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Decoding the chain of effects of family firm image on consumer behaviour

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## Abstract

While there has been plenty of research around family firm governance and management, less is known about the way in which family firm image is perceived by consumers. This research aims at filling the gap by investigating the chained links between family firm status and image, and the key brand elements identified by extant literature. The hypotheses are tested through an application to the wine industry with a sample of over 1,500 wine drinkers residing in Australia, Italy, and the United States. The results reveal several linkages between the distinctive family nature of a business and the loyalty of consumers. All brand knowledge constructs are positively affected by family firm image, and influence brand trust and satisfaction. Individual path coefficients highlight differences between countries. Evidence regarding the cultural interdependencies provides guidance for policy makers. Practitioners can consider this research when defining the relationship with consumers of family firms.

*Keywords:* family firm image; family business; brand equity; consumer behaviour; structural equation modelling; wine

43 **1 Introduction**

44 Family firms play a central role in the world economy and are a main driver of job  
45 creation, even in highly industrialised nations (Astrachan & Shanker, 2003; Klein, 2000).  
46 Moreover, the literature seems to attribute several positive aspects to this type of firm  
47 (Arregle, Hitt, Sirmon, & Very, 2007). These favourable aspects are often explained by the  
48 strong link between ownership and control in a business, which reduces the presence of  
49 agency problems (Aronoff & Ward, 1995). However, like other firms that are embedded in an  
50 ever-globalising environment, family firms face increasing competition from various players  
51 in the marketplace. For example, given that most family firms are small and medium  
52 companies, these businesses may be at a relative disadvantage with respect to their access to  
53 capital (Gallucci, Santulli, & Calabrò, 2015) and hence face more severe financial constraints  
54 than non-family companies and publicly-traded companies. Family firms not only differ from  
55 their non-family competitors (Gedajlovic, Carney, Chrisman, & Kellermanns, 2012) but also  
56 are a highly heterogeneous category of businesses themselves (Daspit, Chrisman, Sharma,  
57 Pearson, & Mahto, 2018). This heterogeneity is reflected by the fact that some businesses opt  
58 to openly communicate their family identity, while other businesses do not communicate such  
59 family references publicly.

60 In the same way that studies have pointed out favourable behavioural traits of family  
61 firms towards their stakeholders, consumers may perceive these differences and hold  
62 favourable associations regarding this type of firm. This fact raises the question of whether a  
63 common image of the family firms exists in consumers' minds. Keller (1993) argues that  
64 whenever stakeholders are aware of a brand and hold positive associations regarding this  
65 brand, brand equity is created. It is further suggested that brands can be characterised as  
66 specific sets of associations that are distinctive from one another and hence serve as a means

67 of differentiation in the marketplace. Blombäck (2011) provides the theoretic foundation for  
68 how such distinctive characteristics may derive from the family nature of a business. Indeed,  
69 according to Binz, Hair, Pieper and Baldauf (2013), consumers attribute some relational and  
70 business qualities to family firms that set them apart from their non-family counterparts.  
71 Therefore, family firm image may be linked to meaningful associations that influence  
72 consumer behaviour, and a family firm's status and its active communication can be a  
73 strategic resource in the marketplace for this type of businesses (Blombäck, 2009; Esch,  
74 Langner, Schmitt, & Geus, 2006).

75         While the internal characteristics of family firms, such as the governance of the  
76 business and further organisational features, are well known, particular research gaps exist in  
77 relation to family firm image. Beck (2016) has shown in a recent structured review  
78 concerning brand management of family firms that much past research has focused on  
79 conceptual papers and business-related studies. However, consumer studies have been scarce  
80 in the past. Despite pioneering theoretical contributions (i.e. Blombäck, 2009, 2010, 2011),  
81 much evidence in the past has been anecdotal (Blombäck & Botero, 2013; Orth & Green,  
82 2009). Scholars have only recently begun to focus more attention on investigating consumer  
83 perceptions of family firms and the related issues of branding (Astrachan Binz, Botero,  
84 Astrachan, & Prügl, 2018). To date, only a few applied studies exist in the field. Most  
85 recently, Lude and Prügl (2018) have highlighted the preference of consumers for family firm  
86 brands in experimental consumer studies. However, little knowledge of the factors that  
87 constitute this consumer preference for family firms exists (Sageder, Mitter, & Feldbauer-  
88 Durstmüller, 2018). More importantly, no validated framework that provides a single  
89 structural approach to modelling the effect of family firm status on behavioural outcomes has  
90 been developed by scholarly research (Felden, Fischer, Graffius, & Marwede, 2016). In  
91 addition, it is also unknown how influencing factors may exhibit heterogeneity with respect to

92 the cultural background of different countries. Babin et al. (2017) state that furthering the  
93 knowledge related to the identity and the branding of family firms and its related  
94 communication to stakeholders is highly relevant for future research.

95 In light of the points presented above, this research investigated the chained links  
96 between the informational cue 'family firm status' and brand associations, which have been  
97 identified as relevant drivers of consumer behaviour. Although some of these links have  
98 already been established by prior studies, a comprehensive theory-grounded model is  
99 proposed and validated for the first time in this paper.

100 A structural framework of how family firm identity affects behavioural outcomes was  
101 applied to consumers, since they represent a key stakeholder group for many small and  
102 medium companies. The structural framework of this study was derived from previously  
103 validated frameworks in the fields of marketing (Chaudhuri & Holbrook, 2001), brand (Esch  
104 et al., 2006) and family firm research (Sageder et al., 2018). The application of this  
105 framework was performed on the wine category since it represents a highly branded product  
106 category with considerable presence of both family and corporate wineries. The sample  
107 included consumers residing in three different countries, Australia, Italy and the United States  
108 (US), to extend the generalisability of the findings.

109 This research addresses significant knowledge gaps since, to date, little consumer-  
110 focused research exists in the field of family business research. The findings will not only fill  
111 academic gaps but also address recent requests for brand management research by  
112 practitioners in the family business context, such as family business consultants and managers  
113 (Beck, 2016). Finally, the results will also help businesses understand the behavioural effects  
114 that key brand elements evoke in consumers and generate an understanding of the chain of  
115 effects on how family firms develop customer-based brand equity.

## 2 Literature Review

This study provides insight into the question of how customer-based brand equity occurs in family firms. It synthesises previously validated frameworks by Chaudhuri and Holbrook (2001) and Esch et al. (2006), who established the effect of brand image and brand knowledge on behavioural outcomes in consumers. A meta-analysis of Sageder et al. (2018) further identifies relevant constructs of consumer-based brand image in family firms. Many of these constructs overlap with notable characteristics of price premia in the premium food sector (Anselmsson, Bondesson, & Johansson, 2014). The aforementioned contributions serve as the foundation of the present study.

This study's framework is founded on the concepts of value and branding. Particular emphasis is placed on specific links to hedonic products. Premium wine is the chosen product category of application because it is associated with hedonic characteristics.

### 2.1 Value of Products

Theory about the value of products is linked to literature on branding. Keller (1993) points out the three benefits from which brands and products derive their value: functional, experiential and symbolic benefits. For hedonic products, such as wine, experiential and symbolic benefits are of particular value (Charters & Pettigrew, 2005). The underlying process of product valuation is characterised by high complexity and also needs to be considered from a sociological angle. Another phenomenon linked to the valuation of products is asymmetric information. In many situations, agents are not able to assess the intrinsic quality of a product at the time of purchase. Hence, brands play a specific signalling role for intrinsic product characteristics. In situations of high uncertainty, brands can reduce the cost of information through their signalling function and generate additional value for agents (Erdem, Swait, & Valenzuela, 2006). While this aspect relates mainly to functional and experiential benefits, Beckert, Rössel and Schenk (2017) argue that the economic valuation of

141 products is based not only on the aforementioned objectively measurable intrinsic qualities,  
142 but also on symbolic benefits. Symbolic characteristics stem from a complex sociological  
143 process that takes place in the field of cultural production (Bourdieu, 1996). It is argued that  
144 particular symbolic criteria, such as artisanship, tradition and individualism, have been  
145 gaining more importance for consumers (Maguire, 2018). In particular, products that emanate  
146 from a production process that can hardly be standardised require an understanding of these  
147 factors, as in the case of luxury wines (Beverland, 2005).

## 148 **2.2 The Family Nature of Firms and Brands**

149 Many definitions of the family firm exist in the literature. When synthesising the  
150 consensus of this existing body of literature, the following definition is formed: A family firm  
151 is a business that is owned and operated by members of a family (related by blood or  
152 marriage) and in which decision-making is influenced by one or more family generations  
153 (Westhead & Cowling, 1998). This definition underscores the unique pooling of ownership  
154 and control, which is the central revolving motive in these firms and a major source of their  
155 distinctive organisational identity (Sharma, 2008). It can further be constituted that this hybrid  
156 identity of family firms results in a higher concern about their reputation in the public  
157 compared with their non-family counterparts (Dyer & Whetten, 2006). This is also owed to  
158 family firms' focus on normative values (Bingham, Dyer, Smith, & Adams, 2011). One  
159 example is the fiduciary responsibility towards long-lived assets, which originates in the  
160 trans-generational vision of these companies. This ability to plan across long periods of time  
161 ahead is often an element in non-family businesses, where leaders must carefully consider  
162 their performance in the short term. The above sentences exemplify that family firms exhibit a  
163 differential behaviour in the marketplace through idiosyncratic interaction of family and  
164 business subsystems. This can be perceived by consumers and ultimately influences their  
165 behavioural outcomes through different relationships with these companies. Nonetheless,



166 heterogeneity may not only exist between family and corporate firms but also within the  
167 group of family firms. For this reason, Beck and Kenning (2015) highlight the importance of  
168 considering the degree to which a business is perceived to be a family firm from a consumer  
169 perspective (family firm status). The above-mentioned points lead to the fundamental first  
170 hypothesis of this study, which tests whether consumers distinctively perceive actual family  
171 firms as such:

172 – Family firm status positively affects family firm image (Hypothesis 1).

173 Differences exist between family and non-family firms from a business point of view.  
174 However, also from a consumer point of view perceptual differences are associated between  
175 these groups. The characteristic of family firms is drawn from human associative memory  
176 theory: The word family is linked to a multitude of meaningful experiences throughout human  
177 life and represents a concept of high relevance for humans (Beck & Kenning, 2015). In the  
178 human mind, many and meaningful associations are triggered when external stimuli of the  
179 family concept are present. This is an important aspect since not all associations with brands  
180 are of equal importance for humans (French & Smith, 2013). The powerful advantage of the  
181 family attribute resides in the fact that associated elements are a mix of everyday experiences,  
182 which at the same time reflect meanings central to an individual's life. Fournier (1998) argues  
183 that such 'lived experiences' enable brand attributes (in the context of this paper, the family  
184 attribute) to transcend category-specific themes and generate a strong consumer-relevant  
185 purpose of a brand that parallels a person's individual life (p. 367). This is in line with Esch  
186 (2008), who makes the point that strong brands evoke associations that are linked to intense  
187 emotions and images. The following section explains relevant elements of customer-based  
188 brand equity in family firms.

### 189 **2.3 Customer-based Brand Equity**

190 Customer-based brand equity is defined as the ‘differential effect of brand knowledge  
191 on customer response to the marketing of the brand’ (Keller, 1993, p. 2). According to the  
192 model proposed by Esch et al. (2006), the customer response originates in brand knowledge  
193 and is mediated by brand relationship. While the relationship between brand relationship and  
194 behavioural outcomes is well developed in the literature (Chaudhuri & Holbrook, 2001), less  
195 knowledge exists on its antecedents. The conceptual work of Esch et al. (2006) provided the  
196 foundation to investigate further how customer-based brand equity is derived from brand  
197 knowledge.

198 Brand knowledge is constituted from brand awareness and brand image (Esch et al.,  
199 2006; Keller, 1993), with brand awareness being a necessary precondition to brand image.  
200 Brand image is defined as the ‘perceptions about a brand as reflected by the brand  
201 associations held in consumer memory’ (Keller, 1993, p. 13) and hence is a multifaceted  
202 construct that represents the actual influencing element of brand relationship. In the literature  
203 it is assumed that family firms are ‘a special type of company with typical associations’  
204 (Sageder et al., 2018, p. 348). Since this study investigated wine, specific consideration was  
205 given to prior research in the food and drink category (Anselmsson et al., 2014). The  
206 following seven key attributes that influence brand relationship have been identified as core  
207 distinctive elements in family firms (Sageder et al., 2018): uniqueness, social image,  
208 perceived quality, localness, corporate social responsibility, long-term orientation and  
209 customer orientation.

210 Perceived customer orientation is an important element of a firm’s perceived image  
211 (Walsh & Beatty, 2007). The beneficial effects of customer orientation on trust and  
212 satisfaction is well outlined in a body of literature (Swanson, Kelley, & Dorsch, 1998; Walsh  
213 & Beatty, 2007). Family firms are considered to show strong relational qualities, such as

214 customer orientation (Craig, Dibrell, & Davis, 2008; Tokarczyk, Hansen, Green, & Down,  
215 2007), which creates a competitive advantage for these firms in the marketplace. Finally, the  
216 study tested the following hypotheses:

- 217 – Family firm image positively affects customer orientation (Hypothesis 2).
- 218 – Customer orientation positively affects brand trust (Hypothesis 3) and brand  
219 satisfaction (Hypothesis 4).

220 The willingness of a brand to prioritise decisions, even if returns only come into effect  
221 after an extended period (long-term orientation), creates trust (Lohtia, Bello, & Porter, 2009)  
222 and satisfaction (Griffith, Harvey, & Lusch, 2006). Owing to the particular unity of ownership  
223 and control, family businesses are more likely to implement long-term strategies compared  
224 with their non-family counterparts (Heine, Phan, & Atwal, 2016; Le Breton-Miller & Miller,  
225 2015). This study assumed that:

- 226 – Family firm image positively affects consumers' perceptions of businesses long-term  
227 orientation (Hypothesis 5).
- 228 – Long-term orientation positively affects brand trust (Hypothesis 6) and brand  
229 satisfaction (Hypothesis 7).

230 Corporate social responsibility (CSR), which is defined as a set of policies and actions  
231 considering an equilibrium of economic, social and environmental goals, has the propensity to  
232 influence the relationship between a brand and its consumers (Aguinis & Glavas, 2012). Prior  
233 studies have found significant links between CSR and consumer trust (Vlachos, Tsamakos,  
234 Vrechopoulos, & Avramidis, 2009) and satisfaction (Luo & Bhattacharya, 2006). CSR is a  
235 central attribute that is strongly linked to family firms (Blodgett, Dumas, & Zanzi, 2011). The  
236 study tested the following hypotheses:

- 237 – Family firm image positively affects CSR perceptions (Hypothesis 8).

238 – CSR positively affects brand trust (Hypothesis 9) and brand satisfaction (Hypothesis  
239 10).

240 Localness is defined as the degree to which a brand symbolises local values and needs.  
241 Brands can differentiate themselves through their localness and build a loyal customer base  
242 (M. Beverland & Luxton, 2005). In the case of food and wine, local provenance and  
243 association with the territory are a point of particular importance (M. Beverland, 2006;  
244 Özsomer, 2012). Such local origin of food is thought to increase consumer trust (Schuiling &  
245 Kapferer, 2004) and satisfaction (Bratanova et al., 2015). Family firms are believed to take a  
246 leading role in the preservation of local traditions and products (Fonte, 2008). Hence, this  
247 study hypothesised that:

248 – Family firms exhibit localness to a higher degree than do their non-family counterparts  
249 (Hypothesis 11).

250 – Localness can be seen as a positively linked antecedent of brand trust (Hypothesis 12)  
251 and brand satisfaction (Hypothesis 13).

252 Perceived quality is a central element of customer-based brand equity (Aaker, 1996;  
253 Keller, 1993) because it creates a fundamental functional benefit of the brand. Thus,  
254 perceived quality is strongly linked with brand satisfaction (Fornell, Johnson, Anderson, Cha,  
255 & Bryant, 1996) and brand trust (Aydin & Özer, 2005). The link between the family nature of  
256 a firm and product quality has been pointed out by Blodgett et al. (2011). This link is  
257 particularly the case in situations of uncertainty about the intrinsic quality of products (Beck  
258 & Kenning, 2015). Hence, the structural model assumes that:

259 – A positive relationship exists between family firm image and perceived quality  
260 (Hypothesis 14).

261 – A positive relationship exists between perceived quality and brand trust (Hypothesis  
262 15) as well as brand satisfaction (Hypothesis 16).

263 The role of brands and their signalling effect of social status is implied in earlier  
264 studies and explicitly described as an essential part of symbolic brand benefits (Keller, 1993).  
265 The concept of social status has been shown to be linked to trust and satisfaction in a  
266 consumer context (Jin, Line, & Merkebu, 2016; Walsh, Shiu, & Hassan, 2014). It is  
267 commonly argued that products of family firms, particularly in the luxury goods sector, are  
268 often linked to high social prestige (Bresciani, Bertoldi, Giachino, & Ferraris, 2015). The  
269 above-referenced literature leads to a further assumption that:

- 270 – Family firm image positively affects the social image of a brand (Hypothesis 17).
- 271 – Social image is positively linked to brand trust (Hypothesis 18) and brand satisfaction  
272 (Hypothesis 19).

273 Uniqueness describes the degree to which a brand is perceived to be different from its  
274 competitors, and it is an intrinsic element in Keller's (1993) definition of customer-based  
275 brand equity. Uniqueness has been found to be a relevant antecedent of brand trust and  
276 satisfaction (He, Li, & Harris, 2012; Tian, Bearden, & Hunter, 2001). Sageder, Mitter and  
277 Feldbauer-Durstmüller (2018) advocate that through their close ties with stakeholders, family  
278 firms develop a unique firm image, which implies a positive correlation between the family  
279 attribute and uniqueness. The above discussion leads to the following hypotheses:

- 280 – Family firm image positively affects uniqueness (Hypothesis 20).
- 281 – Uniqueness positively affects brand trust (Hypothesis 21) and brand satisfaction  
282 (Hypothesis 22).

283 The links between behavioural outcomes and brand relationship are well understood.  
284 Behavioural outcomes are the phenomenological expression of customer-based equity.  
285 Following earlier studies, such as Chaudhuri and Holbrook (2001), behavioural outcomes are  
286 conceptualised as loyalty. Further differentiation is made between attitudinal and behavioural  
287 loyalty. Such a dual perspective of loyalty has been widely adopted in research (DeWitt,

288 Nguyen, & Marshall, 2008; Ganesh, Arnold, & Reynolds, 2000; Jones & Taylor, 2007;  
289 Kamran-Disfani, Mantrala, Izquierdo-Yusta, & Martinez-Ruiz, 2017; Taylor, Celuch, &  
290 Goodwin, 2004). Two key components of brand relationship have emerged in the literature  
291 and have been validated earlier (Esch et al., 2006): brand trust and brand satisfaction.  
292 Interdependencies between behavioural outcomes and brand relationship exist. Brand  
293 relationship can be seen as the bonding element between brand knowledge and behavioural  
294 outcomes. Therefore, based on the above-mentioned earlier research findings, the present  
295 study assumed the following hypotheses:

- 296 – Brand trust positively affects attitudinal loyalty (Hypothesis 23) as well as behavioural  
297 loyalty (Hypothesis 24).
- 298 – Positive links exist between brand satisfaction and attitudinal loyalty (Hypothesis 25)  
299 as well as behavioural loyalty (Hypothesis 26).

300 Figure 1 shows the hypothesised structural model, which is based on the individual  
301 relationships between the variables identified by prior research.

302 --- Figure 1 here ---

### 303 **3 Method**

#### 304 **3.1 Data Collection**

305 To test the research hypotheses, a survey was carried out in Australia, Italy and the US  
306 in October 2017. Two key wine producing countries in the New (Australia) and the Old  
307 (Italy) World of wine were selected, as well as their most important intersecting import  
308 country (the US). To qualify for participation in the survey, respondents were selected on the  
309 basis that they drank wine at least once a month (regular wine drinker). In addition,  
310 respondents had to have bought wine from family and non-family wineries within the past  
311 year, since participants were asked to provide their perceptions and experiences of both firm  
312 types. Representativeness of a panel of respondents, provided by a leading global panel

313 provider, was ensured through quota sampling. The sample was representative of regular wine  
314 drinkers in terms of gender, age and geographic regions for each country. The survey  
315 questions were developed in English and then translated to the local language, if necessary.  
316 Translation bias was addressed through back translation to English (Craig & Douglas, 2005).  
317 Logic control questions were implemented in the survey to ensure data validity. Structural  
318 response bias of the survey was addressed through randomisation of the response items for  
319 each question, randomisation of questions at the block level of the survey and randomisation  
320 of blocks within the logic requirements of the survey. After screening for incomplete or  
321 invalid responses, 513 Australian, 518 Italian and 510 US respondents remained in the  
322 sample. The characteristics of the sample with respect to demographic variables can be found  
323 in Table 1.

324 --- Table 1 here ---

### 325 **3.2 Measures**

326 The survey instrument was developed based on previously validated scales from  
327 earlier research, and items were presented on 7-point Likert scales. Attitudinal and  
328 behavioural loyalty were measured through the scales proposed by Chaudhuri and Holbrook  
329 (2001). Trust was measured on a scale presented by the same authors. Fornell et al. (1996)  
330 developed the scale of satisfaction used in this study. Uniqueness and perceived quality were  
331 measured on a scale developed by Netemeyer et al. (2004), social image on a scale by  
332 Sweeney and Soutar (2001), localness on a scale by Steenkamp, Batra and Alden (2003), CSR  
333 on a scale by Wagner, Lutz and Weitz (2009), long-term orientation on a scale of Lohtia et al.  
334 (2009) and customer orientation on a scale of Bartikowski, Walsh and Beatty (2011). The  
335 measurement of family firm image developed by Beck and Kenning (2015) was implemented  
336 in this study. Respondents were asked to use these scales to evaluate their perceptions about  
337 wine produced by family and non-family wineries that they had purchased in the past year.

### 338 3.3 Analysis

339 Relationships among variables were implemented in lavaan version 0.5-23 to derive a  
340 covariance-based structural equation model. Before implementing the structural model, scale  
341 validity was ensured through computation of Cronbach's alpha (Cronbach, 1951), composite  
342 reliability (CR; Raykov, 2001) and average variance extracted (AVE; Fornell & Larcker,  
343 1981). Table 2 provides a summary of the three indicators for the latent variables of the study.

344 --- Table 2 here ---

345 One of the observed variables of the localness scale showed a strong negative effect  
346 on scale reliability. Although the scale had been validated previously, exclusion of this item  
347 led to improvement of scale reliability of the localness scale across all countries. The lowest  
348  $\alpha$ -value was observed for the variable of behavioural loyalty in the Australian sample ( $\alpha =$   
349  $.73$ ). Moreover, CR (CR =  $.73$ ) and AVE (AVE =  $.57$ ) showed their lowest values in the  
350 Australian sample for the given variable. This pattern held in the US sample ( $\alpha = .79$ ,  
351 CR =  $.79$ , AVE =  $.65$ ). In the Italian sample, attitudinal loyalty exhibited the lowest values  
352 with  $\alpha = .80$ , CR =  $.80$  and AVE =  $.67$ . All given values were well above critical thresholds,  
353 which are frequently defined as  $\alpha > .70$  (Kline, 2015), CR  $> .70$  and AVE  $> .50$  (Bagozzi &  
354 Yi, 1988). Multinormality of the data was assessed through the test statistics of skew and  
355 kurtosis proposed by Mardia (1974) and Mardia (1970). Tests for skewness and kurtosis were  
356 significant ( $b_{1,36} = 78.35$ ,  $z_{1,36} = 40,244.95$ ;  $b_{2,36} = 1,974.34$ ,  $z_{2,36} = 321.77$ ; and  $p < .001$ ,  
357 respectively), which led to a rejection of the assumption of multinormality. When considering  
358 the distributional characteristics, despite the significance of both tests, modest skew and  
359 kurtosis existed for the individual manifest variables. The prevalence of a significant but  
360 modest non-normality was addressed through the computation of robust standard errors,  
361 scaled test statistics and fit indices according to Satorra and Bentler (1994) and Li and Bentler



362 (2006). Through the adoption of these measures, maximum likelihood estimation remained  
363 the preferred estimation method.

364 Scale invariance was assessed to be able to perform a singular estimation of the  
365 structural model using the same measurement model. Table 3 shows the invariance tests for  
366 the country group variable. A pooled model without the distinction of any groups exhibits a  
367 favourable fit (comparative fit index (CFI) = .944, root mean square error of approximation  
368 (RMSEA) = .059). When using the same structural model to estimate three individual models  
369 at a country level, model fit was still well above the critical cut-off of CFI > .90 and RMSEA  
370 < .08 (Hair, Black, Babin, & Anderson, 2013). To assess whether invariance held,  $\Delta\text{CFI} < .01$   
371 was used as a selection criterion because of the sensitivity of the  $\chi^2$ -statistic to sample size  
372 (Cheung & Rensvold, 2002). The baseline scenario was represented by configural invariance,  
373 which was represented by a joint estimation of the three models without parameter  
374 constraints. When imposing the constraint of equal loadings between groups ( $\Delta\text{CFI} = 0.002$ ,  
375 weak invariance), the model fit did not violate the invariance condition. Further, equality of  
376 intercepts was added as a further constraint ( $\Delta\text{CFI} = 0.006$ , strong invariance). Invariance still  
377 held when using the  $\Delta\text{CFI}$ -criterion. Finally, in addition, error variances were constrained to  
378 equality to obtain strict invariance of the measurement models. Again, the invariance  
379 condition was maintained after adding this further constraint ( $\Delta\text{CFI} = 0.005$ ). Strict invariance  
380 of the model implied that the indicator variables measured the same latent variables. This was  
381 important to be able to perform a joint model estimation across the three countries (Davidov,  
382 Meuleman, Cieciuch, Schmidt, & Billiet, 2014).

383 --- Table 3 here ---

384

385

## 4 Results



411 Results from all three countries provided evidence that family firm image positively  
412 influenced CSR. These findings support Hypothesis 8. CSR itself exercised a positive effect  
413 on brand trust, hence supporting Hypothesis 9 regarding all three countries. Hypothesis 10,  
414 which assumes a positive effect of CSR on brand satisfaction, is partially supported since a  
415 significant positive relation could only be detected among the US sample.

416 In line with Hypothesis 11, a positive effect of family firm image on localness was  
417 found, and differences with respect to the magnitude of this effect existed between countries  
418 ( $p = .06$ ). Further, localness was found to influence brand trust positively in the Australian  
419 and Italian samples, while no effect could be found among US consumers, leading to a partial  
420 confirmation of Hypothesis 12. The effect of localness on brand satisfaction was confirmed  
421 across all three countries, as predicted in Hypothesis 13, while marginal evidence for  
422 differences between the countries existed ( $p = .10$ ).

423 The expected relationship between family firm image and perceived quality was  
424 confirmed in all countries under consideration (Hypothesis 14); however, differences in the  
425 magnitude of the hypothesised effect were detected at  $p = .08$ . The hypothesised positive  
426 effect of perceived quality on brand trust was confirmed (Hypothesis 15), while between-  
427 country differences were detected at  $p = .08$ . Similarly, perceived quality positively  
428 influenced brand satisfaction in all three countries (Hypothesis 16), while showing significant  
429 between-country differences ( $p = .00$ ).

430 Social image was positively influenced by family firm image, which confirms  
431 Hypothesis 17. Further, a significant positive effect of social image on brand trust was found  
432 in the Italian sample. However, a negative effect of social image on brand trust was found in  
433 the US sample, and no effect was detected in the Australian sample. These between-country  
434 differences were significant at  $p = .00$ . Hence, Hypothesis 18 is only partially supported. An  
435 inverted effect compared with evidence derived from literature was observed in all countries

436 regarding the relationship between social image and brand satisfaction, leading to a rejection  
437 of Hypothesis 19.

438 Family firm image exercised a significant influence on uniqueness, validating  
439 Hypothesis 20 equally regarding all three countries. However, no evidence in any country  
440 could be found that supports the directional relationship between uniqueness and brand trust,  
441 leading to a rejection of Hypothesis 21. Nevertheless, partial support was found for the  
442 hypothesised relationship between uniqueness and brand satisfaction among the Italian and  
443 US samples (Hypothesis 22), and differences between the countries were detected at  $p = .09$ .

444 With respect to behavioural outcomes, brand trust positively affected attitudinal  
445 loyalty, which confirms Hypothesis 23 for all countries; however, significant differences  
446 between countries were detected at  $p = .02$ . Further, Hypothesis 24 is supported through the  
447 confirmation of a positive relationship between trust and behavioural loyalty. In all three  
448 countries, brand satisfaction exercised a significant influence on attitudinal and behavioural  
449 loyalty, thus confirming Hypotheses 25 and 26. Significant differences in the magnitude of  
450 path coefficients were detected at  $p = .00$  for the relationship of brand satisfaction with  
451 attitudinal loyalty as well as for the relationship with behavioural loyalty ( $p = .10$ ).

452 An analysis of latent means was conducted for the previously investigated constructs  
453 at the country level to determine differences between family and corporate wineries for the  
454 given constructs. As a first step, measurement invariance was established for the firm type  
455 group variable for each of the three countries. The results show that strict invariance held for  
456 all three countries. Table 5 illustrates the differences in latent means between both levels of  
457 the firm type grouping variables for each country for the constructs of this study. Family firms  
458 demonstrated consistently higher means of the latent variables than did corporate firms. Effect  
459 sizes ranged from small ( $d < .2$ ) to large ( $d > .8$ ) effects for the individual constructs.

460 --- Table 5 here ---

## 5 Discussion

The results confirm earlier research in the field of marketing, such as brand relationship and loyalty, and reveal new linkages regarding how the distinctive family nature of a business is constituted (brand knowledge) and how this family nature links to the loyalty of consumers. This result is achieved through a newly proposed consumer-based brand equity framework that is specific to the nature of family firms. Thus, it contributes to a decoding of the multiple layers of this chain of effects. The individual aspects are discussed in the following paragraphs.

The path coefficients that are linked to the constructs of brand knowledge reveal several particularities that are important to discuss. First, and most importantly, all variables of brand knowledge were positively related to the construct of family firm image. However, the magnitude of individual path coefficients reveals differences between the countries. Since measurement invariance held, it can be constituted that the distinctive perception of family businesses shows idiosyncrasies between the individual countries. Consumer perceptions of family firms appear to have differed slightly with respect to constructs, such as the long-term orientation, localness, perceived quality and social image of these businesses. However, for any of the given constructs, the paths demonstrate a highly significant positive relationship leading to confirmation of any of the related hypotheses. More marked between-country differences with respect to the confirmation of the individual hypotheses emerged for the linkage between the individual brand image elements and how they affect behavioural outcomes.

The missing significance of an association between uniqueness and brand satisfaction among the Australian sample was unexpected, particularly since in Western cultures uniqueness conceptually is considered a desirable attribute that is linked to freedom and self-expression (Ruvio, 2008). A strong cultural grounding can be seen in the latent construct of

486 social image and its link to brand trust, which shows the expected positive link only in the  
487 Italian sample. The magnitude and significance of the link can be considered to originate in  
488 cultural dimensions. Particularly, individualism in a society may play a role. Following  
489 Shukla (2010), the brands with high public status cultures may act as institutions with lower  
490 degrees of individualism, such as in Italy in the given study. The link of social image to brand  
491 satisfaction has shown an inverted effect to the one hypothesised. Higher social desirability of  
492 a family brand appears to have a negative effect on satisfaction with the same. It is unclear  
493 whether this negative effect derives from peer pressure-related strain; hence, further  
494 investigation is necessary.

495 Perceived quality revealed different effects between the countries on brand  
496 relationship constructs. Italy demonstrated the weakest linkage among the three countries for  
497 both brand satisfaction and brand trust. This relative weakness may relate to the fact that  
498 sophisticated consumer societies infer trust and satisfaction through a wider range of variables  
499 than just plain product characteristics (Beckert et al., 2017). The relative weakness of this  
500 variable in influencing both brand relationship constructs has to be understood in the context  
501 of the two other variables of brand knowledge, namely localness and long-term orientation.  
502 The Italian sample exhibited the strongest association of any of the countries between these  
503 two variables and both constructs of brand relationship. The strong link to localness is  
504 conceptually rooted in the ‘deep cultural value of Italian gastronomy and peasant traditions’  
505 (Sassatelli & Scott, 2001, p. 224). Local production is also linked to traceability of food origin  
506 and is the cornerstone of the European system of ‘protected designations of origin’. Similarly,  
507 long-term orientation as a further construct showed differential effects between Old World  
508 (Italy) and New World (Australia and US) countries in the sample. In Italy, long-term  
509 orientation was a further relevant antecedent of brand trust and brand satisfaction (cf.  
510 Kehagia, Chrysochou, Chrysochoidis, Krystallis, & Linardakis, 2007).

511 Path coefficients with both brand relationship variables showed a significant positive  
512 association. However, in Australia and the US, long-term orientation did not influence brand  
513 trust, and even negatively influenced brand satisfaction. Hence, in these countries long-term  
514 orientation is overly linked to negative connotations, which may evolve from an association  
515 with stasis and old-fashioned practices that fail to address consumer needs. Further, this  
516 finding can be directly linked to the corresponding dimension of the culture score scale  
517 developed by Hofstede, Hofstede and Minkov (2010), which supports the observed pattern in  
518 the three countries. While no differences existed for the relationship between CSR and brand  
519 trust among the tested countries, the relationship with brand satisfaction was mixed. Only  
520 among the US sample was a significant positive relationship between the given variables  
521 found. This finding provides insight into the mechanistic relationship regarding how CSR  
522 affects consumer behaviour, which appears to show some dependence on cultural factors that  
523 leads to differential behaviour of consumers in any of the three countries.

524 Finally, customer orientation has unambiguously been identified as a central  
525 antecedent that influences brand trust in all three countries under investigation. One exception  
526 existed in the relationship of this variable with brand satisfaction in the US sample, which  
527 showed no significant positive effect, unlike the in two other countries. This fact may  
528 originate in the lower prevalence of direct-to-consumer sales in the US (investigated but not  
529 discussed in this manuscript). Nonetheless, an effect of customer orientation on behavioural  
530 outcomes through an intermediate mediation via brand relation exists, and this underlines the  
531 relevance of this latent construct for family businesses, which can generate additional value  
532 through their unique relational qualities (Binz et al., 2013).

533 Similar to previous research in the field of marketing, this study has identified brand  
534 relationship variables, such as brand trust and brand satisfaction, to show a significant  
535 association with consumer loyalty. However, between-country differences indicate that brand

536 trust was a stronger driver of attitudinal loyalty in the Italian sample than in the other two  
537 countries, while the link of brand satisfaction and attitudinal loyalty was stronger in the  
538 Australian and US samples. These differences confirm an earlier study in the field of tourism  
539 research by Forgas-Coll, Palau-Saumell, Sánchez-Garcia and Callarisa-Fiol (2012). The  
540 observed differences between countries are not spurious but originate from the distinct  
541 cultural characteristics of each country. Forgas-Coll et al. (2012) argue that high degrees of  
542 culturally rooted individualism result in a strong pursuit of self-satisfaction and experience of  
543 pleasure; hence, a stronger link between brand satisfaction and behavioural outcomes might  
544 be expected. In fact, in this study, a stronger association of brand satisfaction and loyalty can  
545 be observed in the Australian and US samples compared with the Italian sample. Referring to  
546 Hofstede's (1980, 2001) scale, Wallenburg, Cahill, Michael Knemeyer and Goldsby (2011)  
547 draw parallels between the magnitude of the trust–loyalty relationship with the cultural  
548 dimension of uncertainty avoidance. This pattern was confirmed within the three countries  
549 under investigation in this study. As expected, Italy, being the country with the highest score  
550 for the dimension of uncertainty avoidance, exhibited the most marked path coefficient. It can  
551 be constituted that consumers in cultures with a high degree of uncertainty avoidance feel  
552 especially vulnerable in unstructured situations (Hofstede, 2011). Trust is known to be an  
553 important element for reducing uncertainty that causes vulnerability (Chaudhuri & Holbrook,  
554 2001, p. 82).

555 Further, the analysis of latent means revealed that family firms ranked higher for any  
556 of the latent variables compared with their corporate counterparts. Customer orientation,  
557 localness and CSR were shown to be the most distinctive variables overall, apart from the  
558 family firm image variable, which was the most distinctive. However, it should be noted that  
559 other variables, such as perceived quality, while they may have taken a lower rank, exhibited  
560 a strong link with brand relationship variables. Hence, these variables represent a significant



561 antecedent in influencing consumer behaviour. More generally, it must be understood that not  
562 all elements that have been found to differentiate family businesses from corporate ones show  
563 any of the expected effects on consumer behaviour. This point is a critical one to understand  
564 for practitioners because it clearly demonstrates that differentiation as an end in itself does not  
565 necessarily lead to a competitive advantage in the marketplace. Nonetheless, this research  
566 generates evidence that the vast majority of hypothesised elements that are found to  
567 differentiate family firms lead to the goodwill of consumers in the marketplace. However, the  
568 behavioural consequences that some brand image elements exercise depend on the cultural  
569 context.

570           Important implications for the food and wine sector can be derived. Results of this  
571 study show that the value of wine derives from a complex social process that adds further  
572 value to the material act of production. Under the assumption of full information, actors in the  
573 marketplace can fully assess the information cues related to the field of cultural production.  
574 However, if information cost is assumed, market players may experience difficulties in  
575 obtaining such information. In contrast, other market players possess a self-interest to use the  
576 presence of such asymmetric information to obtain an advantage, which ultimately results in  
577 market failure and adverse selection of product quality (Akerlof, 1970). In such situations,  
578 principals' uncertainty about the intrinsic characteristics of agents can be reduced by reducing  
579 information costs through certifications by trusted third parties. Further, principals can screen  
580 agents through exogenous cost signals. Family firms can generate such signals in the  
581 marketplace and reduce principals' uncertainty about the intrinsic characteristics of agents  
582 through customer interaction with family members. These considerations have direct  
583 implications for dedicated business models attached to such signalling that distinguish family  
584 firms from their non-family counterparts.

585

## **6 Conclusion**

586           This research provides important insights into the question of whether family firms are  
587 perceived differently from their non-family counterparts and how such a perception  
588 differential evolves from a customer perspective. A theory-driven framework has been  
589 derived from past studies in the fields of marketing and family business research. The  
590 framework introduces several advances in the field: For the first time, a comprehensive set of  
591 brand image elements specific to family firms is modelled in an integrated customer-based  
592 brand equity framework. In addition, this study adopts a dual perspective of consumer loyalty,  
593 which related work in the field lacks. Third, results are validated across three countries for  
594 increased robustness of findings.

595           Direct implications for different stakeholder groups can be derived based on the  
596 research findings. First, the model validates and extends existing scientific marketing models  
597 to the context of family firm research. Second, the first evidence regarding the cultural  
598 interdependencies of detected relationships has been presented together with a proposed  
599 theoretical explanation. Third, customer attitudes towards family firms provide further  
600 guidance for policy makers, particularly when considering the social role of these firms and  
601 the ways in which these firms create value. Similarly, practitioners, such as owners, managers  
602 and consultants to family firms, can consider the findings of this research when defining the  
603 strategic orientation of firms and their relationship towards consumers, who constitute one  
604 key stakeholder group in many business contexts. The favourable perception of family firms  
605 opens many avenues for market strategies, especially in an age of greatly decreasing  
606 information costs. These developments equally constitute opportunities for family businesses  
607 to reach out to new and existing customers. However, innovation and alignment of  
608 communication strategies are required in this transforming market environment to prevent  
609 family businesses becoming passive victims in this ongoing transformation process  
610 (Chrisman, Chua, De Massis, Frattini, & Wright, 2015).

611           Although appropriate attention has been paid to the conduct of this study, limitations  
612 apply. While consistent cultural patterns have been observed between the three countries, no  
613 multivariate statistical analysis of cultural effects could be applied because of the limited  
614 sample of only three countries. In addition, this research has only considered developed  
615 countries, which constrains the applicability of implications to Western countries in  
616 particular. It is therefore recommended that future research extends the results of the current  
617 research by replicating this study for other countries and product categories, especially  
618 categories that differ with respect to their hedonic or utilitarian qualities.  
619

620 Table 1

621 *Socio-demographic Characteristics of the Surveyed Samples*

		Australia (n = 513)	Italy (n = 518)	United States (n = 510)		
Gender	Female	53	51	55		
	Male	47	49	45		
Age	Less than LDA	0	0	0		
	LDA–24	8	8	7		
	25–34	20	14	22		
	35–44	20	19	15		
	34–54	17	20	17		
	55–64	17	16	19		
	65 and older	19	24	22		
	Region	Australian Capital Territory	3	North	49	New England
New South Wales		31	Centre	18	Mid-Atlantic	17
Northern Territory		0	South	22	East North Central	15
South Australia		11	Islands	12	West North Central	6
Queensland		19			South Atlantic	20
Tasmania		2			South Central	12
Victoria		26			Mountain	8
Western Australia		8			Pacific	17

622 Note: Percentages may not total 100 because of rounding; LDA = legal drinking age.

623

Table 2

*Scale Validity Assessment Using Cronbach's Alpha ( $\alpha$ ), Composite Reliability (CR) and Average Variance Extracted (AVE) Indicators*

	Australia			Italy			United States			Pooled		
	$\alpha$	CR	AVE	$\alpha$	CR	AVE	$\alpha$	CR	AVE	$\alpha$	CR	AVE
Behavioural loyalty	0.73	0.73	0.57	0.80	0.80	0.67	0.78	0.79	0.65	0.78	0.78	0.64
Attitudinal loyalty	0.77	0.77	0.63	0.80	0.80	0.66	0.84	0.84	0.73	0.81	0.81	0.68
Satisfaction	0.87	0.87	0.70	0.90	0.90	0.76	0.87	0.87	0.69	0.88	0.89	0.72
Trust	0.89	0.89	0.73	0.89	0.89	0.73	0.89	0.89	0.73	0.89	0.89	0.73
Uniqueness	0.93	0.94	0.78	0.94	0.94	0.78	0.94	0.94	0.81	0.94	0.94	0.80
Social image	0.93	0.93	0.77	0.92	0.93	0.77	0.93	0.94	0.79	0.93	0.93	0.77
Perceived quality	0.89	0.89	0.67	0.91	0.91	0.72	0.91	0.91	0.72	0.90	0.91	0.71
Localness	0.89	0.89	0.79	0.83	0.83	0.71	0.85	0.85	0.75	0.86	0.86	0.75
Corporate social responsibility	0.85	0.85	0.65	0.91	0.91	0.77	0.87	0.87	0.69	0.88	0.88	0.71
Long-term orientation	0.80	0.81	0.59	0.81	0.81	0.60	0.86	0.86	0.67	0.83	0.83	0.62
Customer orientation	0.90	0.90	0.75	0.90	0.91	0.77	0.91	0.91	0.76	0.91	0.91	0.77
Family firm identity	0.94	0.94	0.85	0.95	0.95	0.86	0.95	0.95	0.86	0.95	0.95	0.86

Table 3

*Measurement Invariance Assessment*

Model		LR (df)	p	RMSEA	CFI	$\Delta$
Group	Pooled	7,241 (599)		0.059	0.944	
	Australia	3,121 (599)		0.061	0.927	
	Italy	3,247 (599)		0.062	0.931	
	United States	2,893 (599)		0.058	0.941	
Invariance	Configural	9,262 (1,797)		0.061	0.933	
	Weak	9,474 (1,845)	0.000	0.060	0.932	0.002
	Strong	10,084 (1,893)	0.000	0.062	0.926	0.006
	Strict	10,733 (1,965)	0.000	0.063	0.921	0.005

Note: Robust adjustment of RMSEA and CFI for non-normality; LR is the non-scaled test statistic; p is computed according to Satorra and Bentler (2001)

Table 4

*Structural Model Estimation Results*

Path	Hypothesis		Australia			Italy			United States			pchi <sup>2</sup> _diff
			Est	Se	p	Est	Se	p	Est	Se	p	
Family firm status	→ Family firm image	1	0.50	0.07	0.00	0.48	0.07	0.00	0.44	0.07	0.00	0.82
Family firm image	→ Customer orientation	2	0.79	0.04	0.00	0.82	0.04	0.00	0.85	0.03	0.00	0.47
Customer orientation	→ Brand trust	3	0.24	0.04	0.00	0.22	0.04	0.00	0.25	0.05	0.00	0.93
Customer orientation	→ Brand satisfaction	4	0.09	0.04	0.01	0.10	0.04	0.00	0.04	0.04	0.28	0.53
Family firm image	→ Long-term orientation	5	0.69	0.03	0.00	0.70	0.04	0.00	0.78	0.03	0.00	0.06
Long-term orientation	→ Brand trust	6	-0.11	0.09	0.19	0.12	0.06	0.04	-0.04	0.07	0.51	0.04
Long-term orientation	→ Brand satisfaction	7	-0.19	0.07	0.00	0.10	0.04	0.02	-0.20	0.06	0.00	0.00
Family firm image	→ CSR	8	0.80	0.04	0.00	0.89	0.04	0.00	0.86	0.03	0.00	0.25
CSR	→ Brand trust	9	0.29	0.06	0.00	0.13	0.05	0.01	0.21	0.07	0.00	0.12
CSR	→ Brand satisfaction	10	0.05	0.05	0.39	0.01	0.04	0.83	0.15	0.06	0.01	0.15
Family firm image	→ Localness	11	0.81	0.04	0.00	0.74	0.04	0.00	0.83	0.03	0.00	0.06
Localness	→ Brand trust	12	0.16	0.05	0.00	0.18	0.04	0.00	0.05	0.06	0.38	0.13
Localness	→ Brand satisfaction	13	0.22	0.04	0.00	0.27	0.03	0.00	0.15	0.05	0.00	0.10
Family firm image	→ Perceived quality	14	0.85	0.04	0.00	0.98	0.04	0.00	0.93	0.03	0.00	0.08
Perceived quality	→ Brand trust	15	0.38	0.05	0.00	0.23	0.05	0.00	0.39	0.07	0.00	0.08
Perceived quality	→ Brand satisfaction	16	0.62	0.05	0.00	0.33	0.04	0.00	0.50	0.06	0.00	0.00
Family firm image	→ Social image	17	0.86	0.05	0.00	1.00	0.05	0.00	1.03	0.04	0.00	0.02

Social image	→ Brand trust	18	-0.03	0.02	0.14	0.04	0.02	0.04	-0.05	0.02	0.04	0.00
Social image	→ Brand satisfaction	19	-0.04	0.02	0.01	-0.05	0.02	0.00	-0.06	0.02	0.01	0.90
Family firm image	→ Uniqueness	20	0.93	0.04	0.00	0.96	0.05	0.00	0.94	0.03	0.00	0.83
Uniqueness	→ Brand trust	21	-0.03	0.04	0.43	0.05	0.04	0.16	-0.02	0.05	0.74	0.38
Uniqueness	→ Brand satisfaction	22	-0.01	0.04	0.78	0.08	0.03	0.01	0.11	0.04	0.01	0.09
Brand trust	→ Attitudinal loyalty	23	0.38	0.09	0.00	0.74	0.08	0.00	0.44	0.09	0.00	0.02
Brand trust	→ Behavioural loyalty	24	0.19	0.08	0.02	0.33	0.07	0.00	0.20	0.06	0.00	0.31
Brand satisfaction	→ Attitudinal loyalty	25	0.74	0.11	0.00	0.51	0.09	0.00	0.94	0.11	0.00	0.00
Brand satisfaction	→ Behavioural loyalty	26	0.75	0.10	0.00	0.71	0.09	0.00	0.92	0.07	0.00	0.10
Brand trust	↔ Brand satisfaction		0.09	0.01	0.00	0.06	0.01	0.00	0.03	0.02	0.04	0.02
Attitudinal loyalty	↔ Behavioural loyalty		0.27	0.03	0.00	0.11	0.02	0.00	0.19	0.03	0.00	0.00

Note: Unstandardised parameter estimates (Est), robust standard errors (Se) and Satorra and Bentler (2001) test for group parameter differences  $p_{\text{chi}^2_{\text{diff}}}$  reported



Table 5

*Latent Means*

	Australia	Italy	United States	Pooled
Behavioural loyalty	0.22	0.28	0.19	0.23
Attitudinal loyalty	0.36	0.32	0.32	0.32
Brand satisfaction	0.36	0.37	0.33	0.34
Brand trust	0.35	0.43	0.27	0.35
Uniqueness	0.37	0.22	0.34	0.30
Social image	0.09	0.11	0.13	0.11
Perceived quality	0.28	0.38	0.28	0.31
Localness	0.52	0.43	0.41	0.44
Corporate social responsibility	0.47	0.37	0.39	0.40
Long-term orientation	0.34	0.29	0.30	0.31
Customer orientation	0.52	0.43	0.46	0.45
Family firm identity	2.02	2.21	1.22	1.71

Australia: n = 1,026; Italy: n = 1,036; United States: n = 1,020

Note: Values expressed as Cohen's d.

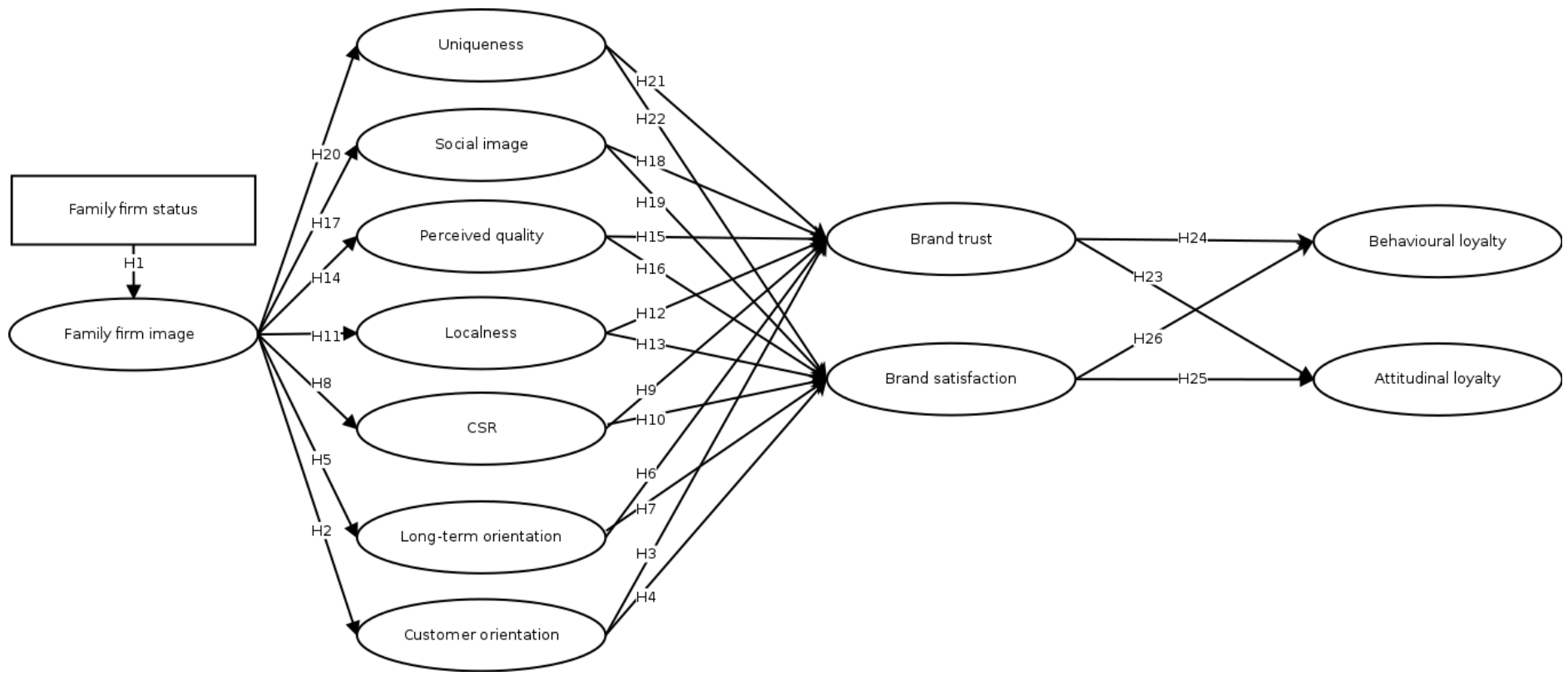


Figure 1 Structural model.

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