

# Country Reputation, Brand Reputation and Company Reputation: Their Importance in Business-to-Business Industries

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**Abstract** Literature and research studies on country of origin (COO) have mainly focused on its effect in business to consumer (B2C) markets. Among the few scholars who have analysed industrial sectors (B2B), some believe that COO has similar importance and the same function in B2B markets as in B2C markets. In contrast, others argue that industrial customers are less influenced by this phenomenon. To contribute to this debate, we selected a group of Italian companies in different industries operating in at least one foreign market. We administered electronic questionnaires, collecting data and information on the internationalization of these enterprises, the COO effect and its relevance, namely, the elements that most influence the COO effect. The data also enabled us to examine the importance of company and brand reputation in the internationalization of B2B industries.

**Keywords** Country of origin • Country reputation • Brand reputation • Company reputation • Business-to-business • Empirical study • Italy

## Introduction

Literature and research studies on country of origin (COO) have largely focused on its effect in B2C markets (Nebenzahl et al. 2003). Among those that have analysed industrial sectors, some believe that COO has similar importance and the same

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L. Petruzzellis, R.S. Winer (eds.), *Rediscovering the Essentiality of Marketing*,  
Developments in Marketing Science: Proceedings of the Academy of Marketing  
Science, DOI 10.1007/978-3-319-29877-1\_97

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function in B2B markets as in B2C markets. In contrast, others argue that industrial customers are less influenced by this phenomenon (Cedrola and Battaglia 2012a). Although industrial markets are well structured and complex, the diversity of customers, products and services as well as the types of enterprises makes it difficult to consider the business market as a monolithic market (Fiocca et al. 2008). Some key features of B2B markets are the higher concentration of customers and suppliers, higher sales and purchase volumes, and greater geographic concentration. It seems inconceivable that factors such as a country's culture or its tradition could influence and alter important choices in relation to the procurement of materials for semi-finished or finished products, and thus business decisions. Nevertheless, in B2B sectors, industrial buyers and their perceptions of suppliers are also affected by the COO effect (Verlegh and Steenkamp 1999).

In the same way as consumer goods markets, products made in certain countries may be subjected to the specific categorization of potential buyers in industrial markets due to stereotyping (positive or negative) in terms of the production, quality and other characteristics ascribed to those countries (Bradley 2001). In sum, the country and company image and reputation linked to the brand can affect different spheres of contact between businesses and their customers, especially in the commercial parties' approach and in the relationship-building phases (Cedrola and Battaglia 2012a, b).

## Objectives and Research Questions

The proposed chapter is part of the debate on the importance of the COO effect in B2B sectors and aims to answer the following questions:

- Q1.* Is the COO effect also a significant phenomenon in B2B markets?
- Q2.* How important is the COO effect for companies operating in various industrial sectors and which aspects are most relevant to its evaluation?
- Q3.* How much importance is given to the country of manufacture (COM), country of design (COD) and country of brand (COB) effects?
- Q4.* Which elements most influence COO and how does it affect perceptions of the company's products and price?
- Q5.* How important is the role of brand reputation, company reputation and country reputation in B2B markets and what factors influence these?

Following the analysis of the main models for the study of the COO effect, particularly those related to B2B markets, we present a research model and methodology used in an empirical survey to which currently 94 Italian companies active in foreign markets have responded. Thereafter, we offer a summary of the first results of the survey and the main implications for management.

## Literature Review: Characteristics of the Main COO Models in B2B Markets

In reviewing the main models used to study the COO effect in B2B markets (Bradley 2001; Cedrola and Battaglia 2013; Chasin and Jaffe 1987; Guerini and Uslenghi 2006; White 1979; White and Cundiff 1978), some common elements and differences emerged.

First, most authors specifically require purchasing managers, export managers or senior management to respond to the research questionnaire. This is due to the importance of the relationship between the supplier company and the client company in industrial markets.

Another common feature of the models analysed is the research tool employed, namely, the questionnaire that in the majority of cases was sent electronically followed by personal interviews aimed at expanding the information obtained in the previous step. The models for the study of industrial markets developed later than those for consumer goods and as such have always been multidimensional (multi-cue) (Bursi et al. 2012).

Essentially two classes of variables are used: the first concerns the direct attributes of the product such as quality, reliability and innovation, while the second concern factors relating to the marketing sphere.

In addition to the large number of variables used, the models for the study of B2B markets are characterized by a large number of countries and product categories, as shown in Table 1.

**Table 1** Countries and categories used in the models

Models	Countries	Product categories
White and Cundiff (1978)	The United States, Germany, Japan and Brazil	Forklift, machinery for metal processing, transcription system
Chasin and Jaffe (1987)	The United States, Czechoslovakia, Hungary, Poland, Romania and the Soviet Union	Building materials, chemicals, electrical equipment and agricultural, machine tools, paper products, aircraft, scientific precision instruments, textiles, turbines and generators
White (1979)	Great Britain, Italy, France, Germany, the United States	Industrial products of various types
Bradley (2001)	France, Germany, Japan, Ireland, Italy, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States	Electronic parts
Guerini and Uslenghi (2006)	Various	Mechanical and textile
Cedrola and Battaglia (2013)	Italy, China	Various

The first contribution chosen as the starting point for the empirical model is that of Marino and Mainolfi (2010) with the aim of assessing the dimensions at the base of the 'Made in' reputation and whether these issues are able to reinforce the symbolic, cultural and value system that endows supply systems with a comparative image advantage in consumer perceptions.

The second model, proposed by Cedrola and Battaglia (2012a), investigates the influence of the COO effect in the trade relations of Italian companies with their foreign partners to ensure greater understanding of the dynamics that contribute to defining the procurement process in industrial enterprises.

In constructing the empirical model presented in this chapter, we made recourse to the subdivision of internationalization modes and international collaboration forms proposed by Cedrola and Battaglia, while for the questions relating to COO, we made recourse to the attributes and variables proposed by Marino and Mainolfi. We also used the Cedrola and Battaglia contribution to overcome the issue of only referring to the relational dimension. A further difference with the Marino and Mainolfi model is the choice of not using the Osgood semantic differential since we considered this a method more suitable to investigating the variables that affect consumer buying behaviours.

A more complete investigation of the B2B sector therefore requires including new questions. For example, using the taxonomy of the COO effect was considered appropriate to understand which among COM, COB and COD is more influential in the purchasing decisions of industrial products. We also investigated the relevance of the reputational lever, decomposing it into three dimensions referring to the country, the brand and the company, to determine which is most influential in the industrial sector.

## Research Methodology

To answer the five research questions, we selected a group of 1800 Italian companies operating in all industrial sectors and in at least one foreign market.<sup>1</sup> These companies were sent electronic questionnaires,<sup>2</sup> which enabled collecting data and information on the internationalization process of these enterprises, the importance they attach to the COO effect, and to determining which elements are

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<sup>1</sup>The companies were selected from the member lists of the following associations: (Food) *Federalimentare*—Federation of the Italian food industry, *UnionAlimentari*—National Union of small and medium food companies; (Furniture-Wood) *FederLegnoArredo*—Federation of furniture and furnishing companies; (Chemical) *Federchimica*—National Federation of the chemical industry; (Electronic) *ANIE*—National Federation of electrotechnical and electronics companies; (Mechanical) *Federmeccanica*—Italian Federation of metalworking industries, *AMMA*—Association of mechanical and mechatronic companies; (Plastic) *Federazione Gomma e Plastica*—Rubber and Plastics Federation, *Polimerica*—Italian Institute of packaging; (Textile-clothing) *ASSOMAC*—National Association of Italian manufacturers of footwear, leather goods and tannery Machines and accessories, *Sistema Moda Italia*—textiles and fashion Federation, *Uniontessile*—National Union of small and medium private industrial companies.

<sup>2</sup>The mailings started in December 2013 and the recalls are still in progress.



**Table 2** Thematic research scheme

General company information	HQ location—Type of company—Prevailing sector
	Position held by the respondent
	No. of employees—Average turnover—Foreign turnover
Business operations	Geographical areas in which it is present
	Reasons for internationalization
	Important relationships for internationalization
	Mode of presence in the markets
	National and international supply chains
	Marketing mix
Country of origin effect	Importance of the COO effect and elements that compose it
	Country of Manufacture, Country of Design, Country of Brand
	Brand reputation and elements that influence it
	Country reputation and elements that influence it
	Company reputation and elements that influence it

**Table 3** Characteristics of respondent enterprises

Italian region	Companies (%)	No. of employees	Companies (%)	Turnover	Companies (%)
Campania	1.1	1–15	33.0	<2 mil. €	23.4
Emilia Romagna	14.9	16–50	24.5	2–10 mil. €	24.5
Friuli Venezia Giulia	1.1	51–100	17.0	10–50 mil. €	30.9
Lombardia	44.7	101–250	10.6	>50 mil. €	19.1
Marche	7.4	>250	13.8	ND	2.1
Piemonte	7.4	ND	1.1		
Puglia	3.2				
Toscana	7.4				
Veneto	12.8				

most influential. This has also allowed us to examine the importance of company reputation and brand reputation in the B2B internationalization process. A summary of the themes is shown in Table 2.

To date, 94 completed questionnaires have been obtained, an overall response rate of 5.2 %. Starting from the data collected with the questionnaire, the information has been decomposed, processed and stored in order to gather more detailed evidence.

The respondents hold different positions, although predominantly entrepreneurs, CEOs, marketing managers and sales manager. The characteristics of the respondent companies and their distribution in terms of location, number of employees, turnover, sector, years of international operations and weight of foreign sales are summarized in Tables 3 and 4.

**Table 4** Characteristics of respondent enterprises

Industry	Companies (%)	Years of international operations	Companies (%)	Weight of foreign sales (%)	Companies (%)
Mechanical	29	0–5	12	0–25	29.9
Textile and clothing	23	6–10	13	26–50	16.1
Electronics	12	11–15	12	51–75	27.6
Furnishing	10	16–20	9	76–100	26.4
Rubber and plastics	7	21–25	7		
Food and beverage	6	26–30	12		
Chemical	6	>30	32		
Others	3	ND	4		
Metallurgy	1				
Services	1				

The data shows a substantial prevalence of joint stock (52.1 %) and limited companies (39.4), both types have limited liability and a more complex management and corporate structure than partnerships, which is necessary when wanting to operate in a sustainable way in foreign markets.

## The COO Effect in Industrial Sectors: First Empirical Results

First, we asked companies to provide an evaluation of the importance of the COO effect in their sector of primary activity, obtaining overall positive responses. In fact, only 2.1 % believe this issue is not important and 11.7 % consider it not very important, while the remaining respondents expressed a positive perception: 20.2 % fairly important, important 35.1 and 30.9 % very important. Industrial enterprises are thus shown to be aware of the relevance of this effect in the strategic internationalization process. Certain in-depth interviews carried out after the administration of the questionnaires showed that the most significant effect is attributed by companies that belong to the traditional ‘Made in Italy’ sectors: food, furniture and textile-clothing.

Given the multidimensional nature of the construct, we considered it appropriate to investigate how country image, a component of the country effect, is influenced by variables relating to the macro- and micro-economic context. Specifically, the focus is on cultural, political and economic dimensions, the industry tradition and country system (Table 5).

Some interesting elements emerged from these results. First, the evaluation of the scarce significance of the political system in the country image evaluation, which is considered not at all or not very important by 53.2 % of the respondent group. This result is surprising since political stability is one of the elements typically considered

**Table 5** Evaluation of the country image components

	Not important (%)	Not very important (%)	Fairly important (%)	Very important (%)
Cultural dimension	2	18	25	24
Political dimension	12	41	14	13
Economic dimension	3	19	22	19
Industry tradition	1	5	16	44
Country system	5	19	19	20

**Table 6** Elements that influence the assessment of the COO effect

	Not important (%)	Not very important (%)	Fairly important (%)	Very important (%)	ND (%)
Competitiveness of enterprises	4.3	8.5	31.9	20.2	1.1
Innovation and scientific research	2.1	7.4	16.0	33.0	4.3
Design and aesthetics	1.1	9.6	7.4	46.8	1.1
Creativity of products	1.1	6.4	8.5	51.1	2.1
Reputation of the industry	1.1	10.6	19.1	27.7	1.1
Manufacture	0.0	5.3	12.8	40.4	–
Quality	0.0	0.0	10.6	66.0	–
Pre-/post-sales services	3.2	6.4	23.8	30.9	1.1

by companies when selecting new markets to operate in. The other items in the questionnaire were all rated as important. In particular, industry tradition is considered important or very important by 76.6 % of respondents. This is a crucial element in the industrial sector since companies often engage in specialized productions, where they try to achieve the highest levels of quality. For this to be possible, the suppliers must also have high standards, hence the tendency to choose partners from countries with a strong tradition in the manufacturing sector.

The request to evaluate the impact of a number of product and company attributes on the perception of the COO effect provided responses that generated the following results (Table 6).

Overall, the companies positively evaluated all the elements proposed, although the higher ratings relate to attributes linked to the product rather than to the reputation of the industrial sector and the company's COO. The factors relating to COO that contribute to the overall perception of the COO effect were further explored by asking respondents to evaluate the importance of sector of belonging, the maturity of the end market and stable trade relations. A top position was assigned by the majority (59.6 %) to the sector of belonging, the second position with 52.1 % to the maturity of the end market and third the stability of trade relations with 43.6 %. This third place is singular since the relational system in trade exchanges is fundamental in industrial enterprises.

To study the COO effect in greater detail, we subdivided the effect into COM, COB and COD (Table 7).

**Table 7** The evaluation of COM, COD and COB

	Not important (%)	Not very important (%)	Fairly important (%)	Very important (%)	ND (%)
COM	1.1	6.4	17.0	42.6	1.1
COD	4.3	11.7	24.5	31.9	2.1
COB	2.1	9.6	25.5	34.0	2.1

All dimensions were positively evaluated: the slightly lower values of COD and COB can be justified in view of the products that industrial enterprises offer: mainly raw materials and semi-finished products that need to be further processed by another company, thus the value of the COD or brand linked to a productive component is marginal.

Finally, the companies interviewed were asked if the COO effect influences the perception of the product characteristics and the price definition, obtaining significant confirmation also in these areas (product → 67 % important and very important; price → 59.5 % important and very important). Lesser effect is attributed to the price definition, especially for those industrial sectors that are focused on the production of semi-finished products or components. These are more affected by product price comparisons.

In the last section of the study, we investigated a number of variables relating to reputation. The first question put to the companies sought to examine the role of brand reputation in defining the internationalization strategy. 72.4 % of respondents gave a positive response (important and very important). As the brand is the first point of contact between the company and the purchaser, both industrial and private, it is essential that enterprises consciously manage this element and take advantage of the ensuing benefits.

Once we ascertained the importance of brand reputation in B2B markets, we tried to understand what variables contribute to its definition. The items into which brand reputation was decomposed are sector of belonging, the corporate mission and vision, the value of products to customers, attention to design and aesthetics. All these variables were proposed in an evaluation grid and are summarized in Table 8.

Reputation tends to be studied in marketing not only in relation to the brand but also in terms of additional dimensions such as the company in its entirety. Company reputation indicates the reputation that stakeholders and consumers in general associate with a particular company.

An enterprise may have to manage numerous brand reputations when bringing their products to the market with different brands, while company reputation is, and will always be, singular and incorporates all brands. Given the complexity of this construct, we decomposed it into a number of different variables to try to understand which are most influential (Table 9).

In the case of company reputation, we found that none of the characteristics were evaluated as very important by over 40 % of respondents. This is strongly anchored in the tangible actions of the company, not only in relation to their customers but stakeholders in general, who are also interested in the social activities of the company and its overall conduct. It is apparent, therefore, that building the company's reputation is closely linked to the general characteristics of the product and the country's reputation in the manufacturing sector analysed while less linked to intangible aspects.



**Table 8** Brand reputation variables

	Not important (%)	Not very important (%)	Fairly important (%)	Important (%)	Very important (%)	ND (%)
Sector of belonging	4.3	11.7	28.7	43.6	8.5	3.2
Corporate mission and vision	2.1	20.2	27.7	34.0	12.8	3.2
Value of products to customers	0.0	3.2	10.6	35.1	45.7	5.3
Attention to design and aesthetics	2.1	17.0	22.3	24.5	30.9	3.2

**Table 9** The company reputation variables

	Not important (%)	Not very important (%)	Fairly important (%)	Important (%)	Very important (%)	ND (%)
Position of the company	1.1	6.4	37.2	37.2	17.0	1.1
Tradition of the company	0.0	6.4	26.6	35.1	30.9	1.1
Industry of belonging	0.0	16.0	31.9	35.1	14.9	2.1
Previous partnerships	10.6	37.2	28.7	16.0	5.3	2.1
Importance of the company in the territory	4.3	24.5	28.7	29.8	12.8	–
Corporate mission and vision	2.1	22.3	27.7	26.6	20.2	1.1
Innovation and scientific research	4.3	3.2	17.0	38.3	37.2	–

**Table 10** Country, brand and company reputation evaluation

	Not important (%)	Not very important (%)	Fairly important (%)	Important (%)	Very important (%)	ND (%)
Country reputation	0.0	12.8	22.3	44.7	16.0	4.3
Brand reputation	0.0	6.4	18.1	41.5	28.7	5.3
Company reputation	0.0	3.2	12.8	30.9	48.9	4.3

In addition to company and brand reputation, there is a third dimension of reputation, namely, the country in which the company has its headquarters, or country reputation. The three proposed concepts operate at very different levels. We therefore sought to understand their scope within industrial markets and asked firms to express their evaluations on country, brand and company reputation, obtaining the following results (Table 10).

According to the interviewees, company reputation and brand reputation have greater value in the definition of international strategies of firms in industrial markets (cumulative values for important and very important above 70 % in both cases). Company size, particularly its perception by stakeholders, is the most influential element in B2B markets, by far higher than country reputation.

## Research Questions and Empirical Evidences

### *Q1. Is the COO effect also a significant phenomenon in industrial markets (B2B)?*

The findings lead us to answer this question affirmatively. Interestingly, no significant differences are attributable to sector of belonging or company size measured in terms of number of employees and turnover.

### *Q2. How important is the COO effect and which aspects are most relevant to its evaluation?*

The available empirical values are unable to provide a clear answer to the question inasmuch as the opinions expressed by respondents in the questionnaire would seem to be equally distributed in intensity in different industrial sectors. Consequently, no evidence emerges supporting the existence of any significant level of association between the two aspects considered and, moreover, for the same reasons, between the COO effect and firm size measured in the dual sense of number of employees and turnover.<sup>3</sup>

With regard to the aspects that most influence the assessment of COO, the companies surveyed indicated industry tradition as the most important element, followed by similar evaluations for economic and cultural factors and country system. Decidedly not very influential is the political aspect. Also in this case, there are no differences in the evaluation associated with the sector of belonging or company size.

### *Q3. How much importance is given to the country of manufacture (COM), country of design (COD) and country of brand (COB) effect?*

The dimensions of the construct were positively evaluated: COM was considered important and very important by the majority of respondents (74.5 %); 90 % significance was found in terms of the sector of belonging. In particular, COM is very important for the mechanical, electronic, textile, clothing and furniture sectors.

<sup>3</sup>The degree of association was evaluated by calculating the Pearson K<sup>2</sup> index, the Cramer's V and Phi normalized index values. The values obtained were subjected to appropriate tests to identify their actual significance.

The relatively slightly lower values of COD and COB can be justified in view of the products that many industrial companies offer: mainly raw materials and semi-finished products that need to be further processed by another company. Therefore, the value of the COD or brand associated with a production component can be unimportant or marginal.

*Q4. Which elements most influence COO and how does it affect perceptions of the company's product and price?*

To respond to these questions, the values of the variables in the questionnaire were used to classify the companies into homogeneous groups using a clustering procedure.<sup>4</sup> Two different cluster analyses were conducted in relation to question Q4. In the first (intended to respond to the first part: *Which elements most influence COO?*), we sought the most appropriate subdivision of the statistical units, assessing the following information: sector of belonging, number of employees, turnover, level of importance in the evaluation of the image of the country's cultural, political and economic aspects, industry tradition and country system, level of importance in the evaluation of country image in terms of competitiveness, innovation, design, creativity, country industry reputation, workmanship, quality of services.

In the second (intended to respond to: *How much is COO affected by perceptions of the company products and price?*), homogeneous groups were obtained based on the values assumed by the industrial sector, number of employees, turnover, evaluation of importance of COO in the connotation of the product characteristics, evaluation of the importance of COO in the price definition.

The first clustering (Table 11) yielded two groups.

The common characteristics of the two groups are:

- Fairly important: the political factor
- Important: competitiveness, innovation, reputation of the country sector, manufacture and pre-/post-sales services
- Very important: product quality, an attribute that in both groups has the greatest mean value (4.69 for cluster 1 and 4.47 for cluster 2) with respect to all the characteristics assessed.

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<sup>4</sup>A preliminary analysis was conducted aimed at highlighting the eventual presence of outliers that could adversely affect the construction of groups by the software used (SPSS). The negative outcome of this analysis, suitably tested, allowed using all available information at the same time without excluding company cases that, on the contrary, would have suggested associating specific clusters to those obtained through processing the resulting subset data.

The clustering produced substantially overlapping results, both in the use of a *k*-means-type algorithm, which subdivides the statistical units (in our case companies) into disjoint subsets such that each cluster is associated with a centroid and each firm is assigned to the cluster whose centroid is nearest, and to one hierarchical type, which instead organizes the units on a tree diagram (dendrogram) constructed on the basis of a matrix of distances between the objects according to a chosen metric (in our case the Euclidean distance). The tests conducted on the complete matrix of information enabled verifying that all the variables included as input to the clustering were significant within the aggregation process.

**Table 11** First clustering: *Which elements most influence COO?*

	Traditional	New entries
No. of companies	35	59
Size	Small	Medium to large
Turnover	Up to €10 million	€10–50 million
Industries	Textiles, clothing, furniture	Mechanical, electronic, chemical, rubber and plastic
Cultural aspect	Important	Fairly important
Economic aspect	Important	Fairly important
Country system	Important	Fairly important
Industry tradition	Very important	Important
Design	Very important	Important
Creativeness	Very important	Important

**Table 12** First clustering: *How much is COO affected by perceptions of the company products and price?*

	Traditional	New entries	Commodity
No. of companies	34	41	19
Size	Small	Medium to large	Medium
Turnover	Up to €10 million	€10–50 million	€10–30 million
Industries	Textiles	Electronic	Chemical, rubber and plastic
Impact of COO on product characteristics	Very important	Important	Not very important

The second clustering (Table 12) yielded three groups.

The common characteristic of the three groups is the significance of the COO effect in the pricing of products. This means that generally for all industrial sectors, the Italian origin of products only partly justifies higher price.

**Q5. How important is the role of brand reputation, company reputation and country reputation in B2B markets and what factors influence these?**

In relation this question, three different cluster analyses were conducted to evaluate the three different meanings of brand, company and country reputation. In practice, the evidence on the latter aspect was exclusively obtained through a comparison since the questionnaire provided a single specific question. As the other constructs are also more complex in B2B, we simultaneously assessed the information contained in several questions.

In more detail, in the first clustering (to evaluate the role of brand reputation and the elements that affect it), we sought the most appropriate subdivision of the statistical units by analysing the following information: sector, number of



employees, turnover, years of international operations, number of countries served, the importance of brand reputation in the internationalization of the company and in the choice of business partners, factors influencing brand reputation in the industrial sector (sector, mission and vision, the value of the product to the customer, design).

In the second clustering (which analyses the role of company reputation and the elements that affect it), we sought the most appropriate subdivision of the statistical units by evaluating the following information: sector, number of employees, turnover, years of international business, number of countries served, elements that affect brand reputation (corporate positioning, company tradition, sector, previous partnerships, the importance of the enterprise in the region, mission and vision, innovation).

In the third clustering (where the clusters were defined through a joint evaluation of all aspects of reputation), groups were obtained by evaluating the following information: sector, number of employees, turnover, years of international business, number of countries served, the level of importance of country, brand and company reputation.

The first clustering yielded three groups (Table 13).

The common characteristics of all three groups are that sector of belonging, company mission, vision and design are fairly important in influencing the industrial sector brand reputation. In addition, within the three groups, the value of the product to the customer is an important attribute for all.

The second clustering (Table 14) yielded three groups.

The common characteristic of all groups is that previous partnerships are unimportant in influencing industrial sector company reputation. Fairly important for members of all groups are the positioning of the company, the sector of belonging, the importance of the company in the region, the mission and vision.

The third clustering (Table 15) also yielded three groups.

The common characteristics of the three groups are internationalization activity of more than 20 years and attributing average importance to country reputation.

**Table 13** First clustering to evaluate the role of brand reputation and the elements that affect it

	Traditional	New entries	Commodity
No. of companies	7	67	20
Size	Small and micro	ND	ND
Industries	Textiles, clothing, furniture	Mechanics, electronic, textiles, clothing	Chemical, rubber and plastic, metallurgy
International operations	<15 years	>20 years	>20 years
No. of countries served	30 %	50 %	30 %
Brand reputation	At least fairly important	At least fairly important	At least fairly important

**Table 14** Second clustering *which analyses the role of company reputation and the elements that affect it*

	Traditional	New entries	Commodity
No. of companies	34	41	19
Size	Small and medium	Medium and large	Small and medium
Turnover	€10–30 million	€30–50 million	Up to €10 million
Industries	Textiles, clothing, furniture	Mechanics, electronic	Chemical, rubber and plastic
No. of countries served	30 %	50 %	ND
Brand reputation	Fairly important	Important	Fairly important
Company reputation	Very important	Very important	Important

**Table 15** Third clustering: a joint evaluation of all aspects of reputation

	Traditional	New entry	Commodity
No. of companies	34	41	19
Size	Small	Medium and large	Medium
Turnover	Up to €10 million	€30–50 million	€10–30 million
Industries	Textiles, clothing, furniture	Mechanics, electronic	Chemical, rubber and plastic
No. of countries served	30 %	50 %	–
Influence of the tradition of the company on company reputation	Fairly important	Important	Fairly important
Influence of innovation on company reputation	Very important	Very important	Important
Influence of scientific research on company reputation	Very important	–	–

## Conclusions and Management Implications

Although most international marketing contributions have focused on the analysis of the COO effect in the B2C sector, in examining the overall results of the survey conducted we note that this also has a significant effect in B2B markets (Q1). Nevertheless, it is important to emphasize that the COO effect assumes different significance depending on the industrial sector to which reference is made. Indeed, the sectors that aboard are more associated with the ‘Made in Italy’ concept benefit to a greater extent from the COO effect (Cedrola and Battaglia 2012a).

The evaluation of country image is largely influenced by all aspects highlighted in the literature on the theme and investigated in this work: industry tradition in the first place and, subsequently, the economic, cultural and economic system. In addition to these elements, an important role is also played by the competitiveness of

enterprises, innovation, design, creativity, the quality of products from a given country and the industrial sector country reputation (Q2). On average, the product characteristics are considered of higher importance; therefore, in defining the country image, the industry's reputation and the quality of the products that are manufactured in the country weigh heavily. These results are also confirmed by the cluster analyses conducted to answer Q4. In view of the non-recent internationalization of the companies surveyed, we can deduce—and confirm the results of other authors who have written on the subject—that associating preferences and purchasing behaviour to the quality of products is a result of the acquired expertise of customers (Cedrola and Battaglia 2012a). It is interesting to verify this relationship for industrial sectors, as Schaefer (1997) and Han (1989) did for B2C sectors. In analysing COO, it is important to take into account the various dimensions that compose it. The results show that all dimensions were positively assessed, in particular COM. The slightly lower values of COD and COB can be justified in view of the product that industrial firms offer.

The companies surveyed were also asked whether the COO effect could influence the perception of product characteristics and price definition, also confirming the importance in these two areas (product → 67 % important and very important; price → 59.5 % important and very important). A lesser effect is attributed to price definition, especially for those industrial sectors that are focused on the production of semi-finished products or components where instead a greater effect is attributed to comparisons associated to product price.

With regard to the role played by brand, company and country reputation, the analysis shows that company reputation and brand reputation have a higher value in defining international strategies. The company's COO and its reputation is in third place in the evaluation, thus, although it is a factor that companies take into account, it is not the main variable in the decision-making process.

## Limitations and Future Research

The research of which these results are presented is still in progress. Thus, the first limitation is still small number of respondent firms. Moreover, some industrial sectors and the geographic distribution of respondents are not representative.

It would also be desirable to collect details on the internationalization experiences of enterprises, as well as information on any differences found in operating in different geographic areas. This information could be effectively collected with personal interviews and, as such, a second phase of qualitative research is being planned. Indeed, some pilot interviews with Italian companies operating in the Chinese market have already been carried out, directly involving expatriate managers in the cities of Beijing and Tianjin.

Another limitation is the composition of the group under investigation, which includes only industrial companies and not their B2B customers (one-sided research). Future research will therefore involve the managers and procurement departments of the companies surveyed to enable comparing their evaluations.

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