

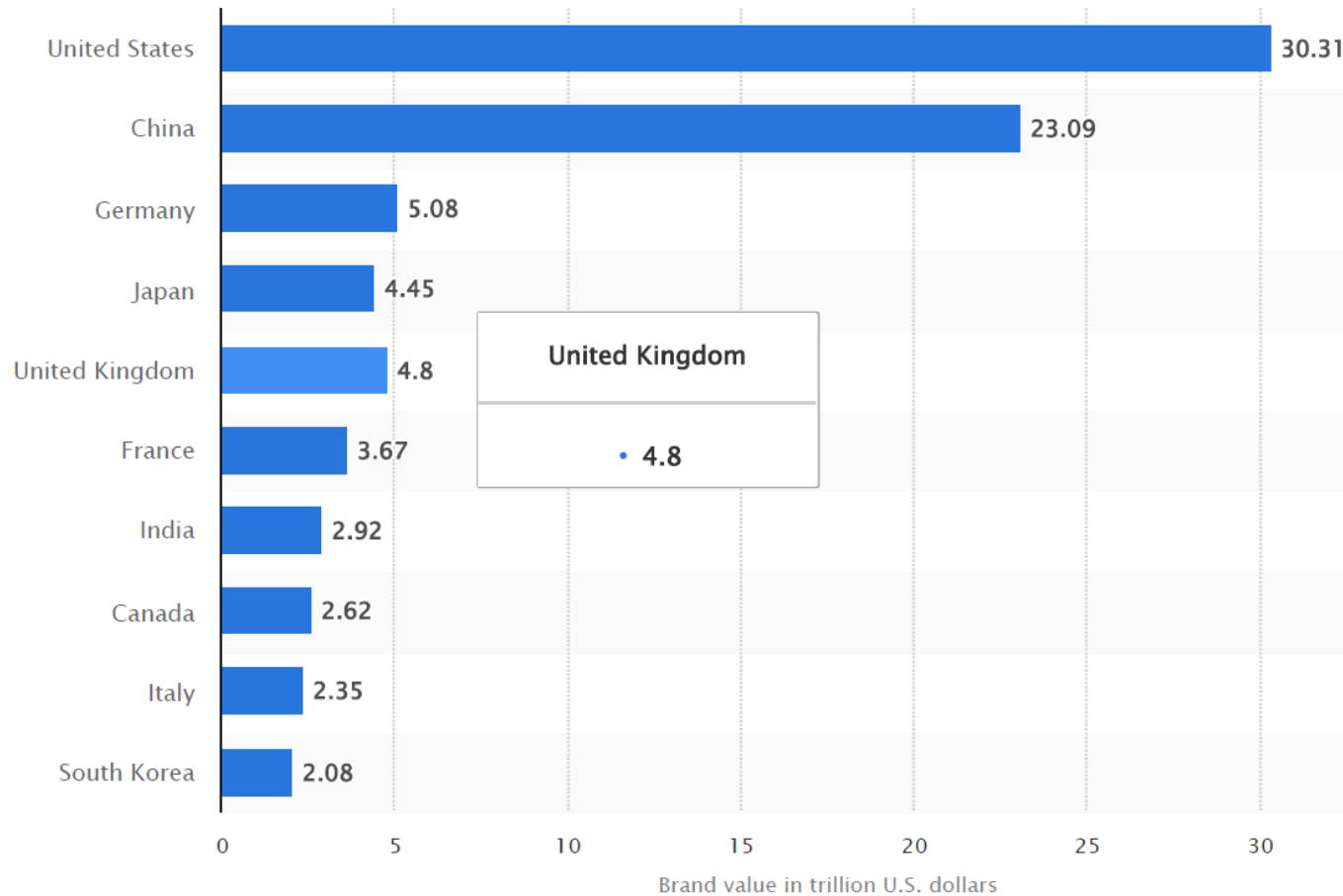
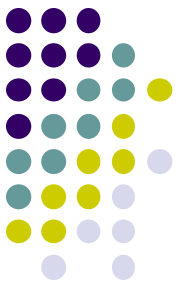


# Country reputation, brand reputation and company reputation: their importance in business-to business industries



“The brand **Made in Italy** is the third best known in the world, after Coca-Cola and Visa” (from the report Going Global of KPMG, 2011)

<https://www.usnews.com/news/best-countries/rankings>



[Additional Information](#)

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<https://www.statista.com/statistics/322423/most-valuable-nation-brands/>



# BrandZ Top 30 Most Valuable Italian Brands



## TOP 40 MOST VALUABLE ITALIAN BRANDS 2023

Rank	Brand	Category	Rank change
1	GUCCI	Luxury	0
2	ENEL	Utilities	0
3	KINDER	Food and Beverages	0
4	FERRARI	Automotive	1
5	TIM	Telecom Providers	-1
6	PRADA	Luxury	0
7	FENDI	Luxury	0
8	ENI	Energy	0
9	NUTELLA	Food and Beverages	0
10	GENERALI	Financial Services	0
11	FERRERO ROCHER	Food and Beverages	0
12	BVLGARI	Luxury	0
13	INTESA SANPAOLO	Financial Services	2
14	ARMANI	Luxury	-1
15	BOTTEGA VENETA	Luxury	-1
16	UNICREDIT	Financial Services	1
17	PIRELLI	Automotive	-1
18	BARILLA	Food and Beverages	6
19	WIND-TRE	Telecom Providers	0
20	FASTWEB	Telecom Providers	3

Rank	Brand	Category	Rank change
21	FIAT	Automotive	-3
22	A2A	Utilities	-1
23	LAVAZZA	Food and Beverages	2
24	SALVATORE FERRAGAMO	Luxury	-2
25	APEROL	Alcohol	-5
26	BANCA MEDIOLANUM	Financial Services	1
27	FINECO	Financial Services	2
28	ESSELUNGA	Retail	2
29	VERSACE	Luxury	-1
30	SAN PELLEGRINO	Food and Beverages	NEW
31	CAMPARI	Alcohol	-5
32	COSTA CRUISES	Travel Services	NEW
33	PERONI	Alcohol	NEW
34	VALENTINO	Luxury	NEW
35	GIOVANNI RANA	Food and Beverages	NEW
36	MSC CRUISES	Travel Services	NEW
37	UNIPOLSAI	Financial Services	NEW
38	DOLCE & GABBANA	Luxury	NEW
39	LEVISSIMA	Food and Beverages	NEW
40	AIA	Food and Beverages	NEW

# Definition of *Country of Origin Effect*



**« The picture, the representation, the stereotype that businessmen and consumers attach to products of a specific country. This image is created by such variables as representative products, national characteristics, economic and political background, history and traditions »**

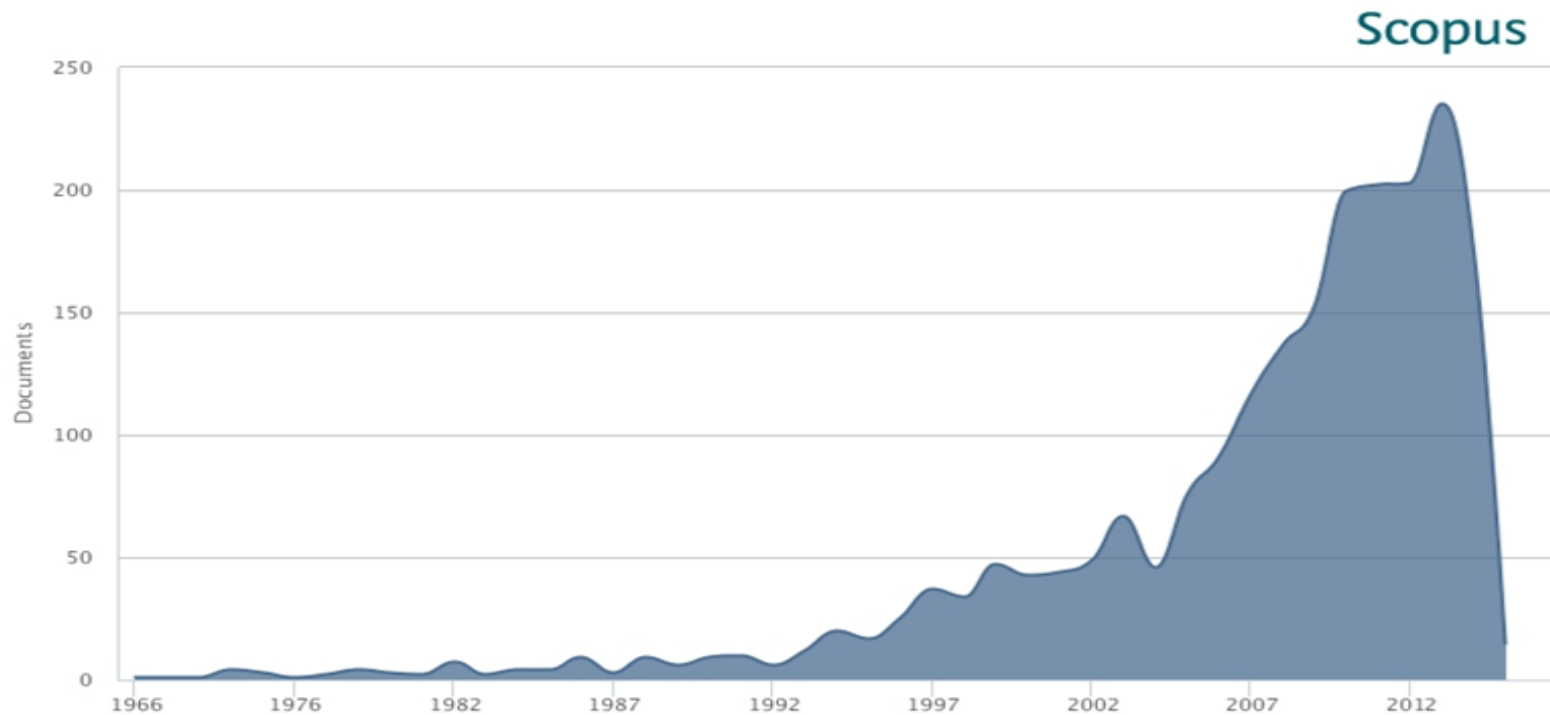
(A. Nagashima , 1970)

The Country of Origin Effect and the influence that the geographic origin of a product exerts on the choices and the purchasing behaviour of buyers



# Country of Origin

One of the main topics studied in the literature on international marketing: 2131 articles since 1965



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# The literature on the Country of Origin Effect in short



- **Years '30 and '40:** national stereotypes and perceptions relating to foreign nations



# The literature on the Country of Origin Effect in short



- **Years '30 and '40:** national stereotypes and perceptions relating to foreign nations
- **Years '60 and '70:** investigated the existence of the COO effect and influence on the foreign exchange (Bilkey and Nes, 1982)
- **Years '80 and '90:** also investigated the characteristics of the product (Papadopoulos and Heslop, 1991)
- **Years 90' -> 2000:** focus empirical (Verlegh and Steenkamp, 1999 - Peterson and Jolibert, 1995 - Agrawa and Kamura, 1999 - Usunier and Lee, 2009)
  - consumers are influenced by more than one attribute of good
  - The COO has influence more marked in the early stages of the process of purchasing
  - the COO is often used to give a general value to a brand

# The literature on the Country of Origin Effect in short



- **Recent literature:** the image of the country of origin can act, in specific circumstances, as an element of general evaluation of characteristics of the offer system (Giraldi, 2009).
  - COO can be divided into three elements: the
    - COM (country of manufacture)
    - the COD (country of design),
    - the COB (country of brand).
- Each of these meanings can have different meanings for different clients, products, and cultures (Aiello et al. , 2009).

# The literature on the Country of Origin Effect in short



- **Recent literature:** the prospects of investigation can be summarized into three macro areas:
  - **Consumer/user** (Sharma and Shimp, 1987; Schaefer, 1997, Valdani, Bertoli, 2003)
    - Goods of high levels of involvement: ( -) price, technology, design, quality
    - Experience in the product category: ( -)
    - Socio-demographic characteristics: (-) income, level of education
  - **Product** (tradition of production) (Mainolfi, 2010)

the information on the country where the product is made influence perceptions and include a set of stereotypes that consumers incorporate in the decisions of choice of the product (not only quality)
  - **Brand** (Marino, Gallucci and Mainolfi, 2009)

A well known brand can overcome a negative effect of the country of production

# COO and B2B



- The literature on the COO that deals with industrial markets is poor.  
Some authors argue that has little relief (Ahmed and D'Astous, 1995), because:
  - Professional buyers, know sector products and their characteristics
  - "Technical language" is universal and less subject to influences of culture country specific
  - In B2B the focus is the search for collaborative solutions that provide value in the long run

But ... stereotypes related to the country can affect the relationship between companies, in particular:

- The interaction
- The trust building
- The experimentation of skills/know-how
- The reputation

especially in the early stages of approach between the parties and in situations of high cultural distance between them.



# Research questions

- Q1 Is the Country of Origin Effect (COE) also a significant phenomenon in industrial markets?
- Q2 What aspects are most relevant in the evaluation of the Country Image?
- 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 COE and how much it affects 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?

# Thematic research scheme



<b>General company information</b>	HQ location - Type of company - Prevailing sector
	Position held by the respondent
	Nr. of employees - Average turnover – Foreign turnover
<b>Business operations on international markets</b>	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
<b>Country of Origin effect</b>	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

# Characteristics of the respondent enterprises



Selection of a group of 1,800 Italian companies operating in all industrial sectors and in at least one foreign market. Redemption: 5.5%

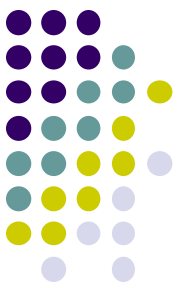
Italian Region	Companies %	Nr. of employees	Companies %	Turnover	Companies %
Campania	1.1%	1-15	33.0%	< 2 mil. €	23.4%
Emilia Romagna	14.9%	16-50	24.5%	2-10 mil. €	24.5%
Friuli Venezia Giulia	1.1%	51-100	17.0%	10-50 mil. €	30.9%
Lombardia	44.7%	101-250	10.6%	> 50 mil. €	19.1%
Marche	7.4%	>250	13.8%	ND	2.1%
Piemonte	7.4%	ND	1.1%		
Puglia	3.2%				
Toscana	7.4%				
Veneto	12.8%				

# Characteristics of the respondent enterprises



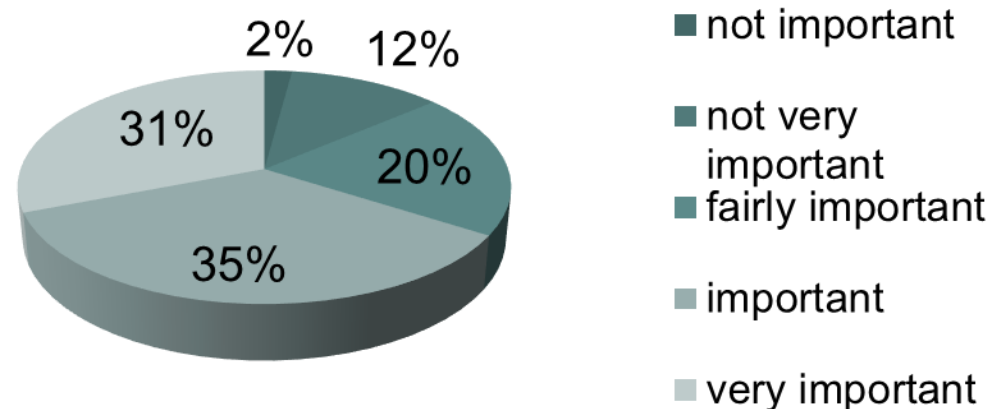
Industry	Companies %	Years of international operations	Companies %	Weight of foreign sales	Companies %
Mechanical	29%	0-5	12%	0%-25%	29.9%
Textile and clothing	23%	6-10	13%	26%-50%	16.1%
Electronics	12%	11-15	12%	51%-75%	27.6%
Furnishing	10%	16-20	9%	76%-100%	26.4%
Rubber and plastics	7%	21-25	7%		
Food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



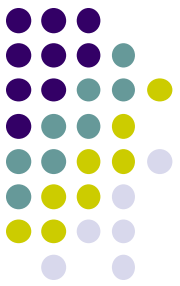


# Results

Q1 Is the Country of Origin Effect (COE) also a significant phenomenon in industrial markets?



The findings lead us to answer this question affirmatively. There are no significant differences attributed to the sector, company size (measured both in reference to the number of employees, that the turnover).



# Results

## Q2 What aspects are most relevant in the evaluation of the Country Image?

The opinion expressed by the respondents to the questionnaire is equally distributed in the different sectors.

	<b>Not important</b>	<b>Not very important</b>	<b>Fairly important</b>	<b>Important and Very important</b>
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%

# Results



Q3 How much importance is given to the Country of Manufacture (COM), Country of Design (COD), and country of Brand (COB) effects?

	Not important	Not very important	Fairly important	Important and 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%



# 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%

# 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%	--

# 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%



# Results

**Q4. Which elements most influence COE and how much it affects perceptions of the company's products and price?**

## Cluster procedure

*Which elements most influence COE?*

- 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



# Results

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

Cluster procedure

*How much COE affects perceptions of the company's products and price?*

- Industrial sector
- Number of employees
- Turnover
- Evaluation of importance of COE in the connotation of the product characteristics
- Evaluation of the importance of COE in the price definition





# Which elements most influence COE?

## First clustering

	Traditional	New entries
<b>Nr. of companies</b>	35	59
<b>Size</b>	small	medium to large
<b>Turnover</b>	up to €10 million	€ 10 to 50 million
<b>Industries</b>	textiles, clothing, furniture	mechanical, electronic, chemical, rubber and plastic
<b>Cultural aspect</b>	important	fairly important
<b>Economic aspect</b>	important	fairly important
<b>Country system</b>	important	fairly important
<b>Industry tradition</b>	very important	important
<b>Design</b>	very important	important
<b>Creativeness</b>	very important	important

# How much COE affect perceptions of the company's products?

## Second clustering



	Traditional	New entries	Commodity
<b>Nr. of companies</b>	34	41	19
<b>Size</b>	small	medium to large	medium
<b>Turnover</b>	up to €10 million	€ 10 to 50 million	€ 10 to 30 million
<b>Industries</b>	textiles	electronic	chemical, rubber and plastic
<b>Impact of COO on product characteristics</b>	very important	important	not very important

## *How much COE affect perceptions of the company's prices?*

### *Second clustering*



It 'a common feature of the three clusters that the importance of the COO in the pricing of the products is not very high.

**This means that, in general for all sectors, the Italian origin of the products justified only in part a plus price.**



# Results

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

Cluster procedure

**First clustering – To evaluate the role of brand reputation and the elements that influence it**

- 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).



# Results

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

Cluster procedure

**Second clustering – To evaluate the role of company reputation and the elements that affect it**

- Sector
- Number of employees
- Turnover
- Years of international operations
- 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).



# Results

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

Cluster procedure

**Third clustering - To analyse jointly all aspects of reputation**

- Sector
- Number of employees
- Turnover
- Years of international operations
- Number of countries served
- Level of importance of country, brand and company reputation.



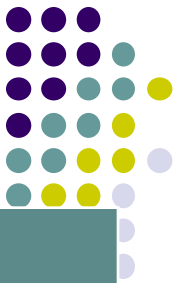
## To evaluate the role of brand reputation and the elements that influence it - First clustering

	Traditional	New entries	Commodity
Nr. 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
Nr. of countries served	30%	50%	30%
Brand reputation	at least fairly important	at least fairly important	at least fairly important

### Common characteristics of all three groups:

- sector of belonging, company mission, vision and design are fairly important in influencing brand reputation
- the value of the product to the customer is an important attribute for all.

# To evaluate the role of company reputation and the elements that affect it - Second clustering



	Traditional	New entry	Commodity
<b>Nr. of companies</b>	34	41	19
<b>Size</b>	Small	Medium and large	Medium
<b>Turnover</b>	up to €10 million	€ 30 to 50 million	€ 10 to 30 million
<b>Industries</b>	textiles, clothing, furniture	mechanics, electronic	chemical, rubber and plastic
<b>Nr. of countries served</b>	30%	50%	--
<b>Influence of the tradition of the company on company reputation</b>	fairly important	important	fairly important
<b>Influence of innovation on company reputation</b>	very important	very important	important
<b>Influence of scientific research on company reputation</b>	very important	--	--

## Common characteristic of all groups:

- previous partnerships are unimportant in influencing industrial sector company reputation.
- fairly important for members of all groups are positioning of the company, sector of belonging, the importance of the company in the region, mission and vision.





## To evaluate jointly the aspects of reputation - Third clustering

	Traditional	New entries	Commodity
Nr. of companies	34	41	19
Size	small and medium	medium and large	small and medium
Turnover	€ 10 to 30 million	€ 30 to 50 million	up to €10 million
Industries	Textiles, clothing, furniture	Mechanics, electronic	Chemical, rubber and plastic
Nr. of countries served	30%	50%	--
<b>Brand reputation</b>	<b>fairly important</b>	<b>important</b>	<b>fairly important</b>
<b>Company reputation</b>	<b>very important</b>	<b>very important</b>	<b>important</b>

### Common characteristics of the three groups :

- internationalization activity of more than 20 years
- attributing **average importance to country reputation.**

## In China

- '80 (direct export)
- '90 (representative office in Beijing)
- 2003 WFOE in Beijing – production for China and the world
- 2005 WFOE in Tianjin
- 2006 Acquisition of a Chinese plant (5 at present)

## COO effect (Made in Italy)

### (Important + technology and value of products)

In the evaluation of the COO are important:

- competitiveness, innovation, design, creativity, reputation of the business sector in the country, manufacture, quality, pre/post sale
- **COM = very important COD = important COB = not important (reputation and brand group)**
- the COO is influenced by the maturity of the selling market, then by the sector of belonging and by the relationships
- the COO has influence on the price (imported product)

**Country Reputation** ☐ important

**Brand Reputation** ☐ important

**Company Reputation** ☐ very important

Industry	Mechanics(metal s, mining, mineral sectors)
Foundation	1945 (MI)
Turnover (mil €)	1,500 millions €
% foreign turnover / total turnover	98%
Number of employees	4,849 (450 in China)

## In China

- 2002 Agreement with a local distributor,
  - 2004 representative office in Beijing,
  - 2005 WFOE Shanghai production for China and Asia
- > closeness to the market for projects

## COO Effect (Made in Italy) (Important)

In the evaluation of the COO are important:

- design, creativity, reputation and pre/post sales
- COM = very important COB = important COD = fairly important
- the COO is influenced by the maturity of the market
- The COO has influence on the price of products

**Country Reputation** ☐ fairly important

**Brand Reputation** ☐ very important

**Company Reputation** ☐ very important

**IMPORTANCE OF THE RELATIONSHIPS - PUT THE FACE**

Industry	Lightening
Founded	1959 (MC)
Turnover (mil €)	200 millions €
% foreign turnover / total turnover	70%
Number of employees	1,210 (200 in China)



## In China

- 1998 agent in esclusive (he operates with its own company of 40 employees - offices in Tianjin, Shanghai, Guangzhou, Chengdu, Xi'an, Dalian, Qingdao, Taiyuan) no production in China

## COO Effect (Made in Italy)

### (Fairly important) -> made in Germany

In the evaluation of the COO are important:

- design, creativity, "the main problem is to make understand what is behind the Italian product: design, control, research"
- COM = important COB = fairly important COD = fairly important
- the COO is influenced by the stability of commercial relations (beginner market)
- THE COO has influence on the price in general, even if China customers do not understand why the price of the products Caleffi is higher

**Country Reputation** ☐ important

**Brand Reputation** ☐ very important

**Company Reputation** ☐ very important

<b>Industry</b>	Mechanics
<b>Founded</b>	1961 (NO)
<b>Turnover (mil €)</b>	241 millions €
<b>% foreign turnover / total turnover</b>	54%
<b>Number of employees</b>	1,023

## In China

- '90 (direct export)
- 2006 WFOE Tianjin Production for China

## COO Effect (Made in Italy)

In the evaluation of the COO are important:

- creativity, quality and pre/post-sale
- COM = COB = COD important
- the COO is influenced by established trade relations
- THE COO has influence on the characteristics of the product, a little on prices

**Country Reputation** ☐ important

**Brand Reputation** ☐ very important

**Company Reputation** ☐ important

Industry	Rubber and plastic processing
Founded	1850 (MI)
Turnover (mil €)	300 millions €
% foreign turnover / total turnover	51%
Number of employees	1,605 (180 in China)



## In China

- 2007 WFOE in Beijing (Production) to be near the JV of international automobile manufacturers in China - >customization of products - Chinese clients in growth
- 2014 Acquisition by Vodafone Group -> Vodafone Automotive

## COO Effect (Made in Italy) (Important)

in the evaluation of the COO are important:

- innovation, design, creativity, reputation country, processing, quality
- COB = COD important COM = fairly important
- the COO is influenced by the sector of belonging
- THE COO has influence on the characteristics of the product, a little on the price

**Country Reputation** ☐ not very important

**Brand Reputation** ☐ important

**Company Reputation** ☐ very important

<b>Industry</b>	Electronics
<b>Fondazione</b>	1975 (VA)
<b>Fatturato (mil €)</b>	145 millions €
<b>% foreign turnover / total turnover</b>	80%
<b>Number of employees</b>	851

## In China

- 2005 WFOE (Shandong - for proximity to Chinese Clients) Production

## COO Effect (Made in Italy) (Very important)

In the evaluation of the COO are important:

- production, quality, pre/post-sales, reputation
- COM = COB = COD important
- the COO is influenced by the sector of belonging
- in the industry the COO influence the characteristics of the product and greatly pricing ("the Germans always manage to obtain higher mark ups")

**Country Reputation** ☐ important

**Brand Reputation** ☐ important

**Company Reputation** ☐ very important

Industry	Mechanics
Founded	1910 (PN)
Turnover (mil €)	378 millions €
% foreign turnover / total turnover	99%
Number of employees	1400 (121 in China)



# Conclusions

In the Chinese industrial market the 'Made in Italy' is recognized and appreciated, but is not enough important to say to be an Italian company. Italian firms must always demonstrate to be able to have unique technologies and high quality products, that create value for the customers.

The presence of the Italian firms in China are necessary not because of the need to deepen the study of the market, but even for the customers' requests of a pre and post sales assistance (continuous and accurate).

Being Italian is an added value recognized by Chinese customers that, however, ask for more and more customization, quality, technology, design and attention to the customer.