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## RESEARCH ARTICLE

# Love is in the air. Consumers' perception of products from firms signaling their family nature

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## Abstract

Signaling consumers that the company behind a brand is run by a family is increasingly observable in the marketing realm. One possible reason could be the emotional value signaled by the family nature of the firm. Brand signals carrying emotional value might contribute to a competitive advantage. Since we do not fully understand the effect of signaling the family nature of a firm yet and as family represents an emotional context, we examine this effect on consumer perceptions of the products being made with more love by conducting two experimental studies. In Study 1 ( $N = 371$ ) we find that the firm's family nature triggers a strong perception of love being part of the production process of the brand, which leads to a higher willingness to pay. Specifically, in Study 2 ( $N = 280$ ) we designed a process manipulation study to provide causative experimental explanation of the process of Study I. Thereby, we contribute to psychology and marketing research by showing that consumers consider a product signaling the family nature of a firm more strongly to be made with love and are willing to pay a price premium. This effect is driven by positive feelings related to one's own family.

## KEYWORDS

experimental study, family firm perception, family nature, love, made with love perception, priming, signaling, signaling theory, willingness to pay

## 1 | INTRODUCTION

The desire of interacting with brands whose products and services are produced and developed with passion and love is rising in a world coined by anonymous technology-imbued products, fast-developing robotization (Leung et al., 2018; Wang et al., 2018) as well as the increased use of artificial intelligence (AI) systems used in services (Moriuchi, 2020; Moriuchi et al., 2021). Following those developments, brands and their products are threatened by dehumanization of the production process in the minds of the consumers (Fuchs et al., 2015). Images and reports of KUKA robots working in a factory

replacing human workers as well as terms like “Giga Factory” (Tesla), dominate the business sections in recent media outlets (e.g., Levit, 2016; Markoff, 2013; Schuetze, 2019). At the same time, some corporations start to apply emotionally loaded signals within their brand communications to intercept the trend of this development. They try to make it appear as if they were still operating a small manufacturing floor, thereby creating the impression of products being primarily made by hand or made with love (e.g., Scotch & Soda, Etsy, IGA). In support of this argument, recent observations show a heavy usage of the term “manufactory” by companies of any size and type (e.g., “Software Manufactory,” “Porsche Exclusive Manufactory,”

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and “Manufactory Meissen”) (Stolz, 2015). Of course, consumers prefer to buy their ice-cream from an *ice-cream manufactory* instead of an anonymous *ice-cream factory*. The origins of the non-protected term manufactory are rooted in the man- and handmade production of tools and products (*lat. manus = hand*). Scholars found that communicating a production mode in brand communication (e.g., “handmade”) evokes love attributions, which in turn increase the overall attractiveness of the product (Fuchs et al., 2015). Thus, when products are perceived to be made with love, they are considered to be more attractive in general. This illustrates that products being promoted as handmade are able to evoke an emotional value to consumers as those products are perceived as being “made with love” and accordingly to “contain love.”

Recently, scholars in the field of family business research started to focus on the family nature of the firm as an observable signal impacting consumer perceptions (e.g., Beck & Kenning, 2015; Astrachan et al., 2018; Schellong et al., 2019) as well-known firms like SC Johnson, Glenfiddich, or Hipp increasingly signal their family nature outwardly. This pioneering research suggests that signaling the family nature of a firm is primarily related to consumers' perceptions of those brands being more trustworthy (e.g., Beck & Kenning, 2015; Astrachan et al., 2018; Lude & Prügl, 2018). Those findings indicate that the family nature of the firm seems to be a signal with the potential to impact consumer psychology and related behavior. However, thus far we do not fully understand (a) how signals triggering emotional quality (instead of functional quality) are perceived by consumers and (b) which observable signals could be used to signal those unobservable emotional qualities.

Our article has two objectives. Firstly, we investigate the impact of signaling the family nature of the firm on the emotional quality ascribed to products. Therefore, we aim to clarify whether signaling the family nature of the firm increases the perceptions that such a product has a higher emotional quality (i.e., is made with more love) and its related consequences (i.e., higher willingness to pay for that product). Secondly, we delve deeper into the cognitive process behind the family firm effect which triggers emotional quality attributions with products. As with any phenomenon with substantial practical relevance, the family firm effect relates to several potential cognitive processes and has co-determinants that have to be taken into consideration. Thus, we explore whether the individual family experience is linked to and impacts the main effect to provide a rationale of the family firm effect on emotional qualities attributed to products (made with love).

To provide empirical answers, we designed two experimental studies. In our first study, we define a product which signals the family nature of a firm versus a product not doing so. We are able to demonstrate that products from firms signaling their family nature are associated with positive feelings, that is, are perceived to be made with more love and in turn stimulate a higher willingness to pay a price premium. By humanizing the firm due to the family nature signal (Beck & Prügl, 2018), consumers attach emotional qualities to the products. In our second study we use a process manipulation approach (Pirlott & MacKinnon, 2016) to reveal causal evidence for our

mediation effect in Study 1. We, therefore, designed a priming task to activate a specific mindset (e.g., Campbell et al., 2016; Fitzsimons et al., 2008; Häfner & Trampe, 2009; Maddux et al., 2010) regarding the individual feelings of one's own family. We present initial evidence for the dependence of the family firm effect on the valence of prior individual family experience. That is, the family firm effect only holds if positive feelings are related with one's own family. Our findings contribute to consumer psychology research as well as marketing literature as we find evidence on the effect of an under-explored indirect and costly signal (the family nature of the firm) triggering perceptions of the emotional quality of a branded product. Furthermore, our results contribute to signaling theory by showing that signals of unobservable information (e.g., the family nature of a firm) can stimulate perceived emotional qualities of products. Moreover, our study offers multiple managerial implications. For instance, our findings suggest that managers of family firms are encouraged to emphasize the family nature of the firm through their communication and branding strategy, for example by including the tagline “family firm” in their Corporate Identity, on products, and in their advertising materials. This will trigger consumers to perceive that the family firm products are made with more love than products not signaling (or not being able to signal) the family nature of the respective firm. Additionally, our studies contribute to managers' understanding of the impact of love associations on relevant economic outcomes like the willingness to pay.

## 2 | THEORETICAL BACKGROUND

### 2.1 | Signaling theory and the family firm information

The economic signaling theory (Spence, 1973, 2002) serves as framework for our argumentation that signaling the *family nature of a firm* plays an important role regarding consumers' perception of the emotional quality of products. Signaling theory is concerned with the reduction of information asymmetries between two parties (Spence, 2002) and has been applied in several research contexts (Smith & Bliege Bird, 2005) with the aim to further explain the impact of these information asymmetries, beginning with Spence's (1973) research in the labor market context. Building on this study, a body of literature emerged in a wide variety of disciplines applying signaling theory to different contexts and scenarios (Smith & Bliege Bird, 2005). For example, Zhang and Wiersema (2009) used the quality of financial statements of companies as a signal to potential investors. Signaling theory has already been successfully applied in the field of consumer research (e.g., Boulding & Kirmani, 1993; Erdem & Swait, 1998, 2004; White & Yuan, 2012). Boulding and Kirmani (1993) used the signaling framework to examine consumers' perceptions of warranties and found that warranties can serve as signals for a higher quality expectation of consumers. The authors also encourage other researchers to integrate signaling theory in consumer research and combine it with psychologically based approaches to gain greater

insights (Boulding & Kirmani, 1993). Erdem and Swait (2004) found that brands can be perceived as signals of, for instance, not directly observable product quality or other associations with the respective brand. More recently, signaling theory was applied in the marketing context to examine the impact of the strength and framing of signals sent by firms to repair relationships following relationship violations (Kharouf et al., 2020).

Transferred to our research, we define the signal as the active communication of the family nature of a firm, which is a governance information not directly observable for the customer. Since existing research mainly focuses on competence and quality-related signals (e.g., Boulding & Kirmani, 1993; Erdem & Swait, 1998, 2004; White & Yuan, 2012; Zhang & Wiersema, 2009), we want to address these shortcomings by examining a signal that is not only related to the functional quality of products and competence—but rather refers to the emotional qualities of brands and products.

## 2.2 | Emotional product qualities and the potential value of signaling the family nature of a firm

Human beings are unique and complex creatures, which is partly attributed to the fact that we are “highly emotional animals” (Turner, 2007, p. 1). Hence, it is not surprising that research on emotions has been a thriving area within psychology for quite some time. Scholars have found that emotions play a vital role in determining peoples’ intentions, behaviors, and actions (Carlson et al., 2007). In recent years, the topic of emotions and related signals has been taken up by many disciplines, in particular marketing and consumer psychology research (Gaur et al., 2014; Lewis et al., 2010). Accordingly, when talking about the consumer psychology of brands (Schmitt, 2012), a detailed understanding of how, why, and when consumers build, experience, or maintain their brand perceptions is of central importance. Unobservable information about the emotional qualities of relationship partners (e.g., brands and products) plays a central role and has evolved towards the center of marketing and consumer psychology research. Graul and Brough (2021) recently examined how prospective renters react to property owners signaling their emotional attachment to the rental product. Interestingly, their study uncovers a negative consequence of directly signaling the emotional attachment of the owner to the product. On the contrary, Fuchs et al. (2015) found that brand owners signaling that a product was handmade induce strong emotions of those products being made with love or symbolically containing love. Another signaling context primarily related to and full of signals of emotional qualities is the family, which has a very high status in society and is supposed to be the “most important and enduring of all human social groupings” (Smith et al., 2008, p. 5).

The family is seen as a crucial distinctive feature of a family firm and is also a resource that is of central importance in distinguishing it from a nonfamily firm (Habbershon et al., 2003). This resource is exclusively accessible to family firms, potentially bearing additional costs in comparison to nonfamily firms, while providing an

opportunity to gain a competitive advantage if actively communicated. Sundaramurthy and Kreiner (2008) introduced examples of family firms that differ in their communication of the family firm nature. For example, while both Ford and S.C. Johnson use a family name for the company, only S.C. Johnson refers to its family nature in its marketing and advertising. With the tagline “S.C. Johnson—a family company” in its advertising and even in its logo, the company makes a conscious effort to link itself with the family (Sundaramurthy & Kreiner, 2008).

Prior literature focusing on the effects of communicating the family nature of the firm show that they are overall perceived as good corporate citizens (Krappe et al., 2011) and as a special type of company with typical associations (Sageder et al., 2018). One key for the favorable perception of family firms is the trustworthiness perception—individuals have the tendency to trust companies more when the family nature is signaled (e.g., Beck & Kenning, 2015; Astrachan et al., 2018; Lude & Prügl, 2018). Lude and Prügl (2018) add to these findings by showing that communicating the family nature of a firm has a positive effect on consumers’ brand trust due to increased perceptions of brand authenticity, resulting in a stronger purchase intention. Firms signaling a family nature are perceived to be more customer-oriented in general (Carrigan & Buckley, 2008; Orth & Green, 2009; Sageder et al., 2015), and can even be considered as a risk-reducing element in individuals’ decision-making process (Lude & Prügl, 2019). Moreover, individuals build associations about family firms being employee-friendly and socially responsible in general (Blodgett et al., 2011; Byrom & Lehman, 2009; Carrigan & Buckley, 2008; Krappe et al., 2011; Sageder et al., 2015). Recently, Schellong et al. (2019) argue that signaling the family nature of a firm impacts consumers who share category-based beliefs about family firms doing good due to their desire to preserve their socioemotional wealth, which assumes that family firms strive for noneconomic goals (Gómez-Mejía et al., 2007). This pursuit influences family firms’ strategic decision-making in a comprehensive way. Another striking association made with firms signaling their family nature is perceived long-term orientation (Le Breton-Miller & Miller, 2006; Zellweger et al., 2012). Individuals perceive family firms to strive for long-term investment horizons and the consideration of the next generation since family firm owners often aim to pass the business on within the family (Le Breton-Miller & Miller, 2006).

However, the consequences and rationales of signaling the family nature of a firm to consumers are still not entirely explored (Sageder et al., 2015), particularly when the emotional quality derived from signaling the family nature of the firm is concerned. This is surprising given the fact that the family, with a strong overall sense of belonging along with loyalty to members of one’s birth family (Ellingsen et al., 2012), is a very emotion-rich signaling context. Research suggests that consumers generally seem to have an open-minded and inclusive understanding of “family” (Anyan & Pryor, 2002; Rigg & Pryor, 2007), in which love, care, and support are primary criteria for well-functioning families (Anyan & Pryor, 2002). Towards that end, we focus on a concept that might be a decisive

factor and a core driver of the more positive perception of firms signaling their family nature: love and passion for their products.

### 2.3 | Family firm products are made with love. Are they?

We propose that signaling the family nature of a firm is a reliable signal of the unobservable emotional quality of products to consumers. Families are naturally characterized by emotional bonds that express themselves for example through warmth, love, and happiness (Epstein et al., 2003). Researchers in the field of family research found that children and adolescents refer to affective factors such as love, care, respect, and support rather than biological factors, cohabitation, or legal factors when being asked about what family means to them (e.g., Anyan & Pryor, 2002; Rigg & Pryor, 2007). Recently, Beck and Prügl (2018) showed that higher levels of emotional attributions like benevolence and trust ascribed to family firms are explained by the strength of consumers' perception of an organization as a human being (i.e., humanization).

In the context of family business research, the application of signaling theory recently gained momentum (e.g., Botero et al., 2018; Kahlert et al., 2017; Schellong et al., 2019). We assume that signaling the involvement of the family in the firm through the term "a family firm" is likely to result in positive and emotional associations of a family itself and therefore with feelings consumers relate to humans, more specifically to families. In a first step, we limit ourselves to positive associations with the family, and not to the possible negative ones, since we argue that the construct of a family is, in a social context, primarily positive.

We propose that signaling the family nature of the firm to consumers can lead to positive associations of the emotional quality of products stemming from those firms, such as made with love, through the construct of the family. We argue that consumers transfer the personal connection potentially felt towards the owning family (through humanization) to the product, inferring that the products produced by family firms (signal) are made with more love. We refer to love specifically as an affective bond with the product of a family firm as the love of producers for their product has been identified as a key motivation in the field of psychology (Baum & Locke, 2004). The core components of producers' bond with their product identified in the psychological literature are their love and the warmhearted passion for their

product (Fuchs et al., 2015). The likelihood that consumers associate love with a product is, therefore, higher in firms signaling their family nature. Thus, we argue that consumers might think the family itself is closer to the production or even produces the product itself, as it is "family-made."

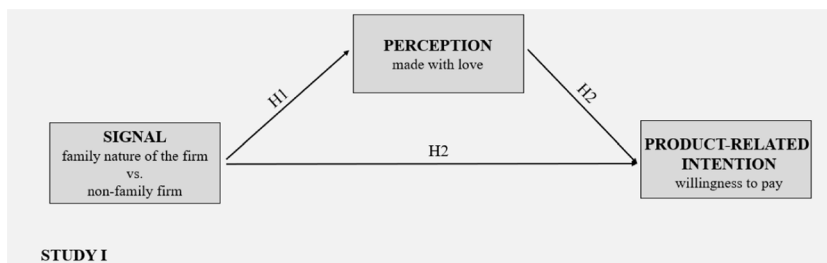
Thus, we hypothesize:

**Hypothesis 1.** A product signaling a family nature of the firm is perceived to be made with more love (vs. a product not signaling a family nature of the firm).

Some researchers have demonstrated that confidence in brands is an important antecedent of purchase intentions (Laroche et al., 1996) and, most recently, within the context of firms signaling their family nature, Lude and Prügl (2018) have shown that consumers' purchase intention is higher for a product revealing the family nature of that firm than for products not doing so. Therefore, to address the influence of signaling the family nature of the firm, a prominent and validated construct of consumer behavior is chosen: willingness to pay. The consumers' willingness to pay may be the most accurate comprehensive measure of overall brand equity (Aaker, 1991). In addition, unique characteristics of a brand can lead to a higher willingness to pay (Kalra & Goodstein, 1998). Signaling the family nature of a firm underlines its unique characteristics and we expect that the perception of a product being made with love can improve the attractiveness of this product. These products should be evaluated more positively, due to processes such as evaluative conditioning (Sweldens et al., 2010), where the concept of love relates to positive feelings throughout the life of a consumer. We also expect the positive evaluation of the product to be reflected in consumers' willingness to pay. In conclusion, we suppose that signaling the family nature of a firm leads to a higher willingness to pay for a product. In addition, we expect the increased willingness to pay to be caused by the generation of love associations. Formally,

**Hypothesis 2.** Consumers' willingness to pay is higher for a product signaling a family nature of the firm (vs. a product not signaling a family nature of the firm). This effect is mediated by the made with love perception for the product.

All theoretical constructs relevant to this paper have been described. They are summarized in the research model in Figure 1.



**FIGURE 1** Research model. Source: Authors' illustration

### 3 | STUDY I

#### 3.1 | Method

To address Hypotheses 1 and 2 adequately, we conduct a factorial experimental design following a between-subject approach. Because most research designs lack causality (Hsu et al., 2017), we use an experimental approach, which has the power to establish causal relationships. We randomly assign participants to one of two groups, thereby interindividual differences can be averaged out (see Colquitt, 2008). Participants of the online experiment are individuals selected from Clickworker (German equivalent of Amazon MTurk) who participate in our online-based experiment in exchange for a small amount of money. The final sample consists of 371 participants, all based in Germany, Austria, or Switzerland. 40.4% of the participants are female and the mean age is 38 years. Our between-subject treatment is based on whether the participants are exposed to a product signaling a family nature of the firm (*ff*) or a nonfamily firm (*nff*). To circumvent pre-existing associations and preferences of the respondents and to increase the experimental realism, a fictitious chocolate manufacturer named *Pralinenreich* is created for the experiment. Figure 2 shows the stimulus<sup>1</sup> we use for a product signaling a family nature of the firm.

After the treatment, we capture the perception of whether the product is *made with love* by two items on a 7-point Likert scale ranging from (1) strongly disagree to (7) strongly agree (Fuchs et al., 2015): "I think the product is made with love" and "I think the product is made with passion" (Cronbach's alpha [ $C\alpha$ ] = 0.91) and the *willingness to pay* by asking "How much would you be willing to pay for those pralines?" (Marbeau, 1987).<sup>2</sup> As an important practice in any experimental research (Koschate-Fischer & Schandelmeier, 2014), we implemented a manipulation check after presenting the treatment to guarantee that the participants understood the treatment as intended (e.g., Hsu et al., 2017; Warren & Campbell, 2014). Therefore, we ask the participants to evaluate whether the presented company is a family firm or not. For this purpose, we used the family firm image scale by Beck and Kenning (2015)<sup>3</sup> with three items: "For me, Pralinenreich is a family firm," "I perceive Pralinenreich as a family firm," and "Pralinenreich communicates to its customers that it is a family firm" (Cronbach's alpha [ $C\alpha$ ] = 0.93). As the family firm group ( $M_{ff} = 5.83, SD = 1.30$ ) significantly differs from the nonfamily firm group ( $M_{nff} = 3.42, SD = 1.47; t(369) = 16.677; p < 0.001$ ), we can assume that the manipulation worked as intended. Additionally, some demographics of all participants, such as age, gender, education level, and income level are queried. Before starting the experiment, cognitive interviews with ten students were conducted to test the applied scales and to assure the understanding of the treatment.



FIGURE 2 Fictitious product stimulus signaling the family nature of the Firm's. Source: Authors' illustration

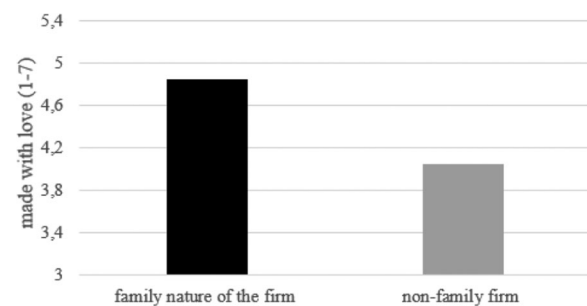


FIGURE 3 Results of Hypothesis 1. Source: Authors' illustration

#### 3.2 | Results

Firstly, we conduct an independent t-test to test our first hypothesis. The result shows a significant effect of signaling the family nature of the firm on the made with love scale. The product signaling the family nature of the firm scored significantly higher in terms of made with love ( $M_{ff} = 4.84, SD = 1.29$ ) than the product without signaling the family nature of the firm ( $M_{nff} = 4.31, SD = 1.47; t(369) = 3.701; p < 0.001$ ). Figure 3 shows the results of Hypothesis 1.

Regarding our second hypothesis, we show a significant effect of signaling the family nature of the firm on the willingness to pay for a product. In more detail, participants who are exposed to the product signaling the family nature of the firm indicated a 10% higher willingness to pay ( $M_{ff} = 8.83\text{€}, SD = 3.36$ ) than those who are exposed to the product without signaling the family nature of the firm ( $M_{nff} = 8.04\text{€}, SD = 3.01, t(369) = 2.362; p < 0.01$ ). To check whether the made with love perception variable explains the effect on the willingness to pay, we applied a mediation analysis (Preacher & Hayes, 2008) with bootstrapping methods (5000 resamples) on 95% confidence intervals. The results of the mediation analysis indicate that the positive effect of the family nature of the firm signal on the consumers' willingness to pay is mediated by the made with love variable, revealing a significant indirect effect of  $-0.41$  (95% confidence interval [CI]:  $-0.69 < CI < -0.18$ ). As the direct effect from X (family firm vs. nonfamily firm) on Y (willingness to pay) disappears, it can be described as full mediation

<sup>1</sup>The stimulus was designed in German and has been translated into English. The only difference for the ff stimulus compared to the nff stimulus was the pink button which states a family firm.

<sup>2</sup>The authors did small adjustments, like adding the product pralines to the question. This was based on the feedback from the pretest.

<sup>3</sup>One item was removed because it did not fit the context properly. This was based on the feedback from the pretest.



(Preacher & Hayes, 2008). These findings support Hypothesis 2 and show that the positive effect of the family nature of the firm signal on willingness to pay can be explained by the increased made with love perception for a family firm product, which in turn influences the consumers' willingness to pay a price premium.

## 4 | STUDY II

Based on Study 1, the family nature of the firm signal consequently evokes feelings of love such that consumers infer that products are made with more love when the sender (company) signals its family nature of the firm. Further, the results of Study 1 show that the family nature of the firm signal has a direct effect on WTP, mediated by the made with love perception. But how can we explain this process of consequently evoking feelings of love? We suppose that a family firm is associated with family, and families are naturally associated with emotions (Epstein et al., 2003). Rigg and Pryor (2007) demonstrated in their qualitative study with young people that 100% of all participants consider family to be important. However, not everyone has had only positive experiences in relation to family, since families can also have negative characteristics that cause fear, anger, or disappointment (Epstein et al., 2003). The pronounced relevance of family for individuals may aggravate these affective states. According to consumer inference theory (Kardes, 1993), bounded-rational consumers often make judgments and decisions based on limited information and knowledge. Since consumers do not have all information about a product and an organization, they have to rely on whatever information is available. This information can be split into intrinsic information cues (e.g., smell, look, taste) and extrinsic information cues (e.g., price, country of origin, brand) (Szybillo & Jacoby, 1974). Consumers often have access to extrinsic information only and therefore the missing information is inferred beyond that information (Kardes et al., 2004). Thus, there are various types of inference information available (see Kardes et al., 2004). One of them is memory-based, where consumers use prejudices about the connection between a certain cue and the overall assessment of the object. Since inference-making is important to explain and predict consumer behavior (Broniarczyk & Alba, 1994), we argue that the family firm information cue might evoke memory-based inferences about one's own family (positive), which consequently evokes feelings of love such that consumers infer that products produced by family firms are made with more love.

### 4.1 | Method

To provide a causative experimental explanation of this process, we designed a process manipulation study (Pirlott & MacKinnon, 2016). We therefore test whether the main effect of the family nature of the firm signal on the perception that products are made with more love only holds when positive feelings are related with one's own

family, compared to other positive feelings. To operationalize this experiment, we designed a priming task. In the field of social and cognitive psychology, a substantial body of research uses the method of priming, and describes priming as temporarily activating a specified mindset or previously stored memory and accessing what is available in one's mind, which has the same effect as measuring a construct as a chronically accessible, individual difference, as long as this mindset is available in memory (e.g., Higgins, 1990; Maddux et al., 2010; Sassenberg & Moskowitz, 2005). In the field of consumer behavior, previous research has successfully employed the method of priming to activate a specific mindset (e.g., Campbell et al., 2016; Fitzsimons et al., 2008; Häfner & Trampe, 2009; Maddux et al., 2010). Moreover, priming has only little substantive impact on subsequent cognition if there are no experiences available in memory (Higgins, 1990). In our case, we expect each participant has a certain attitude towards family based on prior or actual experiences with his or her family.

In our study, we use a prior family experience (positive vs. negative) to manipulate the feelings towards one's own family. Our between-subject treatment consists of randomly asking participants to either write about [a] the most beautiful experience with the family this year ( $n = 84$ ), [b] the most intense conflict with the family this year ( $n = 56$ ), [c] the most beautiful experience with your friends this year (control group,  $n = 64$ ) or [d] last supermarket experience ( $n = 76$ ) before assessing our product perception variables (priming task adapted by Maddux et al., 2010). Due to the experimental nature and the random assignment of participants to different conditions, a self-selection tendency can be ruled out as pre-existing variations in individual experience and personality can be assumed to have been evenly distributed across the experimental groups (Brewer & Crano, 2014). To complete the priming task, participants are asked to write about 150 words about the respective treatment (a, b, c, or d). The text explaining the task is the same for all participants, except for the information most crucial to create the different conditions. The crucial words are written in bold type as can be seen in the example for the positive family experience below<sup>4</sup>:

In the following we would like to ask you to think of the **most beautiful experience with your family this year**. It is important that you put yourself into situation as well as possible and give free rein to your emotions. Think about the people who were involved, how this situation came about, how they dealt with it and most of all how you felt in the situation. Please describe below **the most beautiful experience with your family this year**. The content of your story is recorded anonymously. At no time can your story be traced back to you. Please write about 150 words.<sup>5</sup>

<sup>4</sup>As the online survey was conducted in German, the text of the task here has been translated into English.

<sup>5</sup>We programmed a word counter and a timer of 3 min to ensure that the participants take their time and write a long enough story.

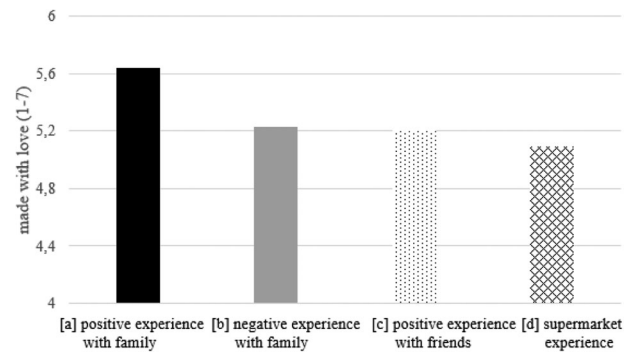
Participants are informed that their story will be handled anonymously to ensure honesty. Afterward, every experimental group is asked to fill in the same questionnaire. Supplemental to the questionnaire, the same stimulus showing a product signaling a family nature of the firm (as in Study I) is provided. Like in Study I participants of the online experiment are individuals selected from Clickworker. Six participants are eliminated based on misleading stories or by submitting no real stories, leading to an overall sample of 280 participants, all based in Germany, Austria, or Switzerland. Thirty-nine percent of the participants are female and the mean age is 35.5 years.

## 4.2 | Results

We conduct a one-way, between-subjects ANOVA using the made with love variable as the dependent variable and the priming condition as the independent variable. Results indicate a significant effect for the priming condition,  $F(3,591) = 4.701$ ,  $p < 0.05$ . To test how the product perceptions of products signaling a family nature of the firm differ between the priming conditions, several pair-wise independent  $t$  tests are conducted. Participants of [a] the most beautiful experience with the family this year condition perceived the product to be made with more love ( $M_a = 5.64$ ,  $SD = 1.07$ ) than participants of [b] the most intense conflict with the family this year condition ( $M_b = 5.23$ ,  $SD = 0.98$ ,  $t(138) = 2.305$ ;  $p < 0.05$ ). As condition [a] ( $M_a = 5.64$ ,  $SD = 1.07$ ) does significantly differ from [c] the most beautiful experience with your friends this year ( $M_c = 5.21$ ,  $SD = 1.13$ ,  $t(146) = 2.380$ ;  $p < 0.05$ ), we find that the effect does not only relate to a positive feeling. Moreover, participants of condition [a] ( $M_a = 5.64$ ,  $SD = 1.07$ ) significantly differ from [d] last supermarket experience ( $M_d = 5.09$ ,  $SD = 1.34$ ,  $t(158) = 2.924$ ;  $p < 0.05$ ). By manipulating the positive feelings towards the own family, we are able to show that the positive effect of a family firm signal only holds if the positive feeling is related to the own family. This in turn offers a process explanation of our assumed process that family firms are associated with positive feelings as they stimulate thoughts of one's own family, and consequently evoke feelings of love such that products are perceived to be made with more love. Figure 4 shows an overview of the results.

## 5 | GENERAL DISCUSSION

Our objective was to understand how consumers perceive the emotional quality of a product signaling the family nature of a firm. Grounded in signaling theory (Spence, 1973, 2002), we develop hypotheses and test it in two online experiments. In Study I, we are able to show that consumers' perception of a product being made with love is greater for a product signaling the family nature of the firm ( $M_{ff} = 4.84$ ) in comparison to a product not doing so ( $M_{nff} = 4.31$ ). We consider this to be a very interesting finding, because although the consumers had no information about the production



**FIGURE 4** Results of priming for made with love (Study II). Source: Authors' illustration

process of the product, signaling the family nature of the firm enabled consumers to ascribe a higher emotional quality to those products (i.e., that those products were made with more love). Moreover, we show that the willingness to pay is higher for a product signaling the family nature of the firm. This effect is mediated by the made with love perception of this product. In Study II, we provide an experimental explanation of the process revealed in Study 1, namely that a family firm stimulates thoughts of one's own family which then consequently evokes feelings of love imbued in the production process. Through the application of a priming task, we find that consumers with a positive attitude towards family perceive products signaling the family nature of the firm as made with more love than consumers with a negative attitude towards the family. By that, we contribute to theory and practice in several ways.

## 5.1 | Theoretical contributions

Signaling theory postulates that individuals or organizations use visible signals to reduce information asymmetries about invisible qualities among different stakeholders and the public. Interestingly, scholars using signaling theory thus far primarily focused on competence and quality-related signals (e.g., Boulding & Kirmani, 1992; Certo et al., 2001; Certo, 2003; Connelly et al., 2011; Kharouf et al., 2020). Accordingly, Connelly et al. (2011) posit: "Future research would benefit from examining in more depth the various qualities signaled and more carefully linking the signals used to measure these qualities" (p. 59). Towards that end and based on our findings, we propose that signaling theory can be extended by not only using signals related to competence and functional product quality, but also related to the emotional quality of products, brands, and organizations, for example, the family nature of the firm. Moreover, it appears that there might be different effects of directly or indirectly signaling emotional value and attachment: while a direct signal of emotional attachment might be distractive to consumers (see Gaul & Brough, 2021), indirect signals of emotional attachment (like products being handmade or the family nature of the firm) might be more effective. Based on these insights, the next step towards a better categorization



of organizational, product, and brand signals into meaningful categories could be brought forward (i.e., a typology of signals that appear in contexts relevant to consumer psychology, as already brought forward by biologists applying signaling theory (e.g., Smith & Harper, 1995). Additionally, little is known about the influence of the signaling context on the valence of signals. Our priming study indicates that depending on the situational context the receiver is embedded in (e.g., recalling a positive or negative individual family experience), the same signal (e.g., the family nature of a firm) might have different effects or effect strength.

With the results of our studies, we contribute to consumer psychology and marketing research in the following ways. Consumers indeed consider a product signaling the family nature of a firm more strongly to be made with love. This observation is also in line with previous research, which states that the personification of a brand, which is an attribution of human characteristics to inanimate objects (Delbaere et al., 2011), has a strong positive effect on the consumers' beliefs and perceptions about the brand and its products (Eskine & Locander, 2014; Maehle et al., 2011). Based on this, we contribute to existing marketing research on signals evoking perceptions of love by demonstrating that family firm products are perceived to be made with more love. Further, to explore the economic effect of a product from a firm signaling the family nature, we analyze the influence on the willingness to pay. The results show a significant effect on the consumers' willingness to pay for this product which appears to be substantial: signaling the family nature of the firm leads to an increase in the willingness to pay for this product by 10% (average value). This corresponds to previous research, according to which the unique characteristics of a brand result in a higher willingness to pay (Kirmani & Zeithaml, 1993). These findings are further in line with previous studies that concluded a positive influence of brand-related perception constructs on the willingness to pay (Aaker, 1991; Aaker et al., 2010; Kirmani & Zeithaml, 1993). By running mediation analyses, we show that this positive effect is fully mediated by the consumers' perception that those products are made with love. In the area of brand management, scholars have already uncovered some important effects that have an influence on the consumer perception of a brand, such as the underdog effect (Paharia et al., 2011), or the handmade effect (Fuchs et al., 2015). These effects become manifest when consumers are provided with additional information about the brand or its products. Our results show that, by signaling the family nature of the firm, consumers' perception as well as their willingness to pay for a product are influenced. Thereby, we show the potential of a family firm effect in terms of branding and marketing.

Furthermore, our findings contribute to the few empirical findings from consumer-related studies which show the favorable perception of family firms (e.g., Carrigan & Buckley, 2008; Kovács et al., 2014; Panwar et al., 2014). While it has already been known that family firms can score higher on brand trust and brand authenticity (e.g., Beck & Kenning, 2015; Beck & Prügl, 2018; Astrachan et al., 2018; Lude & Prügl, 2018), the positive effect of signaling the family nature of the firm on the perception of the emotional quality of a product (e.g., made with love perception) and willingness to pay for

the product are potentially pioneering a new stream of research in consumer psychology research. Thereby, we hope to pave the way for improving the understanding of the relationship between signaling the family nature of a firm and its impact on consumers' perceptions and decisions.

In Study II, we shed light on how positive and negative individual attitudes towards family impact the interpretation of the family nature of a firm signal. Therefore, we examine whether the main effect of the family nature of a firm signal on the perception that products are made with more love only holds when positive feelings are related to one's own family, compared to other positive feelings. In detail, we test whether a positive or negative individual experience with one's own family may have an influence on the interpretation of the family nature of the firm signal and thereby on the perception of a product signaling the family nature of the firm. To address this issue, an experimental study with a priming task is conducted. Since companies that signal the family nature of the firm are often associated with a family or with specific persons (Beck & Kenning, 2015), the individual family context should be taken into consideration as underlying cognitive process. Our findings show evidence for the influence of individual attitudes towards family on the perception of the signal family nature of the firm. This is consistent with previous literature that states that the family has an enormous and distinctive impact on an individual's behavior (Smith et al., 2008). To the best of our knowledge, it is the first time taking the feelings towards one's own family into account to offer an explanation for a positive family firm effect. This contributes to an emerging debate on family firm perceptions in the domain of family business research (e.g., Beck & Prügl, 2018; Astrachan et al., 2018; Botero et al., 2018; Sageder et al., 2018).

## 5.2 | Practical implications

Our findings bear important implications for practice and help to better understand how consumers perceive the signal family firm since many family firms are not aware of the potential of signaling the family nature (Botero et al., 2013; Carrigan & Buckley, 2008). Firstly, our results should encourage managers to modify their company's branding strategy so as to signal the family nature of the firm. This will lead consumers to perceive the family firm as offering products made with more love than products signaling no family nature. Moreover, it will lead to a higher willingness to pay, which is a crucial success factor for a company. An essential prerequisite is that consumers recognize the signal family firm. Therefore, it is important to communicate this firm type.

Secondly, the results of Study II provide first insights into the effect of individual family experiences on the perception of family firms. This should make marketers aware of the fact that positive family experiences lead consumers to associate more positive attributes with family firms. And even more importantly, negative experiences with the family do not lead to a more negative perception of family firm products. In summary, managers of family firms are

well-advised to make use of the differentiation potential inherently available to family firms in their branding strategies.

### 5.3 | Limitations and further research

Our results need to be viewed with some reservations and opportunities for future research arise. Firstly, a fictitious brand was used in our studies. In practice, consumers often have a certain brand perception and more information about a brand already known to them. Therefore, it can be assumed that the effect of the family nature of the firm signal is stronger if this brand is new or unknown. This assumption should be examined in future research by using an existing brand. Moreover, an experimental design offers strong advantages regarding causality and individual differences of participants (see Colquitt, 2008 for a complete review). While our experimental settings result in strong internal validity, it could be a fruitful approach for future studies to focus more on external validity, for example, by trying to transfer the experimental design into a field experiment with real consumers.

Secondly, the selection of stimuli leads to a limitation. Pralines belong to the consumer goods industry, where brand trust and brand authenticity play an important role in avoiding the risk of wrong decisions (Matzler et al., 2008). Our results cannot be generalized across industries and product segments. Future research could concentrate on further industries. Moreover, future research could address how the signal family firm affects consumer perceptions of services rather than products.

Thirdly, an attempt was made to record the respondents' willingness to pay as accurately as possible. An internal reference price was set to minimize the distortion caused by participants' existing internal reference price. However, the internal reference price actually used by the participants could not be ascertained and it is possible that it was this latter internal reference price that, despite the newly set one, determined the participants' willingness to pay. There is evidence that an indirect survey method delivers more valid results than the direct survey used in this paper for time reasons (Breidert et al., 2006). Moreover, research has shown that there is an intention-behavior gap (Sheeran, 2002). This means that participants' behavioral intentions do not always reflect their actual behavior. Hence, further research may examine the family firm effect on the consumers' willingness to pay under real field conditions.

Lastly, another limitation is that alternative explanations might exist for specific results in this article. For example, the effect might also be driven by the perception of a higher (functional) quality of the product. This would tie in with existing research, for example Miyazaki et al. (2005) showed that consistency in extrinsic cues enhances price-quality associations. Moreover, Suri and Thakor (2013) examined the effects of local manufacturing origins on price perceptions by using the signals "made in country" and "made in county." However, we believe that the signal of the family nature of a firm would not directly lead to a higher expected quality, but it could be that by perceiving that the product is made with love, a higher quality is

expected through a higher effort of a producer consequently. Nevertheless, to further understand the family firm effect we would like to encourage future research to investigate whether the effect of the signal family nature of a firm on consumers' willingness to pay could also be driven by a higher expected quality or other potential alternative explanations, like for example integrating elements of personification and storytelling (Caldwell & Henry, 2020).

### DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available from the corresponding author upon reasonable request.

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