

For marketers and family firm managers, these findings hold meaningful implications. First, that the trust advantage also holds in the context of real brands and thus affects purchase intentions in real-world settings emphasizes the opportunities inherent in creating a strong FFR. Although already assumed by prior research (e.g., Binz Astrachan & Botero, 2017), our findings provide further evidence of family firms' trust advantage over their non-family counterparts. Second, our findings also indicate that brand familiarity does not intervene with the effects of a strong FFR on benevolence and brand trust. Therefore, creating a strong FFR can be considered important for addressing potential customers as well as for the existing customer base. Third, by identifying humanization as one explanation for the trust advantage, marketers will be better able to handle this effect. Our results support the prevalent suggestion that communicating the family nature of the firm positively influences consumers' brand trust and its antecedent, perceived benevolence, directly. But we extend this knowledge by pointing out a reinforcing way to foster this effect: through humanization. By emphasizing the "human qualities" of family firms, thus strengthening the perception of consumers of this organizational form as a human being, family firms might be even better able to leverage their trust effect.

5. Limitations and future research

While this study provides meaningful insights on understanding the trust advantage of family firms under different brand familiarity conditions, our work has generated several questions for further research efforts. First, when studying effects of brand familiarity, it is necessary to use real brands (Low & Lamb, 2000; Reast, 2005; Sinn, Milberg, Epstein, & Goodstein, 2007). This approach holds the additional advantage of observing the effects of a focal construct (in our case FFR) in the light of intervening brand associations (D. A. Aaker, 1996; Keller, 1993) as well as the avoidance

of external validity issues (Klink & Smith, 2001; Martinez & De Chernatony, 2004). Second, while we identified and tested humanization as an underlying cognitive mechanism explaining the trust advantage of family firms, we do not claim to provide an exhaustive explanation. We rather suggest that humanization is *one* out of many possible underlying mechanisms. However, understanding why family firms hold a trust advantage is crucial for marketers to fully leverage this effect. Therefore, we want to encourage future studies to continue exploring mechanisms triggering the trust advantage on behalf of consumers as well as other stakeholders. Third, our research efforts were directed towards the understanding of consumers' perceptions of family firms. However, these insights cannot be transferred to other stakeholder groups due to differences in their expectations and interests (Donaldson & Preston, 1995; Schneper & Guillén, 2004). This is particularly interesting, as individual stakeholders might vary in the valence of their perceptions of family firms. Therefore, to increase generalizability and to identify further cognitive mechanisms, future studies need to address other stakeholder groups, other contexts (such as B2B family firms), and other countries.

6. Contributions and conclusion

Overall, this paper makes two contributions to stakeholder theory and organizational trust theory, as stakeholder theory so far has been primarily applied to focus on trust among members of the focal organization (e.g., Cruz et al., 2010), leaving the trust attributions of major stakeholders to the focal organization largely unexplored. That is important, as stakeholder theory finds that stakeholders differ greatly in their expectations and interests (Donaldson & Preston, 1995; Schneper & Guillén, 2004). In this paper, it was shown that trust attributions of major external stakeholders (consumers) do depend on the strength of attribution of a specific characteristic of the focal firm (in our case, the reputation of being a family firm).

Second, we add to the body of research focusing on benevolence in organizational-level research (Hauswald & Hack, 2013). Benevolence, being an antecedent of trust, is a particularly relevant dimension of trustworthiness in the context of real and familiar brands as its relative importance (in comparison to ability and integrity) is assumed to increase over time (Mayer et al., 1995; Schoorman et al., 2007). Our data support that view by clearly showing that benevolence perceptions are a strong driver of brand trust in the context of real corporate brands. Furthermore, one of the shortcomings in many of the current studies on trust is that it is limited to the relationships at a single level of analysis, considering dyadic trust relationships between individuals, teams, or organizations (Fulmer & Gelfand, 2012; Schoorman et al., 2007). In this study, we applied a cross-level analysis with the trustor at the individual level of a stakeholder group (in our case, consumers) while the trustee is located at the organizational level (in our case, a family firm). Thus, we avoided difficulties that can arise in the absence of a clear multilevel conceptual model (Fulmer & Gelfand, 2012; Rousseau, 1985), as our analysis clearly focuses on the individual-to-organization-level.

In a nutshell, the family firm research community has made considerable contributions to the understanding of reasons for and consequences of branding a company as family firm. This study undertakes an initial effort toward an understanding of the underlying cognitive processes in the minds of stakeholders for the observed effects of FFR. Furthermore, it illuminates the effects of a FFR on consumers' brand trust in real-world settings when the stakeholders are already familiar with the family firm brands. We hope that our research will stimulate further exploration of that direction within the important but still under researched area of family firm branding.

Tables

Table 1: Path coefficients, significance levels, and model fit of study 1

Path in SEM		Model 1		Model 2		Model 3		All Models
IV / Construct	DV	Path coef.	t-value	Path coef.	t-value	Path coef.	t-value	AVE
FFR	Trust	.370***	4.516	.208**	2.719	0.154*	1.988	
Trust	PI	.240**	3.122	.238**	3.152	0.237**	3.097	
Age	Trust	-.384**	3.179	-.242*	2.282	-0.254**	2.709	
Gender	Trust	-.113	1.402	-.125	1.927	-0.169*	2.548	
Entrep. Backg.	Trust	.289**	2.589	.220	1.928	0.207*	2.114	
Uncertainty	PI	-.057	0.722	-.058	0.725	-0.058	0.737	
PCK	PI	.040	0.398	.041	0.403	0.041	0.412	
Group 2_Dummy	PI	.642***	6.275	.642***	6.066	0.642***	6.120	
Group 3_Dummy	PI	.319**	2.870	.319**	2.840	0.320**	2.857	
FFR	Ben.			.282**	3.150	0.265**	2.779	
Benevolence	Trust			.537***	8.098	0.524***	8.208	
Familiarity	Trust					0.235**	3.481	
FFR*Familiarity	Trust					0.008	0.109	
Familiarity	Ben.					0.058	0.671	
FFR*Familiarity	Ben.					0.035	0.341	
FFR								.778
Benevolence (R ²)				(.079)		(.083)		.789
Trust (R ²)		(.250)		(.494)		(.542)		.745
PI (R ²)		(.369)		(.368)		(.368)		.897
PCK								.784
NFI sat. (est.)		.824 (.825)		.802 (.798)		.798 (.797)		
SRMR sat. (est.)		.057 (.078)		.058 (.093)		.057 (.087)		

Please note: N=119. FFR=Family Firm Reputation; Trust=Brand Trust; PI=Purchase Intention; Entrep. Backg. = Entrepreneurial Background; PCK=Product Class Knowledge; Ben=Benevolence; AVE=Average Variance Extracted; SRMR=Standardized Root Mean Square Residual. NFI=Normed Fit Index. AVE values do not change between the models. *** p < .001; ** p < .01; *p < .05; p- and t-values based on bootstrapping with 5000 subsamples.

Table 2: Results of focus groups (study 2)

Exemplary first-order statements [group (gender)]	Valence* (-, o, +)	Second-order construct	Focal concept
The fact that it is a family firm is important for important topics —for building, nutrition. Where it is important that you don't buy low-quality things. [1 (f)]	+		
Family firms are more credible. What they say is trustworthy . [1 (m)]	+		
The credibility , the fact that you buy a product rather from a family firm than from another company makes family firms successful in their brand communication. [2 (m)]	+		
It is harder for family firms to make unpopular managerial decisions due to the public control . [2 (m)]	-		Trustworthiness
If I buy my screws from [a local family firm], I think that they are good . [3 (f)]	+		
For me, communicating that the company is a family firm makes a difference in trust . [3 (m)]	+		
The relevance of the information, that the company is a family firm depends on what you want to buy. If it is a long-term investment or good, it is more important. [3 (f)]	o		
If the company is known in the region , if you know it better—this is what counts for family firms. [1 (m)]	+		
Family firms are closer and more present than the super big companies. Here the boss is simply closer. [1 (f)]	o		
Family firms are communicating their closeness to the customer. [1 (m)]	+		
Family businesses remain regional, they do not seek expansion . [2 (m)]	-	Geographical and social proximity	
You simply know what is true and what isn't. With family firms, you have the trust that you know them compared to others that are different. [1 (m)]	+		
Non-family firms are not that present . [1 (f)]	o		
The personal relationship would be gone if a family firm would be bought by a non-family firm. [1 (m)]	+		Perceived humanization of the family firm
Family firms don't want what the majority wants but what their customers want. [3 (m)]	+		
I like it if he has a social attitude. Social engagement . [1 (f)]	+		
I do believe that there is a difference between family firms and normal companies. Behind [family firms] is always a construct of values that you don't have in a normal company ." [3 (m)]	o		
Family firms make an effort so that you feel comfortable . [1 (f)]	+		Human values
Family firms are more minimalist – they prioritize price and quality. The ambience is less relevant. [1 (f)]	-		
If a family firm would disappear I would miss the friendly welcome and the warmth . [1 (f)]	+		
Family firms are the soul of the economy. [2 (f)]	+		
In family firms "the people still stand by something" . [2 (f)]	o		

Table 2 (continued): Results of focus groups (study 2)

First-order statements [group (gender)]	Valence ^a (-, 0, +)	Second-order constructs	Focal concept
The staff that helps the company makes brand management more successful. [1 (f)]	+		
You know who is behind it. In big companies you don't know who manages them. [1 (f)]	0		
In family firms the people still stand by something. [2 (f)]	0		
Family firms' management might be less democratic with more rights for the family owner. [2 (m)]	-	'Real' people's actions & behaviors	
When thinking about a family firm I do not imagine people in suits but rather something more familial . [3 (f)]	0		
Sometimes they [family members] fight each other. They are a family. [3 (m)]	-		
The difference between family firms and others lies in "the personality ." [1 (f)]	0		
If something bad happens then [the owner] is liable with his name and of course no family firm wants that. [1 (f)]	+		Perceived humanization of the family firm
Family firms have a more personal HR management . [2 (m)]	0		
I would miss a family firm if I had a personal relationship . [3 (f)]	+		
Family firms are important for regional food. It is important because I know it comes from farmer XYZ . This is great. [2 (m)]	+		
My family, for example, knows a carpenter and then it is more pleasant to go to a family firm for these products. Just because you know the person. So, you also know to whom you can go to complain if something happens. There is just more trust. [3 (m)]	+	Personal relationship	
Strengths of the brand management in family firms are friendliness and personality and the relationship to the customer . [1 (f)]	+		
A family firm is more likable than all these big companies that you don't know anything about. [1 (f)]	+		

Please note: N=29. First-order statements and derived second-order constructs that are identified as influencing the perceived trustworthiness as distinctive element of family firms (vs. non-family firms).

^a Valence refers to the connotation of participants' statements partially based on the context of the statement

Table 3: Regression analyses results for study 3

Construct	Dependent Variable	Stand. Coef. β	Unstand. Coef. (std. error)	p-values	t-values	R ²
	Brand Trust					.583
FF manipulation		.263	.636 (.192)	.001**	3.315	
Humanization		.407	.853 (.169)	.000***	5.059	
Age		-.148	-.117 (.064)	.070	-1.830	
Gender		.016	.039 (.194)	.841	.200	
FF-employed		.079	.353 (.345)	.308	1.023	
Lactose intol.		.047	.231 (.393)	.558	.588	
	Humanization					.360
FF manipulation		.311	.360 (.099)	.000***	3.625	
Age		-.107	-.041 (.035)	.245	-1.169	
Gender		.124	.144 (.105)	.175	1.365	
FF-employed		.003	.006 (.188)	.973	.034	
Lactose intol.		-.002	-.004 (.099)	.985	-.019	

Please note: N=126 (two observations per participant). Dummy coding: family firm manipulation: 0=non-family firm; 1=family firm; gender: male=0; female=1. All variance inflation factors <1.2.

Table 4: Path coefficients, significance levels, and model fit of study 4

Path in SEM		Model 1		Model 2		All Models
IV / Construct	DV	Path coef.	t-value	Path coef.	t-value	AVE
FFR	Benevolence	.362***	3.861	.243*	2.235	
Age	Benevolence	-.217	1.596	-.193	1.481	
Gender	Benevolence	-.091	0.771	-.120	1.104	
FFR	Humanization			.364***	4.013	
Humanization	Benevolence			.312**	2.665	
FFR						
	Benevolence (R ²)		(.165)		(.245)	.783
	Humanization (R ²)				(.132)	.468
	NFI sat. (est.)	.822	(.822)	.736	(.735)	
	SRMR sat. (est.)	.077	(.077)	.093	(.095)	

Please note: N=79. AVE values do not change between the models. *** p < .001; ** p < .01; *p < .05; p- and t-values based on bootstrapping with 5000 subsamples.

Figures

Figure 1: The consumer's perception of family firm reputation on brand trust and purchase intention

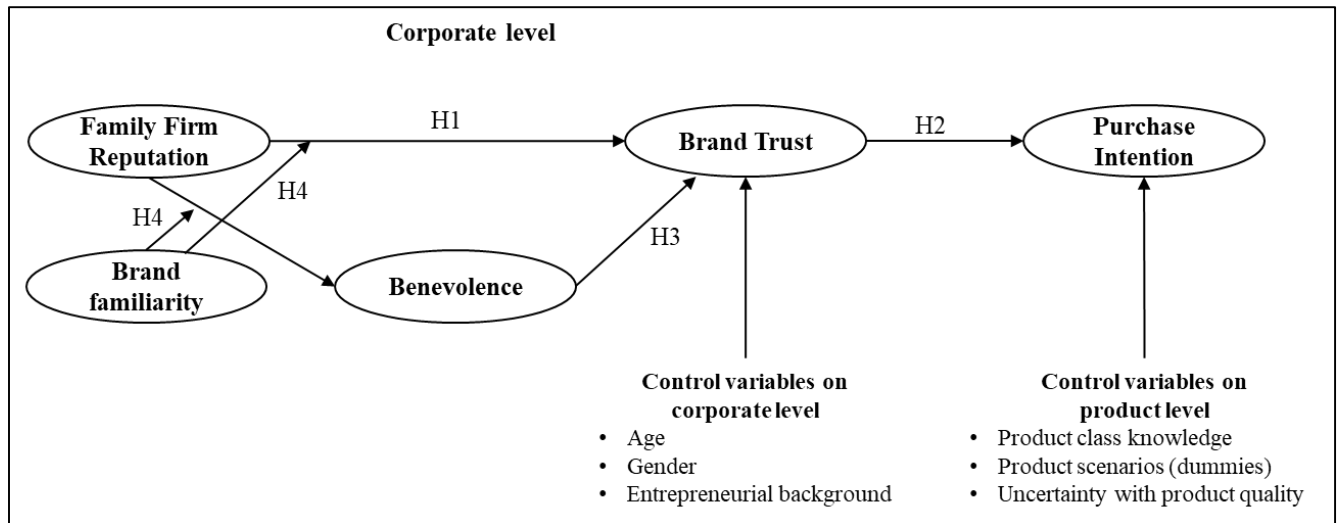


Figure 2: Overview of studies

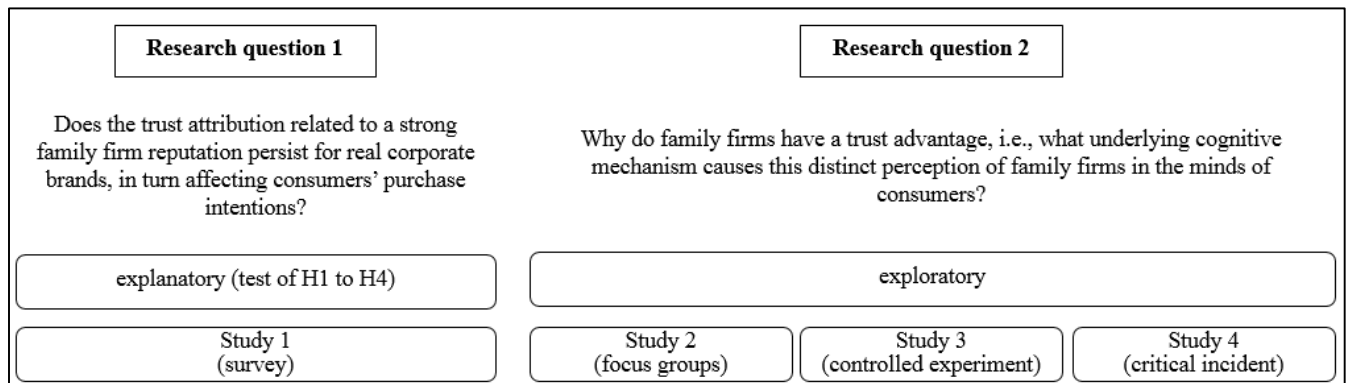


Figure 3: Graphical illustration of the quantitative study processes of studies 1, 3, and 4

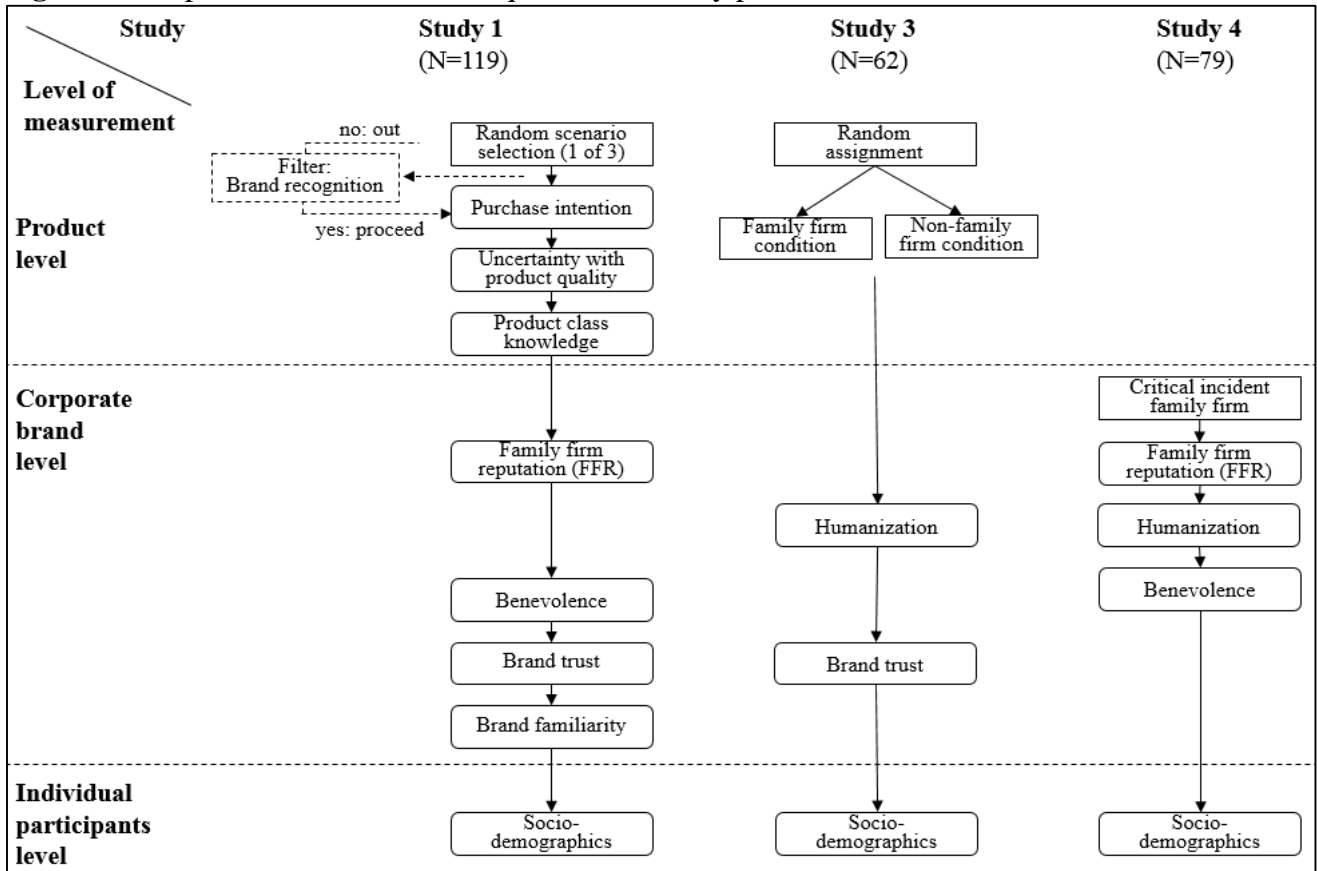
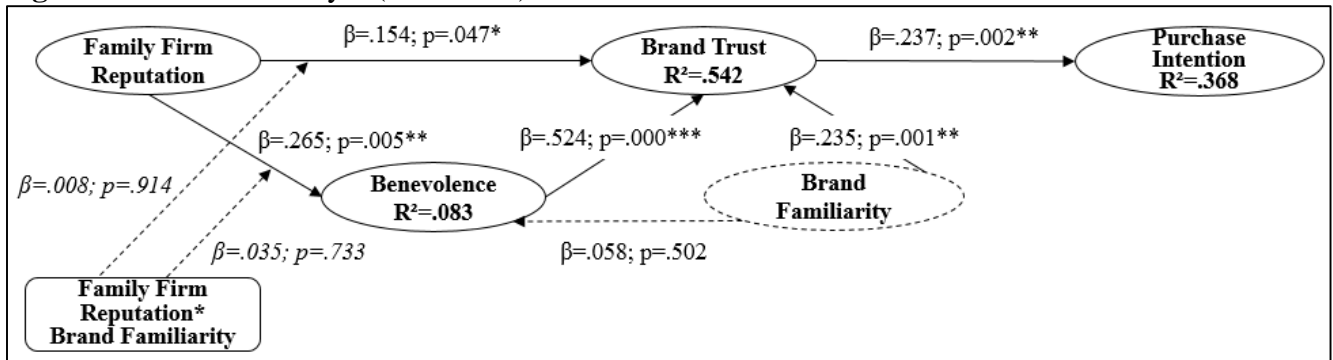


Figure 4: Results of study 3 (full model)



Please note: Dashed lines indicate non-significant paths. Solid lines indicate significant paths.

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Appendix: Measures, reliability, and item loadings for quantitative studies 1, 3, and 4

Construct (Source)	Composite Reliability	Outer Loading^b	Item
Benevolence (Mayer et al., 1995)	.937	.863	[Company] is very concerned about my welfare.
		.879	My needs and desires are very important to [company].
		.552	[Company] would not knowingly do anything to hurt me. ^c
		.905	[Company] really looks out for what is important to me.
		.906	[Company] will go out of its way to help me.
Brand Trust (Erdem & Swait, 1998)	.936	.916	[Company] delivers what it promises.
		.888	[Company's] product claims are believable
		.810	Due to my experiences with [company] my expectation is that they keep their promises – not more and not less. ^d
		.904	[Company] has a name you can trust.
		.791	[Company] doesn't pretend to be something it isn't
Family Firm Reputation (adapted from Memili et al., 2010)	.944	.961	For me, [company] is a family firm. ^e
		.920	I perceive [company] as a family firm.
		.565	[Company] communicates through its promotional material that it is a family firm. ^e
		.959	I would describe [company] as a family firm.
		.934	For me, [company] is a typical family firm.
Product Class Knowledge (Chang, 2004)	.935	.919	I know a lot about [product class]
		.908	I would consider myself an expert in terms of knowledge of [product class]
		.834	I know more about [product class] than my friends do.
		.878	I usually pay a lot of attention to information about [product class]
Uncertainty	<i>Single item</i>	1.000	How uncertain are you with regard to the product's quality?
Brand familiarity	<i>Single item</i>	1.000	How familiar is the company [company name] to you? ^f
Purchase Intention^a	.946	.946	Could you imagine yourself buying this product?
		.948	Would you buy this product?
Humanization^g (adapted from Davies et al., 2001)	.669	.801	Male – female ^e
		.808	Young – old ^e
		.623	Dishonest – honest
		.703	Stupid – intelligent ^e
		.636	Unfriendly – friendly
		.661	Lazy – hard-working

N=119, respectively N=62 for Humanization

^a The questions were preceded by the following statement to increase external validity: "Please imagine you are currently looking for [this type of product]. Then you see this product."

^b All items measured on a seven-point Likert-type scale: (e.g., 1=I totally disagree; 7=I totally agree).

^c Item was excluded due to a low discriminant validity during the EFA in study 1.

^d Item not included in Study 3. ^e Item not included in Study 4.

^f Five response options: 1= I have never heard of [company]; 2= I have heard of [company], but never bought a product; 3= It may be that I have already bought a product from [company], but I'm not sure; 4= I've bought a product from [company] in the past, but not often; 5= I have often bought products from [company] in the past.

^g Values extracted from Study 3 data. Reliability indicated by Cronbach's alpha. Factor loading extracted by EFA with varimax rotation.