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UNVEILING THE POWER OF SUPPLIER-COUNTRY IMAGE IN B2B ⁱ

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Why does supplier's country of origin matter in international business?

In today's B2B landscape, understanding how a supplier's country of origin (COO) influences buyer perceptions is crucial for international managers. While COO effects have been extensively studied in consumer markets, their impact in industrial contexts remains underexplored, despite evidence suggesting it can significantly affect perceptions of product quality and buyer-supplier relationships (Jacob & Schätzle, 2020). In B2B settings, purchasing decisions are complex, involving multiple stakeholders and considerations beyond product attributes. Factors such as supplier reliability, service capabilities, and compliance with standards play a significant role (Andersen & Chao, 2003). Moreover, the quality of the buyer-supplier relationship, encompassing trust, commitment, and satisfaction, is pivotal in fostering customer loyalty and long-term partnerships (Silva et al., 2012).

This study focuses on the Portuguese footwear, molds, and wood products and furniture industries—sectors that have transitioned from price-based strategies to emphasizing quality, design, and innovation. These industries are highly export-oriented, with SMEs playing a dominant role, making them ideal for examining the interplay between COO image and relationship quality in B2B markets.

ⁱ Based on the paper: Crespo, C. F., Crespo, N. F., & Silva, S. C. (2025). Unveiling the power of supplier-country image on B2B customers' perceptions: beyond the product's beauty. *International Business Review*, 102388.

By investigating how suppliers' COO image influences perceptions of product quality and the quality of buyer-supplier relationships, this research aims to provide actionable insights for managers seeking to enhance competitiveness in international markets. Understanding these dynamics is essential for developing effective marketing strategies and building resilient, trust-based partnerships across borders.

How important is the country-of-origin effect in business markets?

Traditional COO research, which helps international managers understand how customers view products from specific countries (Jacob & Schätzle, 2020), primarily focuses on consumer markets, which often treat COO as a simple cue for product evaluation, influencing perceptions of product quality and purchase intention (Ahmed & D'Astous, 1995; Peterson & Jolibert, 1995). However, there's a growing recognition that B2B contexts differ significantly. In B2B, while COO still plays a role (Chen et al., 2011), the focus shifts towards the relationship between buyer and seller. Factors like trust, commitment, and satisfaction become paramount (Morgan et al. 2007). This study builds on relationship marketing theory to examine how supplier-country image influences both perceived product quality and relationship quality, and how these, in turn, affect supplier awareness and customer loyalty (see figure below). This added detail emphasizes the distinction between consumer-focused COO research and the more complex dynamics of B2B, justifying the model's inclusion of relationship quality as a key factor alongside product quality (see figure below).

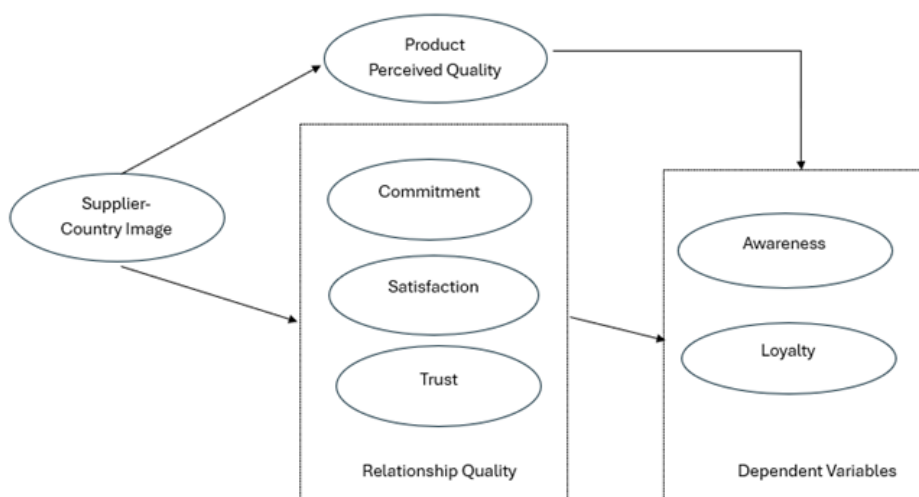


Fig. 1. Simplified framework of country-of-origin effects on relationship quality

Which data did we use and how did we analyse it?

To get a clear picture, we surveyed 182 international B2B buyers in Portugal's footwear, moulds, and wood products industries. These industries are significant for Portugal's economy, with a strong export focus. We used a method called structural equation modelling (SEM) to analyze the data and understand how supplier-country image influences buyers' perceptions of product quality and relationship quality. This approach helps us see the complex connections between a country's image, product perceptions, and the strength of business relationships.

Regarding the connections between relationship quality dimensions and customer loyalty, the results indicate that customer trust and commitment are significant, whereas customer satisfaction does not significantly influence customer loyalty.

What important findings did we get?

This study yields several important findings with significant implications for managers in international B2B contexts. Firstly, the supplier-country image exerts a powerful influence, shaping how international customers perceive both the quality of products and, crucially, the quality of their relationships with suppliers. This underscores the need for companies to actively manage and leverage their country's image as a strategic asset. Secondly, our research highlights that relationship quality—encompassing trust, commitment, and satisfaction—is paramount in B2B. In fact, it is more influential than perceived product quality in driving supplier awareness and fostering customer loyalty. This challenges the traditional emphasis on product-centric strategies and calls for a shift towards prioritizing the development of strong, trust-based, and satisfying relationships with business partners. It also challenges the assumption that COO effects observed in consumer markets can be directly applied to B2B environments, demonstrating the need for tailored approaches that recognize the unique dynamics of B2B interactions.

To capitalize on these insights, policymakers and industry leaders should promote initiatives that enhance relationship-building between international suppliers and buyers, focusing on fostering trust, commitment, and satisfaction to cultivate stronger customer loyalty and supplier awareness. Companies must also invest in strategic communication to manage and improve their supplier-country image, showcasing their capabilities, reliability, and commitment to quality and ethical practices. This can involve highlighting the skills and standards of their workforce, as well as the positive impact they have on the economy and society. Furthermore, there is a need to support exporting industries in building robust international relationships through training in relationship management, facilitating participation in international trade fairs, and creating networking opportunities. Finally, continued research is essential to delve deeper into the specific dynamics of supplier-country image within various B2B sectors and cultural contexts, enabling the development of more refined and effective strategies and policies.

In conclusion, understanding and strategically leveraging the supplier-country image is vital for success in international B2B. By prioritizing relationship quality and moving beyond traditional COO perspectives, businesses and policymakers can cultivate stronger international partnerships, enhance supplier awareness, and drive customer loyalty, ultimately fostering sustainable growth and competitiveness.

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