

Master's degree thesis

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Country-of-origin image effects on satisfaction and purchase intention in the industrial market for seafood products: A study of Norwegian, Chilean and Canadian salmon buyers

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Aalesund, 29.05.15

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Preface

Firstly, I would like to thank my supervisor Mark Pasquine for the constructive feedback, useful comments and overall support during the process of writing this master thesis. I would also like to mention his excellent lectures, during which I evoked a special interest for topics related to country-of-origin and country image. Secondly, I would like to thank my colleagues Ove Magnar Thu and Geir Myklebust at Villa Seafood, for all the useful information and generous help they have provided during this time. Their invaluable connections within the industry gave me a chance to gain first-hand knowledge on the topics related to COO and organizational purchasing.

Also, I would like to thank all participants of my survey and interviews, who have willingly shared their precious time and knowledge during the data gathering process. Finally, I would like to thank my family and friends for the continuous support and encouragement during this period.

Summary

Despite the growing importance of country-of-origin (COO) effects in industrial markets, most prior research has been concentrated on these effects only in consumer environments. In addition, existing studies on country-of-origin image (COI) have mainly targeted the relationship between COI and perceived product quality for durable goods. This study examines the influence of country-of-origin image effects of three different countries on perceived quality, buyer satisfaction and purchase intention among industrial buyers of seafood products in the USA. Perceived supplier reliability, a new construct in COO research, is presented and linked with COI and buyer satisfaction in the conceptual model developed by the researcher. This research uses a mixed methods approach, utilizing both surveys and in-depth interviews, to gather relevant B2B data for identifying the main influencing factors of COI. Structural Equations Modeling (SEM) and multiple regression analyses are employed in order to test the relationships proposed in the model. The analyses show that COI impacts overall buyer satisfaction and purchase intentions indirectly and that its influence is mediated by perceived product quality and perceived supplier reliability. Consistent with previous studies, perceived product quality is strongly influenced by the favorability of COI. COI is also found to strongly influence perceived supplier reliability, although certain differences are visible between the various countries. Following the interviews, several new relationships, such as the one between COO, sustainability and CSR are also found.

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Abbreviations

B2B – Business-to-Business

B2C – Business-to-Consumer

COO – Country-of-origin

COI/CI – Country-of-origin image/Country image

COBO – Country-of-brand origin

COD – Country-of-design

COM – Country-of-manufacturing

COA – Country-of-assembly

COP – Country-of-parts

CSR – Corporate social responsibility

DMU – Decision-making unit

EDI – Electronic Data Interchange

ELM – Elaboration likelihood model

GDP – Gross domestic product

GNP – Gross national product

HACCP – Hazard Analysis and Critical Control Points

HDI – Human development index

ISO – International Organization for Standardization

LDC – Less-developed country

MDC – More-developed country

NSC – Norwegian Seafood Council

PCI – Product-country-image

PI – Purchase intention

SEM – Structural Equations Modeling

SME – Small and medium-sized enterprise

1. Introduction

1.1. Background of the thesis

Today, in our ever-changing and highly globalized world, gaining sustainable competitive advantage has never been more important. More and more firms compete across borders and serve customers in different geographic regions. These customers are more demanding than ever and request better quality, service and higher reliability at lower prices. Technological and logistical advancements, the elimination of trade barriers and erection of new trade unions, international marketing programs and many other factors are constantly increasing the interdependence and globalization of firms and customers around the globe. These factors also influence the flow of goods and services across borders. As a result, firms have better access to more advanced technology, managerial expertise and cheaper raw materials and labor. Customers, on the other hand, get a wider selection of goods and they often get these at lower prices.

To provide more competitive offerings for their customers, firms can choose to assemble goods abroad or source parts and raw material from other countries. Certain highly developed countries are seen as more favorable in producing goods and products (Agbonifoh & Eliminian 1999; Lee, Suh, and Moon 2001 - as cited in Carvalho et al., 2011; Hamzaoui et al., 2011) than their less developed counterparts. However, a countries' favorability varies greatly based on the product category in question (Kaynak & Kucukemiroglu 2001; Kaynak, Kucukemiroglu, and Hyder 2000 - as cited in Carvalho et al., 2011). This separation between a countries' favorability can occur due to technological superiority, a favorable environment, access to rare natural resources, special knowledge or many other reasons. Thus, country-of-origin is regarded as a highly important issue for firms and consumers alike. And although several researchers have lately stated that COO has been loosing its relevance (Usunier, 2006) in favor for other factors (e.g. brand origin), it seems, that they are still outnumbered by practitioners who suggest the opposite (for numerous references see Pharr, 2005). According to the most recent research publications, the COO cue is still a salient and relevant construct (Diamantopolous et al., 2011).

There are plenty of examples and research evidence in marketing literature on how country image influences consumers' evaluation of the product (Verlegh &

Steenkamp, 1999; Ahmed & d'Astous, 2008; Josiassen, et al., 2008; Zeugner-Roth, 2009; Samiee, 2010). Most of the results from these research articles have significant strategic implications for firms doing business both at home and abroad (Laroche et al, 2005). They help firms understand how consumers use information on country-of-origin when evaluating their products (e.g. perceived quality and image) and making purchase decisions. However until now, very few researchers have looked into the business-to-business (B2B) side of this question (Insch, 2003). Can similar results be expected for industrial buyers and suppliers? If yes, then to what extent? What other related factors can affect their overall satisfaction and purchase intentions? These and other questions will be discussed in this study.

This thesis will be aimed at providing a valuable contribution to the COO research in the B2B markets. The researcher will propose a model for linking country-of-origin image and purchase intentions and testing mediating effects of perceived product and service quality, supplier reliability and overall buyer satisfaction.

1.2. Research questions, objectives and context

The main objective of this study is to assess the importance of country-of-origin image as an information cue on overall satisfaction and purchase intentions among industrial buyers. “The image of countries as origins of products is one of many extrinsic cues, such as price and brand name, that may become part of a product’s total image” (Laroche et al., 2005, p. 97).

Although COO effects for consumer markets have been investigated closely, research on the industrial buyers’ perceptions has been limited (Insch, 2003). Past research on COO effects has been mainly concentrated on the consumer side (i.e. B2C), analyzing how COO effects can influence consumer behavior and purchase intentions (Verlegh & Steenkamp, 1999; Ahmed & d'Astous, 2008; Josiassen, et al., 2008; Zeugner-Roth, 2009; Samiee, 2010). The following research will be focused on the industrial market and B2B relationships. The main aim of this research project will be on adjusting and replicating consumer-based COO studies in a new B2B context to see, whether country image has a smaller or larger effect than in the B2C context (or if there is any effect at all).

The main consumer choice models show that consumers select products and services to maximize their own utility. In industrial purchasing, utility maximization is often based on the cost/quality tradeoff, where purchasing managers try to obtain the highest quality at the lowest price (Insch, 2003). There are several additional variables in the industrial buying process (organizational and interpersonal), however, the fundamental base of industrial buyers' COO perceptions is similar to that of a typical consumer. Utility in a B2B setting is normally influenced by buyer preferences, product features and psychosocial cues (Insch, 2003).

Country-of-origin is regarded as one of the central domains in international marketing and consumer behavior. However, it is also known as one of the most controversial areas. Numerous frameworks and concepts have been elaborated, but most of them provide differing and non-transparent results. The results are only somewhat generalizable and often context specific. In addition to that, several researchers have noted that an overall generalizable theory for all products and all countries may not be feasible (e.g. Insch, 2003). Instead, they proposed a more detailed analysis by product category, which should be carried out to determine how COO effects vary and in which industries they are the strongest. In other words, COO effects may be very weak or even absent for some industries (e.g. copper) and very large for others (e.g. cars) and should be examined separately. This is one of the reasons for narrowing this research down to a specific product category, namely seafood. No previous research for this product category regarding COI effects in the B2B markets has been found. This project will thus aim to provide further clarifications on the complex nature of COI in the industrial marketplace for seafood products and more specifically, salmon.

1.2.1. Product category characteristics

“Salmon is the common name for several species of fish of the family Salmonidae (e.g. Atlantic salmon, Pacific salmon), while other species in the family are called trout (e.g. brown trout, seawater trout). Although several of these species are available from both wild and farmed sources, most commercially available Atlantic salmon is farmed” (Marine Harvest Industry Handbook 2014, p. 5). This paper will focus only on farmed Atlantic salmon. Today, “about 60% of the world’s salmon production is

farmed. Most of the cultured salmon come from Norway, Chile, Scotland and Canada” (Marine Harvest Industry Handbook 2014, p.5). In total, there are not more than a dozen countries around the world producing farmed salmon today. A relatively high price differential exists between the salmon products from the various supplying countries. The average salmon market price varies mainly because of supply growth rates, however it is also strongly correlated across regional markets (Figure 1). Time and cost of transportation are driving some of the trends, as well as the overall quality of the product and the abundance of long-term contracts. Short-term shortage or excess volumes, import bans, epidemics and other factors may also affect the availability and the relative prices of farmed salmon from the various producing countries.

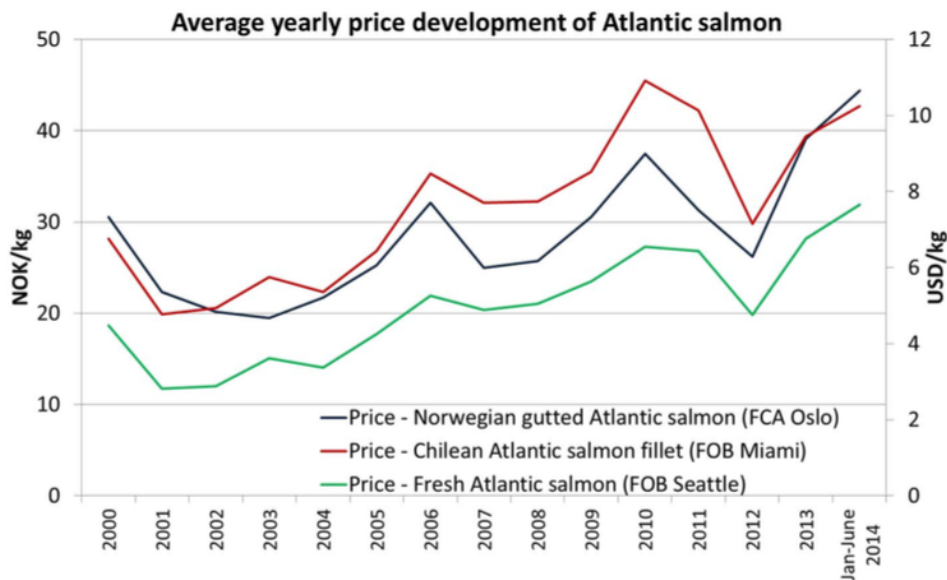


Figure 1 – Atlantic salmon price trends (2000-2014) (Marine Harvest Industry Handbook 2014, p. 24)

Salmon is an important food product (i.e. perishable) used in cuisines around the world. A perishable is defined as something (most often food), which is likely to decay or go bad quickly (also without proper storage conditions etc.) (Web 01). Food in turn is defined as any material consisting essentially of protein, carbohydrate, and fat used in the body of an organism to sustain growth, repair, and vital processes and to furnish energy (Web 02). Salmon is viewed upon as a highly versatile food product “rich in micronutrients, minerals, marine omega-3 fatty acids, high quality protein and

several vitamins, and represents an important part of a varied and healthy diet” (Marine Harvest Industry Handbook 2014, p. 13). It is a well-know species in the seafood industry and the perishables category. However, because of the specific characteristics of the salmon market, the limited number of supplying countries and production locally (as compared to cheese for instance, which is produced locally in nearly every country in the world) a broader and more general view than the “seafood category” will not be used in this paper. As noted by Insch (2003), it is more preferable to test the COO effects on separate product categories/subgroups before making generalized statements and testing the effects on a wider specter of products.

The three main salmon producing areas selected for this study are Norway, Chile and North America (USA and Canada combined as one market/country). Together these countries supply over 85% of farmed Atlantic salmon in the world (Marine Harvest Industry Handbook 2014). There are several reasons for including USA and Canada, as a united market/area in this study. First, as this study will be carried out in the USA using data from American respondents, it will be necessary to control the COI construct for ethnocentricity effects. Second, American farmed salmon’s main issue is its limited supply. Currently, there is only one active salmon farm situated in the USA. The rest of the salmon is caught *wild*, which means that it is related to a different product category and not suitable for comparison against Norwegian or Chilean *farmed* salmon. Due to these facts, Canada will also included in the study, as most of the farmed salmon (especially in the Northern States of the USA) is being purchased from there.

Norwegian and Chilean salmon firms have large differences when it comes to farming methods, technology, traditions and ownership fragmentation (Marine Harvest Industry Handbook 2014). The quality and image of Chilean and Norwegian salmon are also quite different, with Chilean salmon being perceived as the cheaper, lower quality alternative and Norwegian being perceived as a more exclusive, higher quality product. Therefore, it will be even more interesting to see how the COO effects will play in on the decisions made by the purchasers.

Another reason for selecting these countries is because they represent two contrasting socioeconomic development groups (MDC’s and LDC’s) and may result in different COO effects (both by direction and magnitude). These will be discussed in detail in

the following paragraphs.

1.2.2. LDC's vs. MDC's

A factor that can be closely related to the evaluation of products in general is the level of development of the country-of-origin. Several research articles (Bilkey & Nes, 1982; Verlegh & Steenkamp, 1999) highlight the fact that country-of-origin effects are much larger for products from more-developed countries (MDC's) than similar products from less-developed countries (LDC's). The findings suggest that people perceive products from LDC's to be lower in quality, and associate them with a larger risk of bad performance or dissatisfaction.

Although there is no single, set definition for an MDC or an LDC, several general criteria are common for evaluating the degree of economic development of countries. These include gross domestic product (GDP), gross national product (GNP), per capita income, level of industrialization, amount of widespread infrastructure and general standard of living. An MDC can be defined as “a country with a relatively high level of economic growth and security”, as well as advanced technological infrastructure relative to other less industrialized nations ([Web 03](#)). Norway has been named as the “most developed” country in the world for several years in a row by several international organizations (e.g. [UN - 2014 HDI](#); [Gallup Inc. - household income](#)). According to the International Monetary Fund (IMF) it is classified as an “advanced economy” ([IMF Advanced Economies List - World Economic Outlook](#)). United States and Canada also score high on the list of developed countries and are included in the MDC group. Chile, on the other hand, lands in the LDC category, defined by the IMF as a “developing economy”. An LDC is a nation with a lower standard of living, underdeveloped industrial base, and low Human Development Index (HDI) relative to other countries. And although, since the late 1990s these countries tend to demonstrate higher growth rates than the developed ones, there are still large social and economic gaps between LDC's and MDC's. Based on these distinct factors, it will be very interesting to see, whether COO effects will vary for the dependent variables of the respective countries.

1.2.3. New relationships and unique context

Another objective of this study will be to investigate the relationship between country image favorability and perceived supplier reliability of the salmon firms from Chile, Norway and North America. Supplier reliability is an important variable, which influences the customer's motivation to behave loyally towards the supplier. Most companies today focus on improving their reliability, as indicated by the strong interest in ISO and other certification processes (Selnes & Gønhaug, 2000). However, many supplying firms still underperform when it comes to making timely deliveries, making products with consistent quality, providing enough relevant information and so on. Buyer satisfaction and loyalty are thus, negatively affected and the firm loses revenues or customers altogether. At the same time, their actual reliability could be rather high, but the perceived reliability could be affected by other factors outside of their control, such as country image. Previous experience with a country's products or people may change the way purchasing managers evaluate foreign suppliers and their reliability. Despite the fact that perceived supplier reliability is a rather important construct related to customer loyalty, no previous research publication has been looking at the interconnection between it and country image. To address this gap, this study will present an overview of the recent and most relevant publications on the topic of perceived supplier reliability and provide and test a model containing the paths between country image and overall buyer satisfaction.

Product and service quality will also be addressed in this study. These are central concepts in existing literature and important criteria both for consumers and industrial buyers. Although, perceived product quality has been investigated thoroughly in relationship with COI and other COO dimensions, most of the current research publications address products that are made to last a long time (e.g. industrial goods or durables). Perceived product quality and COI have not yet been evaluated comprehensively among industrial buyers for seafood products and it is obvious that more research is needed to explain the connections.

Following the arguments discussed above, four central research questions for this paper are presented below:

- 1) How does country-of-origin image affect purchase intentions among American industrial buyers?
- 2) Is there a relationship between the favorability of country image and perceived supplier reliability
- 3) What attributes are the most important when evaluating Norwegian suppliers and salmon: quality, price, supplier reliability or some other attribute?
- 4) What other factors related to COO might affect the purchasers' decisions and supplier selection processes?

1.3. Research setting

It is clear that the industrial market is different from the consumer market. Firms have to choose products from hundreds of suppliers to achieve the best combination of quality, price and other services. Firms are not the end users of the product and some are often more concerned about their bottom line, than the actual product characteristics (e.g. taste, consistency, after-sales service). However, the majority of the companies also take these important factors into consideration. We see that programs directed at promoting favorable COOs are gaining more and more support in firms around the world. Concerned marketers and CEO's see it as a way to improve the overall image of the brand/product and increase their sales (Yasin et al., 2012). Sales personnel are being trained on how to present the product, highlight its most attractive features and attributes (e.g. favorable COO). More and more purchasing managers having a similar background are also becoming aware of the COO effects. A products' COO is one of the many choice criteria for purchaser, which will be discussed further in this paper.

Just like consumers, purchasing managers normally use the same cognitive processes in determining their product choices. "Indeed, although industrial buyers may follow more formalized purchasing procedures, they are no more rational in making purchase decisions than consumers" (Fern & Brown, 1984; Wilson, 2000 – as cited in Insch, 2003, p. 292). And while strategic or expensive acquisitions often have to be coordinated with top managers or special decision making units, they account for only a small part of the overall number of purchases. The vast majority of routine, day-to-

day purchases are made by individuals, who base their choice on subjective opinions of a supplier or product. It is clear that a better understanding of industrial buyer search behavior is necessary to proceed with the research.

Liang and Parkhe (1997) found out that most industrial buyers will optimize their decision choice within the bounds of rationality, but beyond the bound, they tend to choose a more simplified decision process and satisfice (Insch, 2003). The authors also suggested that industrial buyers followed different searching techniques in domestic versus international purchasing decisions, because decisions on the international arena were often more complex and more likely to exceed the bounds of human rationality. This is an important point, since this research will be focused only on international sourcing. In addition, Liang and Parkhe's research revealed that "buyers are more likely to adopt a cognitively less demanding, non-compensatory approach by taking shortcuts in their search and evaluation efforts" (Liang & Parkhe 1997, p. 510). "Instead of selecting the best choice among "known alternatives" based on a rational weighing of various vendor or product criteria, purchasing managers engaged in more of a "search" process" (Insch, 2003, p. 293-294). This could occur because "the information-processing load that included international products most likely exceeds the bounds of human rationality" (Insch, 2003, p. 293-294).

A systematic rational choice process is often viewed upon as a long, expensive and cognitively overwhelming process. Therefore, industrial purchasers working with foreign products often engage in satisficing behavior and follow the "availability heuristic" (Liang & Stump, 1996 – as cited in Insch, 2003). When making their decisions purchasers often "rely on information that is easily recalled and readily accessible, such as vendor reputation, country-of-origin stereotype, and word-of-mouth recommendations" (Liang & Parkhe, 1997, p. 513).

It is also important to note that most of the industrial seafood buying and distributing firms in the USA are SME's (small and medium-sized enterprises) or family organizations. Small businesses (i.e. having fewer than 500 employees) account for more than half the nonfarm, private GDP and around half the private sector employment in the USA ([Web 05](#)). Private relationships and informal contacts between the suppliers and buyers are more important for SME's and thus, more

attention should be directed towards the “personal and social aspects of the buying process and on the effect of pre-existing influences such as experience, personal paradigms, cultural preferences and habituation” (Wilson, 2000, p. 786 – as cited in Insch, 2003). These SME’s and the personal and social relations will provide the base for the data used in this study.

1.4. Industry status update

In 2014 salmon exports from Norway reached their highest levels ever (NOK 43.9 billion), equivalent of 999,000 tons of salmon. Average export prices for whole salmon have also increased, to NOK 41.06 per kg (a 3.4 % increase from 2013). Poland remains to be Norway’s largest export market with a total exports value of about NOK 5.5 billion (10% growth over 2013). However, other markets such as the Asian and American markets, are experiencing even stronger growth ([Web 06](#)).

Norwegian salmon exports to the USA have been growing steadily in the last couple of years. This lucrative market has been receiving increased attention from many Norwegian exporters due to its large growth possibilities. The opportunities are even greater now, especially after the recent Russian import sanctions, which reduced the total demand in Europe, as well as the revocation of the anti-dumping duty in the US in 2012 ([Web 07](#)). Today, the USA is the largest market (i.e. worldwide) for farmed salmon and related products, such as salmon fillets, portions, steaks and others. The country has an advanced distribution network, a favorable legal system and hundreds of international players. The American market includes many strong competitors from Chile, Canada, Scotland, Faroe Islands and Iceland.

In 2014, total volume exported from Norway to the USA has increased to a record NOK 1.9 billion (a 64% increase from 2013) or about 19,150 tons. Compared to Norway’s key markets, these results show that there is still considerable room for further growth for Norwegian firms producing salmon and related products. The Norwegian Seafood Council also highlights the fact that there is a great potential in this market and there is a long way until it becomes saturated.

Another fact supporting the incredible growth opportunities in the American market is the average seafood consumption per capita. On average an American citizen eats about 15 lbs. (about 7 kg) of fish per year (i.e. shrimp, canned tuna and salmon), while at the same time an average European eats around 40 lbs. (20 kg) per year. Of course this number depends on other factors (e.g. culture, traditions and history), but foreign suppliers cannot deny the fact that more fish can be supplied for this market.

Today, the seafood industry in Norway is one of the largest export industries and is vital for settlements along the coast. Some of the most productive marine resources are located in Norway, as well as excellent conditions for conducting environmentally friendly aquaculture. Firms comply with strict regulations and constantly work on gaining more knowledge on the interplay between man and nature. Food safety throughout the entire production chain is a primary focus ([Web 04](#)). Norwegian origin must be synonymous to high quality and it must work as a guarantee for industrial partners and their customers that this fish is safe and healthy.

1.5. Structure of the thesis

The following paper will be organized as follows. In the next section, a brief literature review will be presented with a number of relevant theories and research topics. In section three, the main variables will be specified and linked together in a theoretical model. A set of relevant hypotheses describing the relationships within the conceptual model will also be presented in this section. In section four, the research methodology and context specific factors will be described. The results of the findings and the discussion part will also be presented in section four. Finally, limitations of the study, managerial implications and suggestions for future research will be stated in the ending part of the paper.

2. Literature review

This chapter will provide a literature overview and present the context for the study by introducing the concepts of COO, COI and their related theoretical frameworks. Industrial buying procedures and purchasing behavior will also be addressed in this section.

2.2. Country-of-origin

Country-of-origin effects have been studied for nearly 60 years now. The first research publications on COO were made in the early 1960s. Schooler (1965) was first to empirically demonstrate that consumers rated products, which were equal in every respect except for their COO, differently (Roth & Diamantopolous, 2008). Over the following years, hundreds of publications were written on topics related to COO effects. In 2006, Usunier estimated this number to be well over a 1000, including about 400 papers, which were published in academic (peer-reviewed) journals.

Verlegh and Steenkamp (1999) attempted to derive a generalized explanation of COO effects and supported the framework proposed by Obermiller and Spandenberg (1989) by using three aspects to explain the difference in COO effects (i.e. cognitive, affective and normative aspects). Cognitively, COO may be seen as an extrinsic cue for product quality. Beliefs about a country's products and more general characteristics, such as its economy, workforce and culture affect the consumers' evaluation of a products quality. The affective aspect consists of symbolic and emotional associations with the country-of-origin (e.g. direct experience during vacations or encounters with foreigners or indirect experience through art, education and mass media). Finally, the normative aspect of COO effects relates to "consumer voting". The decision to purchase or avoid a country's products can be regarded as a vote for or against the policies and practices of the country. In their review, they also highlighted the fact that consumer ethnocentrism has had a substantial impact on the purchasing behavior of the consumer. In addition, they hypothesized on the idea that the consumers' salient norm was to buy domestic products instead of foreign (Verlegh & Steenkamp, 1999). Today, this statement is no longer debated and seen by many as a rather outdated view. Firms face more and more competition from global players with access to better resources, more advanced technology, cheaper labor, more

complex “know-how” and so on. Customers are also becoming more demanding and price sensitive. Instead of choosing the local producer and helping the national industry/economy they choose to support the foreign firm and their products. These are some of the reasons why organizations (often government-backed) in different locations are becoming more active in promoting their local products and sponsoring campaigns to establish a “buy local” norm. Governments also promote claimed advantages for their respective countries, through their export, tourism, and other industrial development agencies, which may be at variance with each other (Bradley, 2001).

In their literature review, Verlegh and Steenkamp (1999) also highlighted the issue of many previous research articles, which focused only on the cognitive aspect of COO. Research on cognitive COO effects has indeed dominated among the three aspects in the past. This could be related to the fact that a large number of publications on COO-effects focus on technically complex and financially expensive utilitarian products (e.g. cars, TVs, cameras etc.). Unlike previous studies, the current research will be focused on a product, which is neither technically complex nor very expensive and available to the general masses. Thus, affective and normative aspects should be more visible and clear-cut. However, to figure out what aspects are more active for this product category we must first look at the relationships between the people who supply and purchase the product.

2.2.1. COO influence on supplier preferences

A review of the literature shows that there are many conflicting findings on the COO effects on a buyer’s preference for a particular country and its products. Some authors state that there are strong relationships between the two constructs, while others suggest the opposite (Samiee, 1994 – as cited in Bradley, 2001). One possible reason for these clashes is that COO effects are more likely to work indirectly through internal company variable, rather than having a direct effect as a determinant. In his research article, Bradley (2001) provides evidence for this argument by measuring the influence of country effects and company effects on company preferences among industrial buyers of electrical and electronic equipment.

The main question, which the article tries to answer, is whether COO influences industrial buyer preferences for international suppliers or not. COO effects in industrial markets are important for number of reasons. First, firms are becoming more and more international, doing business in different countries and sourcing their products from various foreign and local suppliers. A consistent corporate image and positioning are important for firms operating in small, culturally different, but geographically related markets/countries. Second, international firms operate in environments influenced by history, level of education and government-sponsored country images. Third, interaction between the COO and the company effects could influence company performance, in a negative or positive way.

Industrial buyers most often categorize foreign countries according to their level of technological achievement and subsequently differentiate their perceptions of these countries accordingly (Thorelli & Glowacka, 1995). The extensive information accumulated by industrial buyers over time, combined with professional purchasing practices, may lead to a greater sensitivity to the attributes of various products originating in particular countries and thereby promote greater use of intrinsic cues. Both intrinsic and extrinsic cues have a large influence on forming opinions regarding, for instance, product quality. These will be discussed closer in the following section.

2.2.2. Extrinsic and intrinsic product cues

Products and services are bundles of attributes used as ‘cues’ by people to shape opinions of expected or experienced product quality. Buyers in industrial product markets use both sets of cues, intrinsic and extrinsic, when selecting a supplier or making a purchasing decision (Bradley, 2001).

“An *intrinsic* product cue can be any product characteristic inherent in the product itself” (Liefeld, 1993; Lee & Lou, 1996; Teas & Agarwal, 2000 - as cited in Veale et al, 2006, p. 2). In other words, it can be described as the physical composition of the product (e.g. horsepower output for an engine, flavor for a salmon steak, fit of a shoe etc.). Most often, intrinsic cues cannot be fully appreciated until they are actually experienced by the buyer. “An *extrinsic* cue (i.e. nonphysical characteristic) is a

product characteristic not fundamental to the product itself but externally attributed to the good or service” (e.g. price, warranty, brand, place of purchase, or country-of-origin etc.) (Liefeld, 1993; Lee & Lou, 1996; Teas & Agarwal, 2000 - as cited in Veale et. al, 2006, p. 2).

Previous research has illustrated that buyers are not always able to precisely evaluate intrinsic or extrinsic cues before making a buying decision, and sometimes even in a post purchase evaluation (Alba, 2000; Kardes et al., 2001 – as cited in Veale et. al, 2006). Several reasons why this may occur include lack of understanding, lack of self-confidence, information misinterpretation or inaccessibility (Veale et. al, 2006). Consumers usually use extrinsic cues as the basis for their evaluations of product quality because it is often difficult for them to figure out a product's true intrinsic quality. However, it is very unlikely, that extrinsic cues would have such a strong effect on the industrial buying process, because industrial buyers are often required to obtain accurate information on intrinsic variables in order to evaluate a supplier (Bradley, 2001). On the other hand, country-of-origin is known as one of the most important extrinsic cues and is often used when buyers are less familiar with foreign products or intrinsic cues are not available (Insch, 2003).

Price is another extrinsic cue, which (together with COO) is often used to form product quality opinions. In some markets it is the only way to differentiate your products from the competition. For many consumers and/or buyers with limited knowledge price is the only factor for evaluating a product, regardless of product quality. Generally, consumers believe that many of the products are ranked according to a price scale where higher quality products are more expensive and lower quality products are cheaper (Veale, 2006). Industrial buyers are usually aware of the general level of prices in the market and various changes, because of supply and demand fluctuations. However, the price factor cannot be completely eliminated from the equation and often helps understand buyer motivations and behavior.

2.3. Industrial buyer behavior

2.3.1. Purchasing process

Like in most business operations, the environment surrounding organizational purchasing is highly dynamic. New techniques and technologies are constantly emerging to aid the organizational purchasing process. Some of these include online catalogs offering product specifications, prices, and availability; Internet-based ordering and tracking systems; EDI systems to facilitate inventory control, credit approval, invoicing and receivables, and direct communication and relationship management tools (Lewin & Donthu, 2005).

A classical study of industrial buying carried out by Robinson, Faris and Wind (1967) presents eight steps in a formal buying process in a standard industrial company.

1. Problem recognition
2. General need description (characteristics and quantity)
3. Product specification
4. Supplier search (potential sources)
5. Acquisition and analysis of proposals
6. Supplier selection (evaluation)
7. Order-routine specification
8. Performance review

The purchasing process begins when a person in the company recognizes a need for a new product or a problem, which has to be solved to continue operations (e.g. new products for expansion or new parts for a broken machine). The second step involves the determination of the characteristics (e.g. price, quality, durability, country-of-origin etc.) and quantity of the required product. Next, the buying firm has to develop the technical specifications of the needed items. The fourth step involves searching for the qualified supplier in a list of potential sources. The fifth step involves shortening this list based on a set of critical factors and asking the remaining suppliers for proposals. These proposals should include important information such as price, delivery terms and time, documentation, additional services and so on. Next, the purchasing department rates/ranks the proposals and evaluates the suppliers' flexibility, reliability and, in some instances (if possible), their reputation. The buying

firm may also attempt to negotiate prices or other variables at this stage with its preferred suppliers, before making a final decision. Next, after the suppliers have been selected, the buyer sends the information gathered in step 2 and 3 to the supplier. The final step involves a formal or informal review regarding product performance as well as the sellers' performance. The buying organization may also contact the end user (if they are not the same) to ask to rate the product and forward this feedback to the supplier. Performance reviews are vital for B2B relationships and can lead to performance improvements, as well as on the reduction of organizational slack and other inefficiencies.

Although, the presented industrial buying process seems fairly easy and straightforward, it takes a lot of work to pick the right suppliers and gain mutual benefits for both involved parties. A closer look at supplier criteria is taken in the next section.

2.3.2. Supplier selection process

The final choice of a supplier depends on a number of factors and the importance of these based on the firms' strategy and priorities. The data shown in the following figure below represents some of the most relevant selection criteria for new suppliers.



Figure 2 – Supplier selection criteria

The best suppliers are usually those who can offer products and services that match or exceed the needs of the buying firm. And although every supplying firm has its own strengths and weaknesses (often invisible to the outsiders), a buying firm can always turn for advice and recommendations to other business partners to make the right choice. The number of supplying firms also matters for a buying firm. A large number of suppliers will give a firm the needed flexibility and choice, but bargaining power will be diminished. Product or service quality may also suffer or not match standards when working with a big group. On the other hand, a smaller supplier circle will let a firm have more control and even receive special offers, resulting in potential competitive advantages. But relying on just or just a few suppliers could also be dangerous (e.g. in situations where the firm goes bankrupt etc.).

The firm should consider all these factors before making a decision. Following this discussion, it is necessary to understand how organizations make these decisions. Who are the individuals responsible for making these decisions? And how does the organization decide, which specific product it wants to purchase and, for instance, from which country? These and other questions are discussed in the following section.

2.3.3. Decision-making unit

Robinson, Farris, and Wind first introduced the concept of the decision-making unit (DMU) (also referred to as a “buying center”) in 1967. Today, it is more common for a group to make organizational buying decisions, rather than a single individual. In his study on industrial firms, McWilliams et al. (1992) found that the mean size of the buying centers most often consists of four people. The normal range is between three and five people, although some researchers state that this number can vary from two to seven participants (Buckles & Ronchetto, 1996). The main reason for the variety in amount of people is often related to the type of purchase that has to be done and the stage of the buying process (McWilliams et al., 1992). In other words, the size of the buying center grows with increases in the complexity of the purchase. In turn, a larger number of participants in the DMU usually lead to longer response time or time to make a conclusion.

Another important factor discussed in literature is the degree of the DMU's centralization. DMU's (just like organizational management) can be either centralized or decentralized. Only a few members of the organization are responsible for most of the purchasing decisions in centralized buying centers. In such situations it is crucial for suppliers to identify the main decision makers and target their campaigns and selling tactics on those individuals. Decentralized DMU's are characterized by a large number of individuals who are responsible for select markets and/or product. In these situations, suppliers should direct their efforts towards the whole group in the buying center (Lewin & Donthu, 2005).

Most of the seafood firms in Norway and the USA are characterized by a low degree of buyer center centralization. Usually, industry dynamics dictate the rate of centralization and the seafood industry (being a highly dynamic one) needs a decentralized structure to be flexible and able to react to the changes in the market (e.g. spot prices, perishability, harvest limitations etc.) quickly. This means that individuals or small groups make their decisions on the spot and often single-handedly. This decentralized structure is more preferable for the objectives of this research (as well as data gathering methods), as it is known that COO influences people differently.

2.4. Dimensions of COO

2.4.1. Country-of-origin

Country-of-origin is a complex and multidimensional construct. Country-of-origin has long been regarded as an important information cue. Previously, it has been communicated through the "Made in..." phrase. However, it soon became too general to analyze cleanly and today the use of product origin cues went well beyond the simple inclusion of the "Made in..." phrase on labels (Verlegh & Steenkamp, 1999; Bradley, 2001). Today COO information is found in brand names (e.g. Moods of Norway, Norway Royal Salmon), logos (e.g. Wenger, Victorinox - Swiss knives - Swiss flag), product design (e.g. Scandinavian), advertising (e.g. IKEA), slogans (e.g. Audi's - "Vorsprung durch Technik" or VW's - "Das Auto") and so on. These marketing measures help firms build and strengthen its brand nationality. Many firms

want customers to associate their products with a country, which is more desirable than, but different from the actual country-of-origin (e.g. Haagen-Dazs ice cream). These firms use the same elements to change their image in the minds of consumers.

2.4.2. COP, COD and COA

Lately, “increased global rationalization has diminished the usefulness of solely examining the country-of-manufacture or country-of-assembly component in defining overall country-of-origin effects” (Insch, 2003, p. 294). Simply providing the COO information (using methods mentioned above) does not provide a guarantee for a more favorable attitude, so firms must ensure that all channels of the COO construct are used. The researchers are now working at a more detailed level, by observing individual effects from the various elements of COO.

An overview of the existing literature shows that the COO construct can be decomposed into several dimensions (Insch, 2003; Insch & McBride, 2004; Hamzaoui et al., 2011):

- Country-of-brand origin (COBO)
- Country-of-design (COD)
- Country-of-manufacturing (COM)
- Country-of-assembly (COA)
- Country-of-parts (COP)

The COO construct can be rather confusing at times, because of the large number of combinations of the dimensions named above. It may even be hard to say exactly where the product comes from, when most of the parts come from one country, it is assembled in another and the design is from a third country. Take the iPhone as an example. Designed by Apple in the USA, it is assembled in China, with most of its parts coming from South Korea and other Asian countries. Can people then say it is an American product or should they refer to it as being Chinese or even Korean? This distinction between origin country, manufacturing country, and designing country is important for many of the consumer products (e.g. durables, electronics etc.) since one assumes that either or all may impact consumers’ perceptions of products, as will

their own nationality and culture (Sharma, Shimp, and Shin, 1995). However, this study focuses on salmon products and country-of-design (COD), country-of-assembly (COA) and country-of-parts (COP) are irrelevant when evaluating products from this category. Therefore, they will not be addressed in this study. For further clarifications on these constructs refer to the article written by Insch and McBride (1998).

2.4.3. Country of brand origin (COBO)

Country of brand origin (COBO), however, is an increasingly important construct in COO literature. It is defined as the country (or region) from where the brand originated, or also as “the nationality of the brand” (Hamzaoui et al., 2011, p. 973). Brand origin is a strong and stable brand association that exists in consumers' long-term memory (Keller, 1993 – as cited in Hamzaoui et al., 2011) and consumers frequently recognize BO, even if the design of a branded product no longer occurs in the origin country.

The findings of Diamantopoulos et al. (2011) show that COO effects are not only product-centric, but also brand-centric. According to the authors, “consumers associate a country’s image not only with specific capabilities relating to an industry or product category, but also with more comprehensive capabilities of producing good brands.” (Diamantopoulos et al., 2011, p. 520). In their article, a more differentiated view of COO effects is proposed, which takes both a countries’ industry/product and brand image into consideration. The figure below (Figure 3) shows four types of COO influences that follow from these considerations (i.e. a mix between product- and brand-centric countries). This matrix shows the best (e.g. Swiss watches and knives) and the worst combinations of COO influence, which impact on both a focal country’s products and brands. Norway has a strong reputation for its natural resources and clean environment, thus benefiting all salmon suppliers. In addition, Norwegian brands are becoming more global and better known (e.g. Marine Harvest, Lerøy etc.) and can further stimulate the growth of smaller brands. These factors put Norway somewhere in between Switzerland and Cuba on the matrix.

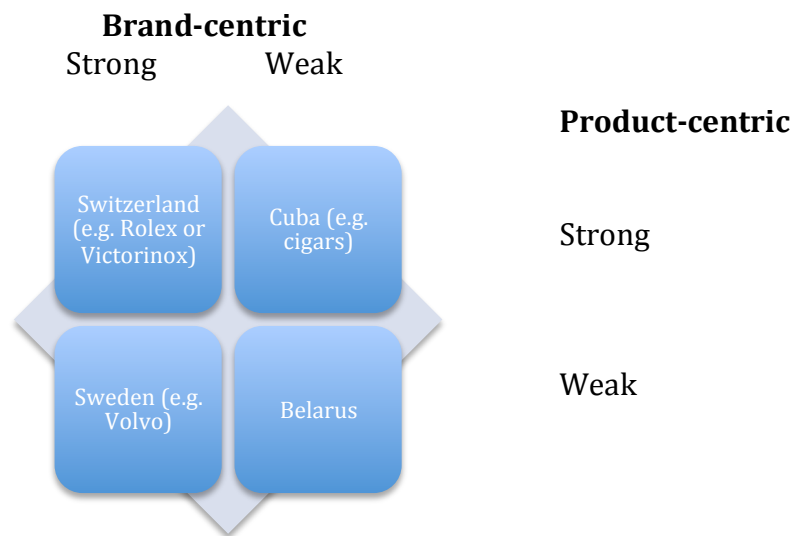


Figure 3 – COO influences (adapted from Diamantopoulos et al., 2011)

Organizations (e.g. the NSC) and firms in Norway should focus on promoting their origin and create even stronger brands to gain benefits from these COO influences.

2.4.4. Country of manufacturing (COM)

Country of manufacturing is defined as “the country (or region) that, according to consumers, produces the focal (branded) product” (Hamzaoui et al., 2011, p. 973). Country of manufacturing is an important question for firms producing and selling value added products. These firms have the choice of processing the fish in the home country or transporting the raw materials to other countries where labor and other related costs are often smaller (e.g. Poland, China). In this case, depending on the legal framework in the country, the products’ origin may be changed from the raw material origin. Managers must understand, which countries generate a favorable (or unfavorable) image in the minds of consumers, when picking a manufacturing site in another country or whether their customers/buyers care about this information at all.

The decomposition of the COO construct is often done to better understand how COO effects drive purchase intentions or brand equity (Hamzaoui et al., 2011). Indeed, more and more studies can now estimate the effects of separate dimensions or combinations of such to draw new conclusions. For instance, a recent article looked at

the congruity between the COBO and COM of different products and how it affected brand attitude. The study showed that moderately incongruent combinations of COBO and COM resulted in the most positive attitude toward the brand (Carvalho et al., 2011). Although, most of the products under international brands are nowadays not manufactured in the same country from which they originate, this study will focus solely on fully congruent relationships (i.e. where COBO = COM). This is because most of the salmon brands belonging to firms originating from Norway relate to farms only in one country. In other words, country of raw material origin and country of brand origin are the same. There are only a few exceptions, which include the largest players such as Marine Harvest, Lerøy or SalMar, which own salmon farms in Chile, UK and other countries, but these will not be addressed in this study.

2.4.5. Country-of-origin image (COI)

Country-of-origin image is a multidimensional construct closely related to the original COO construct. Certain trends and shifts in the research on country-of-origin have occurred in the past couple of decades. Researchers have moved from simply assessing differences in product evaluation and preferences based on the nationality of a brand or product to a more complex construct of the country image. Previous research on COO allowed experts to see *if* consumers preferred products or brands from one country in comparison to another. Current research on country image helps researchers to see *why* this is the case (Roth & Diamantopoulos, 2008). For example, economic stability, technological dominance or access to rare natural resources could explain the latter.

Although COI has been studied closely and many leading researchers have acknowledged its importance, no single definition or conceptualization of the construct currently exists (Laroche et al., 2005). A recent paper on COI, written by Roth and Diamantopoulos (2008) highlights these issues and seeks to provide a bird's-eye overview over the various conceptualizations and operationalizations of the construct, as well as proposing a new integrated COI framework. Three distinct definition groups, most often mentioned in COI literature, are presented in their study: (1) definitions of the (general) image of countries (i.e. country image or CI), (2)

definitions of the image of countries and their products (also referred to as product-country images or PCI), and (3) definitions of the images of products from a country (i.e. product image).

The first group of definitions views country image as a generic construct consisting of generalized images formed not just by the typical products, but also by the degree of economic and political development in the country, its history, norms, culture and the degree of technological superiority. All of these factors refer to cognitive beliefs and are closely related to the underlying theories used in Verlegh and Steenkamps' (1999) work discussed before.

The second group of definitions focuses on the image of countries in their role as origins of products. The main points made here are that product and country images are two different but related concepts, and that a country's image affects the images of products from that country. Papadopoulos et al. (1988) were the first to introduce specific measures of country image in the product country image (PCI) research. However, this term had a rather limited view of the conceptual domain of COI as it only included the evaluation of the country's products, without considering other outcomes (e.g. investments, vacation or relationship with another country). In their following research, Papadopoulos et al. (1990, 1998, 2000 – as cited in Laroche et al., 2005) presented a new multi-dimensional framework of country image including three components of an attitude:

1. A cognitive component, which includes consumers' beliefs about the country's industrial development and technological advancement;
2. An affective component that describes consumers' affective response to the country's people;
3. A conative component, consisting of consumers' desired level of interaction with the sourcing country.

The last group of definitions focuses only on the images of the products of a specific country. The definitional domains of the COI construct in this group capture the product image and not the country image. Nagashima (1970) was the first to develop such a conceptualization, followed by several other practitioners who have focused on

product image rather than COI as they actually claimed (Roth & Diamantopoulos, 2008).

Many attempts have been made to refine and capture the complex nature of country image, which resulted in a number of contrasting definitions. In one phrase, country image can be defined as "...the total of all descriptive, inferential and informational beliefs one has about a particular country", proposed by Martin and Eroglu (1993, p. 193, *emphasis added*). Other researchers, such as Verlegh and Steenkamp (1999), refer to country image as "mental representations of a country's people, products, culture and national symbols..." underlining that "...product-country images contain widely shared cultural stereotypes." (Verlegh & Steenkamp, 1999, p. 525). In another publication, made by Allred et al. (1999, p. 36) country image is defined as "the perception or impression that organizations and consumers have about a country..."

Clearly, the inconsistency of these definitions of COI can create confusion regarding its conceptual specification. Some researchers are referring to COI as "impressions" or "associations", others use terms as "perceptions" or "stereotypes", yet others refer to COI as "beliefs". The main issue with most of these definitions is that they are not comprehensive enough to fully capture the domain of COI (Roth & Diamantopoulos, 2008). According to Roth and Diamantopoulos (2008), the only concept in COO literature that does not have such disadvantages is attitude theory. Fishbein and Ajzen (1975, p. 6 – as cited in Roth & Diamantopoulos, 2008) define attitudes as "a learned predisposition to respond in a consistently favorable or unfavorable manner with respect to a given object". Attitudes include cognitive, affective and conative facets and are capable of explaining favorable or unfavorable country evaluations.

The following research paper will employ the product-country image concepts when evaluating COI among the industrial buyers of salmon in the USA. Product image would be measured together with COI on a global level, rather than product-category specific because the main objective is to explore the general image of Norway, Chile and North American and their salmon products. In other words, the respondents will not be asked about particular brands or products, but instead requested to give an overall evaluation of the focal country's products and suppliers. The COI scale used in the questionnaire will include both cognitive and affective components to investigate the impact of country beliefs on outcome variables such as product

evaluations and purchase intentions. More information about the scales will be given in the methodology section of this paper (Chapter 4).

2.4.6. Country-of-origin image halo or summary constructs

A number of researchers have hypothesized that the role of country image in product evaluations may be explained from either a *summary* or *halo* perspective (Bilkey & Nes, 1982; Johansson et al., 1985; Han, 1989; Papadopoulos et al., 1990 – as cited in Laroche et al. 2005). These two perspectives are related to the consumers' familiarity with the specific product within a given category.

Country image is described as a halo that consumers use to make an evaluation of a product that they are unfamiliar with (Figure 4) (Bilkey & Nes, 1982). This definition suggests that consumers use COI as indirect evidence of a product's performance. They often do this when they possess little direct knowledge of the product itself (Laroche et al., 2005).



Figure 4 - Halo model (adapted from Han, 1989)

Han (1989), on the other hand, proposes that COI can serve as a summary cue that consumers use to sum up and encapsulate the evaluation of a product that they are familiar with (Figure 5). In this case, consumers are believed to use COI as a proxy for the performance of a product when they have prior experiences with the performance of other, similar products from the same COO.



Figure 5 - Summary model (adapted from Han, 1989)

Although industrial buyers (the target population of this research) tend to be better informed than ordinary consumers, they are still expected to use both cues when

evaluating products. The halo model may be relevant when the buyer is selecting a new supplier/product from an unfamiliar country based on other products sourced from that country. The summary model, on the other hand, can be used when a buyer has already been purchasing products from a certain country and now wishes to change his/her supplier.

2.4.7. Product familiarity and involvement

Another construct closely related to the halo and summary perspectives is product familiarity. It can change the importance that consumers/buyers place on the COI when they evaluate products. “Product familiarity refers to how familiar a consumer is with a given product category. The direction of the interaction of product familiarity with COO image depends on the assumptions made by the researcher regarding the way consumers use COO information in purchase decision-making.” (Josiassen, et al., 2008, p. 424). The main question, which researchers are trying to solve, is whether higher product familiarity makes COI effects stronger or vice versa. Following their study on consumers in Australia, Josiassen et al. (2008) showed that product familiarity has a significant and negative moderating influence on the effect of COI on product evaluation (although only marginally, at the significance level of 0.1). This is an important outcome, which may help in explaining the results of the current study, since it will focus on industrial buyers. Industrial buyers are expected to have very high (i.e. full) product familiarity as they work directly with the products.

Another construct often mentioned in literature in relation to COI is product involvement (i.e. low or high). Involvement refers to “the general level of interest in the object or the centrality of the object to the person’s ego structure” (Day, 1970, p. 10 – as cited in Josiassen, et al., 2008). There are generally two perspectives on the interaction between product involvement and COI:

- 1) High involvement is weakening the COO effect.

Much of the data on product involvement is based on the literature used in persuasion research. The Elaboration Likelihood Model (ELM), for instance, describes how attitudes form and change by projecting the major paths (either central or peripheral) to persuasion. The central route involves a high level of message elaboration where a

large cognitive effort is needed from the consumer. On the other hand, consumers that use a peripheral route tend to build their evaluation on more salient and readily accessible cues. In general, the authors of ELM assume that consumers use a central route under high involvement circumstances and a peripheral route under low involvement circumstances (Petty et al., 1983 – as cited in Josiassen, et al., 2008).

Based on these findings, several COI studies (Han, 1989; Maheswaran, 1994 – as cited in Josiassen, et al., 2008) suggest that consumers' judgments depend more on COI when they are less involved with the product category because COI is a salient and highly accessible cue on which to base a buying decision. In other words, the relationship between COI and product evaluation is weak when product involvement is very high and is considerably stronger when product involvement is very low, suggesting that COI is particularly important for consumers when they evaluate products with which they are not very involved.

2) High involvement is strengthening the COO effect.

Other researchers (e.g. Ahmed & D'astous, 2004) argue that for high-involvement products, consumers will also use additional information (e.g. COI) when evaluating a given product and not only rely on traditional cues, such as price and brand. In other words, the more involved the consumers become with a product the more chance there will be of them using COI in product evaluation. This perspective is exactly the opposite of the other one discussed above. In their study, Josiassen, et al., 2008 present arguments for this perspective, but repeat that the relationship between COI and product evaluation depend on whether consumers use COO image as a salient and easily accessible cue (in replacement of other product evaluation cues) for their evaluation of a product, or as an important supplementary cue (in addition to other product evaluation cues) for their evaluation of a product (Josiassen et al., 2008). Although, this research will not address familiarity or involvement questions (only one assumption is made regarding high product familiarity), these topics can be investigated closer in future studies of COI effects on industrial buyers.

3. Hypotheses and conceptual model

The previous section showed the complexity and multidimensionality of the COI construct in modern business. The following chapter will go into detail regarding COI in the industrial context and present the relevant hypotheses together with the conceptual model. A new variable consequent to COI will be introduced in the theoretical model connecting COI and purchase intention. Understanding how COI affects overall buyer satisfaction and purchase intention will require an understanding of its antecedents, such as perceived product quality, service quality and supplier reliability.

3.1. Perceived supplier reliability

Supplier reliability has been identified as a key factor in developing relationships based on trust and commitment (Kumar et al. 1995 – as cited in Selnes & Gønhaug, 2000). “Reliability is the perceived ability to keep an implicit or explicit promise. A supplier is perceived as reliable when deliveries are made according to contract, when relevant information is provided timely and accurately, when members of the organization are knowledgeable about their business and their products and so on” (Kumar et al. 1995; Biong & Selnes, 1997 – as cited in Selnes & Gønhaug (2000), p. 260). Selnes and Gønhaug (2000) have developed and tested a model of how affective and cognitive processes mediate the effect of supplier reliability and benevolence on behavioral intention to be loyal to the supplier. The authors noted that the majority of research has been focused on affective and cognitive processes in the consumer markets and that there was a deficit of literature on affects in the industrial markets. Both affective and cognitive responses are expected to be present in buyer-seller relationships and influence satisfaction levels. From a logical standpoint it does not make sense to talk about feelings as a characteristic of an organization itself, but members of the organizational team may have feelings toward a supplier as an organization and their decisions can be influenced, as reflected in the buying-center literature, by other things, such as their subjective experiences (Selnes & Gønhaug, 2000).

“Reliability of the supplier is related to the actual delivery of products and services” (Lambert & Sterling, 1987 – as cited in Biong & Selnes, 1996, p. 46). Supplier

reliability is therefore highly dependent on how well production and logistics are planned and executed. Reliability can also be influenced by the performance of the sales staff. Products and services usually have to meet certain standards or specifications regarding price, quality, volume, delivery terms and so on. These points are usually agreed upon between the seller and the buyer before the transaction is made. Deviations from these supplier-buyer agreements (e.g. opportunistic behavior) are explained by the transaction cost theory. Some suppliers get involved in such questionable business in order to get a short-term profit, ignoring the negative reactions and additional costs this may bring in the future (Biong & Selnes, 1996).

Monitoring is one of the mechanisms, which may help in controlling opportunism, however it also comes at a cost (e.g. data processing and checkups). A non-reliable supplier must incur these costs or all together give up the business opportunity to a more reliable competitor. A reliable supplier saves the buyer money and time, resulting in fewer disturbances in production and administrative routines (Biong and Selnes, 1996). Supplier reliability can also be improved by using an Electronic Data Interchange (EDI) technology, as found by Walton and Maruchek (1997). “The buyer’s experience using EDI as a tool in supplier management, the willingness of both parties to share sensitive production and capacity information the acquisition of the EDI system; and the level of EDI integration with other computer system...” were named as the main determinants of success (i.e. higher quality of delivered products and correct items/mix) (Walton & Maruchek, 1997, p. 30). Judging by the decent amount of academic research on this topic, supplier reliability can be regarded as a major aspect in modern day business for efficient and effective supply chain operations.

However, as of today, no existing literature is found on the relationship between country-of-origin image and perceived supplier reliability. Nonetheless, the author believes that a connection exists between these constructs. Because purchasing managers often base their decision on subjective opinions, especially if they are dealing with new suppliers, a favorable (or unfavorable) country image could have a large effect on their perception of the suppliers (as the only representatives of that nation). As mentioned before, the evaluation of a suppliers’ reliability involves an affective and a cognitive component, just as the evaluation/perception of the country

of origin of a product. The second component is especially interesting, as it deals with the consumers' affective responses (e.g. liking) to the country's people. The perception of the suppliers' reliability is affected by the liking of the people in that country. Based on this information, the first hypothesis to be tested is as follows.

H1: An increase in country image favorability will lead to an increase in perceived supplier reliability.

3.2. Buyer satisfaction

The suppliers' ability to fulfill the buyer's expectations relates strongly to the overall buyer satisfaction. Since experienced supplier reliability has shown to increase satisfaction (Biong & Selnes, 1996), it will also increase the buyer's motivation to continue a business relationship with the supplier. Increased loyalty, in turn will improve the quality of the relationship (and that of products and services), ensure more timely deliveries, boost innovation and overall competitiveness. Suppliers are expected to be reliable and fulfill their promises to the customers. When the buyer experiences discrepancies in delivery times, product or service quality, feedback and other issues, it is natural for negative feelings to occur (e.g. anger). These negative feelings may be carried over to negative affect towards the supplier and then reduce satisfaction levels. High supplier reliability, on the other hand, is expected to positively influence satisfaction with the supplier. "Customer satisfaction is believed to be a function of expectations and experience performance of a product or service offering" (Selnes & Gønhaug, 2000, p. 261). This relationship will be added to the conceptual model and tested to confirm (or decline) previous results.

3.3. COO and perceived quality for industrial buyers

Firms around the world continuously work on increasing the quality of their products and services. Quality managers and controllers are constantly addressing quality-related problems in their new or current products. Quality is defined as "...the extent to which products meet the requirements of people who use them" (Hayes, 2008, p. 1). It is usually separated into two constructs: quality of design and quality of conformance. The former reflects the extent to which a product or service possesses

an intended feature. The prior, on the other hand, reflects the extent to which the product or service conforms to the intent of the design (Hayes, 2008).

Although, it is inappropriate to talk about salmon quality in terms of design, we can still measure its quality with hard indices. The terms most often used to assess quality in the salmon industry are presented below (Sigurgisladottir et al., 1997):

Salmon raw material can be evaluated according to its:

- Fat - content, composition and distribution of the fat in the fillet;
- Color - intensity and distribution of the color in the fillet;
- Texture - firmness (hardness and elasticity) and gaping;
- Other parameters - white stripes (connective tissue), bleeding, blood stains, marbles, and melanin.

This research will, however, focus on perceived quality instead of actual or objective quality. This is due to the fact that the study focuses on the overall image of Norwegian, Chilean and North American origin and not on separate companies' products or brands. Perceived quality can be defined as "...the consumer's judgment about a product's overall excellence or superiority" (Zeithaml, 1988, p. 3). As Zeithaml points out, perceived quality is not the same as actual or objective quality, it usually features a higher level of abstraction rather than a specific attribute of a product, a global assessment that sometimes resembles attitude and a judgment usually made within a consumer's evoked set (Zeithaml, 1988).

Service quality is another important factor, which firms both in customer and industrial markets pursue. The concept of service quality is similar to the product quality concept and is defined as "...the buyers' perceptions of the service offered by the seller" (Holmlund, 1995, p. 110). A range of soft indicators, such as perceptions and attitudes, can measure this construct. It is often necessary to use these measures, because objective indices are not applicable in assessing the quality of service. Researchers have concluded that service quality can be evaluated on the basis of 10 dimensions. However, later research publications by Parasuraman, Zeithaml and Berry (1988) suggested that these dimensions overlap each other and 5 dimensions

(tangibles, reliability, responsiveness, assurance and empathy) are sufficient to measure service quality.

3.3.1 Previous research of the COI-PQ relationship

While the impact of country-of-origin effects on industrial buyers' perception of product quality has been documented for durable industrial goods, such as electric motors and relay switches (Insch, 2003), machine tools and component parts (Dzever & Quester, 1999) and fasteners (Chen et al., 2011), there has not been any research on seafood products and specifically, salmon.

Dzever and Quester (1999) present a list of research papers, which have been looking at the specific setting of industrial marketing. They note, however, that compared to its consumer marketing counterpart, research in that area still remains relatively modest and more insight is needed. Their study aims to clarify and substantiate, which role COO information has on influencing the industrial purchasing agent's perceptions of products with regard to quality. By decomposing the COO construct into COD and COA, the authors try to understand the underlying patterns where design and manufacturing functions are often geographically separate. The authors underline that quality is often central to the purchasing managers' preferences and ultimate choice. The following factors are considered among the most critical ones (especially for machinery products/durables): the product's performance (considered in relation to its purchased price), its durability, the nature of technology utilized, its ease of operation/maintenance, the nature of training provided by the seller, and the degree of space utilized by the product. The results showed that country information did affect the purchasing managers' perceptions of quality, although the magnitude was different for machine tools and component parts (possibly due to the risk factor being higher for equipment versus components, as it was more expensive to fix a failed machine than to replace a component).

A similar article written by G. Insch (2003) looks at perceived product quality and COO effects using a sample of American and Mexican industrial buyers. Their study touches upon the topic of the potential deprecating effects of an LDC. The authors highlight that a significant amount of global expansion and sourcing is occurring in

LDC's today and, although products from these countries may have exactly the same characteristics (e.g. quality, durability etc.), industrial buyers still perceive them to be of lower quality. This information is highly valuable for producers and suppliers in order to make better foreign direct investment decisions or to adjust sales messages. Two products with dichotomous economic and performance risk elements are evaluated (i.e. an explosion-proof motor and electronic power relays). The author takes on a similar approach (as in Dzever & Quester's study) and decomposes the COO construct into three components (COD, COP and COA). The proposed model also expands the measurement of industrial buyers' perceptions of product quality into three distinct components - design, conformance to product specifications and manufacturing quality. The literature reviewed by the author suggested that country of design (COD) and country of assembly (COA) are both individually sufficiently strong extrinsic information cues to affect industrial buyer quality perceptions. Additional information, such as country of parts (COP) can also affect quality perceptions among purchasing managers. These arguments become the base of the proposed hypotheses. Price, brand name/company reputation, and type of purchase situation are included in the research as control variables. As expected, the results show that COD, COA and COP information have a significant influence on the purchasing agents' quality perceptions, indicating the importance of these COO components.

Another article by Chen et al. (2011) looks at the relationship between COO effects and brand equity. Their work is based on previous literature on customer-based brand equity and the theory of Aaker (1991) with the COO effect. They investigate and validate the sources of industrial brand equity in international B2B markets by using the case of the fastener industry in a newly industrialized country (Taiwan). In their study the authors also underline the importance of B2B brands. Despite the fact that procurement in industrial markets is often rational and calculative, B2B brands are still known to be able to play a significant role in establishing a consideration set of potential suppliers in the mind of the buyer. The authors also stress the importance of perceived quality (i.e. both product and service) as a driving force behind B2B branding. Their results show that the hypothesized relationships between country-of-origin and industrial brand equity is not supported. In other words, the country-of-origin of fasteners is not an important antecedent of industrial brand equity. A

possible explanation of these unexpected results is that the fastener industry is still a labor-intensive and price-oriented sector, rather than a country-of-origin-oriented industry. The remaining hypotheses confirm the existence of a significant relationship between perceived product quality and industrial brand equity, but not between perceived service quality and industrial brand equity.

Although, the papers discussed above present arguments for the COI-product quality relationships and provide a valuable contribution for the development of COO effects for industrial buyers, the matter is still rather unclear for other industrial goods. This project aims at filling this gap in literature and providing valuable data for further investigation of the COO construct within the product category of seafood. As mentioned, several researchers have already underlined the fact that repeated studies in different (i.e. other) product categories are necessary to fully understand and capture the complex nature of COO (Insch, 2003; Diamantopolous et al., 2011). They proposed to start developing foundations of knowledge regarding COO across products, so that underlying similarities and differences between products could be discovered and catalogued (Insch, 2003). Therefore, the following hypothesis testing the relationship between COI and product quality within a new product category is proposed:

H2a: An increase in the favorability of country image will lead to an increase in perceived product quality in the seafood industry

Numerous studies indicate the importance of service quality both in the consumer and industrial markets (for additional references see Holmlund, 1995). However, an overview of existing literature on COI shows that most of the research is still focused on perceived product quality rather than service quality (e.g. Verlegh & Steenkamp, 1999; Insch, 2003; Insch & McBride, 2004 etc.). Although several earlier studies (Harrison-Walker, 1995; Furrer, Liu and Sudharshan, 2000 – as cited in Pappu et al., 2001) have examined the possible influence of favorable and negative COO information on the consumers' perceptions of service quality, they have not gone into depth to actually compare the differences between various countries or cultures. "The literature does not satisfactorily explain if consumers' notion of a country's image influences their quality perceptions of services from that country" (Pappu et al., 2001, p. 1). To address this issue, the following study will separate the perceived quality

construct into two independent variables (i.e. product and service) and test the following hypothesis within a specific industry setting:

H2b: An increase in the favorability of country image will lead to an increase in perceived service quality in the seafood industry

3.4. Indirect effect of COI on PI

The proposed model does not have any direct links between country image and purchase intentions. It is assumed that the COI effects take a peripheral route through various attribute beliefs when influencing purchase intentions. A recent study by Diamantopoulos et al. (2011) provides evidence for these indirect links. In their paper, the authors compare different views on the relationship between COI, brand image and purchase intentions among consumers. The conceptual background of their research is based on two perspectives on COI. The orthogonality perspective implies that the consumers' perception of countries and brand image are developed independently of each other. In other words, brand image and COI have independent direct effects on purchase intentions. The irradiation perspective, on the other hand, looks at subjective interlinkages between the variables. According to it, a consumers' image of a particular country shapes the perceptions of the image of a brand (or a product category) from the country. In total, four alternative models are introduced in the article, testing both direct and indirect relationships. Out of the four models, the best fit is achieved when COI indirectly influences purchase intentions through the impact on brand image (Diamantopoulos et al., 2011).

Based on the results of previous studies, the researcher also predicts that COI will have an indirect effect on overall buyer satisfaction. Three separate variables are expected to mediate the relationship between the predictor and the criterion. A mediator variable is defined as any given variable that accounts for the relation between the predictor and the criterion. "Mediators explain how external physical events take on internal psychological significance. Whereas moderator variables specify when certain effects will hold, mediators speak to how or why such effects occur" (Baron & Kenny, 1986, p. 1176). In other words, a mediator variable is one

that explains the relationship between the two other variables. Based on the findings of Diamantopoulos, Schlegelmilch and Paliawadana (2011) the researcher expects COI to affect overall buyer satisfaction indirectly through the mediators presented below.

Assuming that there is a significant relationship between COI and perceived supplier reliability, it will act as the first mediator between COI and overall buyer satisfaction. The following hypothesis is proposed:

H3a: The relationship between an increase in favorability of country image and buyer satisfaction is positively mediated by perceived supplier reliability

The second proposed mediator in the relationship between COI and buyer satisfaction is perceived service quality. Services account for a large proportion of industrial buyer satisfaction, next to product characteristics (Homburg, 2001). Provided that the hypothesized relationship (*H2b*) between country image and perceived service quality is true for industrial seafood buyers, it is expected that a more favorable COI will increase overall buyer satisfaction through perceived service quality, as posited below:

H3b: The relationship between an increase in favorability of country image and buyer satisfaction is positively mediated by perceived service quality

As mentioned, the positive relationship between COI and perceived product quality has been investigated thoroughly (e.g. Insch, 2003). The positive effects of perceived product quality on buyer satisfaction have also been documented (e.g. Tsotsou, 2005). As noted in the case for perceived service quality, buyer satisfaction is strongly related to the characteristics of a product. “The product is the core of the exchange and as a result, the characteristics of the product are likely to have significant effects on an industrial relationship” (Hakansson, 1982 – as cited in Homburg, 2001, p. 17). Clearly, seafood buyers are aware that quality can vary quite a lot based on the products’ country of origin. They evaluate the general differences between the countries (i.e. the image which is formed from the level of workmanship, technological know-how, innovation and other factors) before making the final

commitment. The buyers then expect a certain level of quality to be held when sourcing from the respective countries. It is thus logical to hypothesize that COI and satisfaction are linked together, through perceived product quality, provided that the irradiation perspective presented by Diamantopoulos et al. (2011) is true for industrial buyers. In this research, results from previous studies are combined and tested in a new product category and context, as stated in the following hypothesis:

H3c: The relationship between an increase in favorability of country image and buyer satisfaction is positively mediated by perceived product quality

3.5. Overall buyer satisfaction and purchase intention

Several studies have found strong positive links between buyer satisfaction and behavioral intentions such as purchase intentions or future loyalty toward a supplier or product (Selnes & Gønhaug, 2000). Customer/buyer satisfaction is important for a number of reasons. Firstly, in highly competitive markets with very low exit barriers, customers will most likely consider alternative sources of supply if they are not satisfied. Secondly, studies have shown that increased customer satisfaction can motivate the customer to continue making transactions with the supplier (Fornell, 1992; Richins, 1983; Singh, 1988 – as cited in Selnes & Gønhaug, 2000). This can in turn reduce the likelihood of them exiting the relationship with the supplier. Thirdly, satisfaction with a supplier can result in additional business and a stronger commitment, as well as motivation to expand the scope of the relationship (Selnes & Gønhaug, 2000). In another extensive consumer study, Cronin et al. (2000) also suggest that service quality, service value, and satisfaction are all directly related to behavioral intentions when considered collectively. Their results further suggest that the indirect effects of the service quality and value constructs enhanced their impact on behavioral intentions. Following the arguments discussed above a positive relationship between overall buyer satisfaction and increased purchase intention is expected. Figure 6 summarizes the preceding discussions and presents the relevant variables, together with the hypothesized paths.

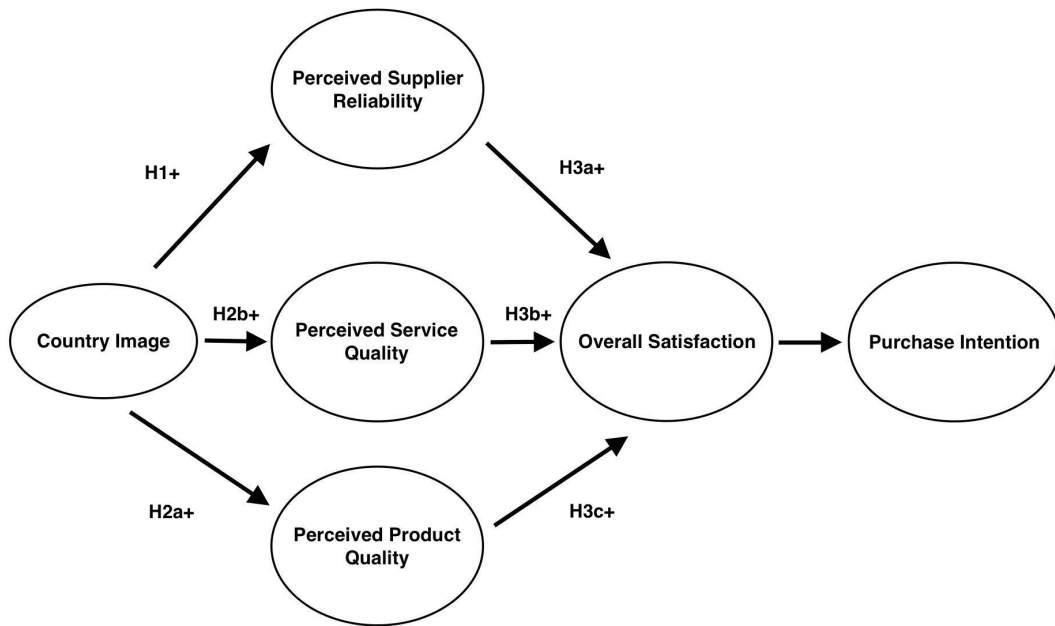


Figure 6 – Theoretical model of the hypothesized direct/indirect relationships between COI and purchase intentions

In addition to the main variables presented above, this theoretical model will include several important control variables, which will be discussed below.

3.6. Consumer attitudes and behavior

Consumer animosity, consumer ethnocentrism and consumer cosmopolitanism/xenophilia are some of the most often mentioned constructs in COO research, which explain the various dimensions of consumer attitudes and can interact with COI.

Klein, Ettenson, and Morris (1998, p. 90) define animosity as the “remnants of antipathy related to previous, or ongoing military, political, or economic events.” Examples of animosity can be seen in many parts of the world, as for example Palestinian consumers boycotting Israeli products because of the ongoing crisis in the Gaza Strip or Australian consumers having boycotted French products because of the French nuclear tests in the Pacific (Verlegh & Steenkamp, 1999). Currently, there are no military or political conflicts between the countries under investigation (the

bilateral relations are actually very good), therefore animosity is not expected to affect the responses and will not be controlled for.

Cosmopolitanism, as originally introduced by Merton (1957), refers to individuals who are oriented towards the outside world (rather than their local community). These individuals generally prefer foreign products instead of local and they favor wider, looser and multiple cultural narratives. The global business elite, refugees and expatriates are known as the three main archetypal cosmopolitan populations. Since this study will be based on data gathered from industrial purchasing managers (selecting from a limited set of countries), the researcher does not expect cosmopolitanism to interact with the main COI variable and affect the end results.

Consumer xenophilia is closely related to cosmopolitanism, and can be defined as a feeling of “goodwill” towards a country or positive attitudes towards foreign products. Existing literature has examined how consumer xenophilia has affected the consumers’ preference for products from Western European countries over locally produced goods. Other studies have shown that consumers from LDCs generally preferred products from MDCs (Batra et al., 2000). People with strong affinity towards one or another country have even received their own names (e.g. Anglophile, Francophile etc.). Although, these individuals may be present in any industry, the researcher believes that it will not be an issue for the objectives of this study.

3.6.1. Consumer ethnocentrism

Ethnocentrism, however, may have an effect on COI, because North American salmon is available on the market. Consumer ethnocentrism (CET) is defined as “...the beliefs held by consumers about the appropriateness and morality of purchasing home-made products and the rejection of foreign-made products” (Shimp & Sharma, 1987, p. 280). This term is widely used in COO research and provides a frame of reference for how consumers evaluate domestic products differently from foreign ones. High ethnocentric consumers generally evaluate foreign products more negatively, for a number of reasons. “...Consumer ethnocentrism gives the individual a sense of identity, feelings of belongingness, and an understanding of what purchase behavior is acceptable or unacceptable to the in-group” (Shimp & Sharma, 1987, p.

280).

Another important factor related to ethnocentrism is the globalization of markets and customers. “Today’s competitive environment requires managers to target their products successfully at segments that cross national frontiers. The international marketer can only do so with a consumer-oriented strategy that considers the attitudes and values of the targeted consumers” (Cleveland et al., 2009, p. 117). And, although, globalization continues its non-stop progress across industries and organizations, it does not necessarily mean that consumers around the world are globalizing at the same pace. Therefore, the issues of consumer attitudes and behavior should be addressed closer in this study. Ethnocentricity has been selected as a control variable in the proposed model and its effects will be accounted for.

3.7. Price

Price has a great impact on the buying decisions both in the consumer and the industrial markets. While research has mostly been focused on business-to-consumer (B2C) transactions, there has been very little work done in the business-to-business (B2B) area. Many conceptual models and frameworks in B2C research have been built around the price search concept. This concept distinguishes between-store price search (comparing prices across stores) from in-store price search (comparing prices within one store). B2C research has found that price search may lead to lower prices paid and lower total purchasing costs (Homburg et al., 2014). However, these results from B2C settings do not apply to B2B contexts because of the latter attributes, which are different. A recent study by Homburg et al. (2014) addresses these and other issues by introducing a B2B-specific concept of internal and external price search and analyzing how price importance affects these two types, as well as how customer satisfaction moderates the relationships. Based on the B2C price search model, the authors define internal price search as the efforts in negotiating prices with *current* suppliers, while external price search is related to comparing prices of *alternative* suppliers. Price importance, another central variable in their model is defined as “...the price’s relative weight as a decision making factor in the buying decision process and captures the customer’s focus on paying a low purchasing price” (Kujala & Johnson, 1993 – as cited in Homburg et al., 2014, p. 1582). The main results of

their study show that price importance generally drives external price search and doesn't affect the internal search process. At the same time it is found that customer satisfaction does not affect the two price search types, meaning that dissatisfied customers do not automatically search for prices of other suppliers (Homburg et al., 2014). These questions of price importance, search processes and satisfaction will all be addressed during the interview with the relevant salmon purchasers during this study.

In their traditional study of COO effects on product evaluation, Bilkey and Nes (1982), referring to the work of Hampton (1977), discuss perceived risk for domestic products versus the same products made abroad and COO biases. They conclude that there is a general increase in perceived risk, for products made in a foreign country, however, they note that this does not hold for all product categories. For instance, Brazil (being an LDC at the time that study was conducted) showed lower perceived risk for freeze-dried coffee, compared to products from other categories made there. This most likely happened because of its renowned status as an exporter of this particular raw material. If that hypothesis was correct, it meant that certain LDC's have had an advantage in exporting certain goods based on their present reputation as exporters of raw material. Hampton (1977) also proposed an inverse relationship between perceived risk and economic development.

Another study mentioned in Bilkey and Nes' (1982) literature review found that price was often the main bid characteristic in low-risk situations, while quality and location were more demanded in high-risk situations. This meant that placing an LDC supplier of industrial goods into a low-risk purchasing situation could maximize his price advantage and minimize the location disadvantage (Bilkey and Nes, 1982). Pricing is also closely related to country-of-origin effects. Any firm from a country suffering from negative biases should minimize their reference to their COO. It should instead look for options to neutralize the negative country image by promoting other product attributes, such as price or quality (Laroche et al 2005).

As mentioned, ethnocentricity and price will act as control variables the conceptual model. Figure 7 summarizes the preceding discussions and presents the final model to be tested in this paper. The thick lines represent the main paths between the constructs, while the dotted ones are for the control variables.

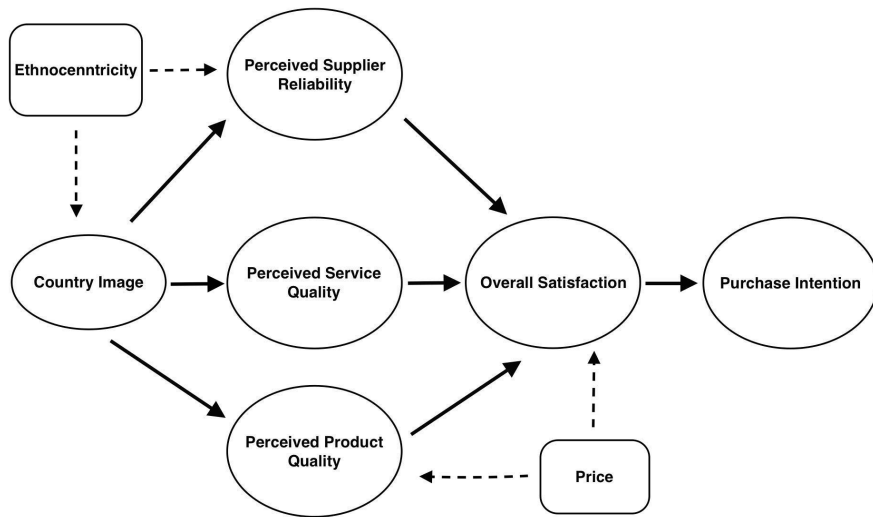


Figure 7 – Theoretical model and relevant control variables

4. Methodology and results

This chapter discusses the research methodology of this project and the implementation of the research design. The study uses a mixed methods approach in order to answer all of the research questions and provide a better insight into the complex nature of COI for industrial buyers. More information on mixed methods is presented in the following chapter (4.1). Chapters 4.2 and 4.3 discuss the quantitative methods used in the study, together with the sampling and questionnaire design. Chapters 4.4 and 4.5 address the qualitative methods and the procedures in the interviews. The main results are presented in the end of each respective subchapter.

4.1. Mixed methods approach

In this research both quantitative and qualitative methods were used and integrated together to provide a better insight into the complex nature of COI and B2B relationships. Combining both methods has become increasingly common in the last couple of years (Bryman, 2006). Previously, this mixed approach has been referred to as “multi-methods” (Brannen, 1992), “multi-strategy” (Bryman, 2004), “mixed methods” (Creswell, 2003; Tashakkori & Teddlie, 2003) and “mixed methodology” (Tashakkori & Teddlie, 1998). Some of the advantages of using mixed-methods in this approach are presented below (Bryman, 2006):

- *Triangulation* (greater validity) – refers to traditional methods combined to triangulate findings in order that they may be mutually corroborated.
- *Offset* – refers to the suggestion that the research methods associated with both quantitative and qualitative research have their own strengths and weaknesses so that combining them allows the researcher to offset their weaknesses and draw on the strengths of both.
- *Completeness* – refers to the notion that the researchers can bring together a more comprehensive account of the area of enquiry in which they are interested.
- *Explanation* – refers to better explanation, as one result/variable/relationship is often used to help explain findings generated by the other.

- *Unexpected results* – refers to the suggestion that quantitative and qualitative research can be combined, so that if one generates surprising results they can be understood by employing the other.
- *Instrument development* – refers to contexts in which qualitative research is employed to develop questionnaire and scale items (e.g. generation of better wording or more comprehensive closed answers).
- *Credibility* – refers to suggestions that employing both approaches improve the integrity of findings.
- *Context* – A central part in this paper, refers to cases in which the combination is rationalized in terms of qualitative research providing contextual understanding coupled with either generalizable, externally valid findings or broad relationships among variables uncovered through a survey.
- *Illustration* – refers to the use of qualitative data to illustrate quantitative findings, often referred to as putting ‘meat on the bones’ of ‘dry’ quantitative findings.
- *Utility* or improving the usefulness of findings – refers to a suggestion, which is more likely to be prominent among articles with an applied focus, that combining the two approaches will be more useful to practitioners and others.

Clearly, any researcher is interested at improving validity and utility of the results and drawing on the strengths of both methods, increasing credibility and being able to explain unexpected results. This study is no exception and, therefore, both quantitative and qualitative data was collected. The quantitative data was coded and analyzed using univariate and bivariate methods in SPSS 22 and AMOS software programs. The qualitative data from the interviews was transcribed and coded manually. In the interpretation section both methods were integrated to gain a better insight into the data and get a more complete understanding of the topic.

4.2. Quantitative study

Quantitative research is defined broadly as “the collection of numerical data” or “a view of the relationship between theory and research as deductive, a predilection for a

natural science approach and as having an objectivist conception of social reality” (Bryman 2012, p. 160).

4.2.1. Questionnaire design

The Likert-type format was used in the questionnaire to allow buyers to respond in varying degrees to each item that described the service or product. Developed by R. A. Likert in 1932, this scale represents a bipolar continuum, where the low end represents a negative response while the high end represents a positive response. “The advantage of using the Likert-type format rather than the checklist format is reflected in the variability of scores that result from the scale” (Hayes, 2008, p. 64).

A web-based survey is a popular and effective tool for receiving feedback both for business or researchers alike (Hayes, 2008). The eSurveysPro web page was used to collect the majority of the data from the respondents. The survey was conducted during the period from February 28, 2015 to April 28, 2015. A short email including the cover letter (Appendix 1) was sent to the purchasing managers containing a link to the website, some information about the confidentiality and purpose of the research, as well as some details about the survey itself. Three reminder emails were sent out to the entire list of participants, as the researcher could not verify the responses and separate those who have already participated, from those who haven’t (due to confidentiality reasons). In addition, printed copies of the questionnaire were handed out to a number of preselected purchasing managers at the annual Seafood Expo North America (SENA 2015) in Boston from March 15th to March 17th.

The questionnaire (Appendix 2) consisted of 13 main questions for each of the three relevant countries in the study. The survey was separated into 9 logical groups/sections. The design of these questions is discussed briefly in the following table.

| Section | Questions and explanations |
|--|--|
| 1) Intro | Brief explanation of the objectives of the study and general information about the survey (i.e. time needed to complete the survey, confidentiality etc.). Gathering data on demographics |
| 2) COI | Respondents were asked questions related to the COI of Norway, Chile and North America (i.e. attitudes towards people and products from respective countries). This scale represented a reworked version of Knight's COISCALE (2003) (Original model developed by Parameswaran, R., & Yaprak, A. in 1987). The questions were adapted in order to fit the characteristics of the industry and a total of nine attributes measured various dimensions of the focal country. |
| 3) Ethnocentrism | To measure the ethnocentricity levels among the respondents, they were asked questions about the appropriateness and morality of purchasing homemade products and the rejection of foreign-made products. This scale was adapted from Cleveland, Laroche and Papadopoulos' work (2009). |
| 4) Perceived supplier reliability | Respondents were asked to indicate their perception of suppliers from the countries in question. The scale was adapted from Selnes and Gønhaug (2000). |
| 5) Prices | Respondents were asked to indicate whether they thought the products were good value for money and/or competitively priced. The dual scales were based on a literature review on prices and the study of supplier preferences among industrial buyers (Bradley, 2001). |
| 6) Perceived product and service quality | Respondents were asked to rate the salmon products and the companies' service level from their respective countries (Lee et al. 2000). |
| 7) Satisfaction | Respondents were asked to indicate their overall satisfaction with the products. A single measure was used based on the literature review of customer/industrial satisfaction (Hayes, 2008). |
| 8) Purchase intention | Respondents were asked to indicate how likely they were to purchase the focal product in the future. |
| 9) Loyalty | The statement measuring loyalty is derived from a detailed literature review and previous studies in this field (Hayes, 2008). |

Table 1 – Questionnaire design (source: author)

Single-item measures were used to quantify the overall satisfaction, purchase intention and loyalty constructs in the questionnaire. The use of single-item measures in management research has been subject to heavy debate in recent literature, however it seems that more and more researchers today are challenging the conventional wisdom of relying solely on multi-item measures and including single-item ones in their surveys. The most recent work of Fuchs and Diamantopoulos (2009) presents arguments for the application of single-item measures under certain conditions (see Table 1, p. 206 for relevant criteria). They also dismiss several myths regarding the psychometric properties of single-item measures and highlight some of the advantages. Their article also provides researchers with concrete guidelines on how to assess the extent to which a single-item measure can be legitimately used to operationalize the focal construct.

4.2.2. Sampling

The researcher relied on logic and judgment when defining the target population for this project. It was obvious that the entire population (i.e. all seafood firms in the USA) was too large and some reduction was necessary. A smaller, but carefully chosen sample would represent the characteristics of the population from which it was drawn. The target population was reduced to the area of New England, however, the researcher believes that this did not become a barrier for the objectives of the study.

One of the main reasons for choosing seafood firms situated in Boston (including New England) was because it acts as an entry gate for Norwegian salmon to the American market. Most of the firms situated here import the majority of their salmon from Norway, as well as Canada. This gives the researcher the necessary diversity to obtain several different viewpoints and hopefully eliminate any skewness or preference due to geographical proximity to the supplying country/market. This grouping or clustering (explained partly by geographical characteristics) and other industry-related factors (e.g. history) are also evident in other parts of the USA. Other examples of such grouping can include Miami, Florida, which acts as a central (Southern) entry point for Chilean salmon and several North/Western States as entry points for Alaskan/Canadian salmon.

Nonprobability sampling was used in this research. Sampling methods are generally defined as *probability* or *nonprobability* methods. In probability sampling every person in the population has an equal chance of being selected. In nonprobability sampling the respondents are picked from the population in a non-random way. Nonprobability sampling includes several methods, such as judgment sampling, snowball sampling, convenience sampling and quota sampling to select the respondents. A combination of judgment and snowball sampling was used to gather a list of potential participants for the survey and following interviews.

4.2.3. Testing

To test the internal consistency (i.e. reliability) of the scales, the researcher performed a number of reliability analyses in SPSS. The reliability of a scale can vary depending on the sample and it was necessary to check that each of the scales was reliable with the particular sample.

The initial COI scale (including 9 items) showed poor internal consistency for all three countries (NOR = Norway; CHI = Chile and NA = North America). The following results were reported: Cronbach Alpha (NOR) – 0.521, (CHI) – 0.52, (NA) – 0.670.

To improve reliability the researcher decided to remove one of the items based on the data from the column headed “Alpha if Item Deleted”. The best result was achieved by removing the item “Products are imitations, not innovations” from the scale. The following coefficients were then reported: Cronbach Alpha (NOR) if 1 item removed – 0.691, (CHI) if 1 item removed – 0.678, (NA) if 1 item removed – 0.714.

To avoid confusion and biased results the item “Friendly toward the USA in international affairs” was also removed from the scales, as the respondents evaluating the country image of North America would have difficulties in placing themselves in the shoes of Canadians. This resulted in an even better reliability among the scales. The values were now above the acceptable level of 0.7, suggesting good reliability for this scale with this sample. As Pallant (2010) notes, it may sometimes be difficult to

get a decent Cronbach alpha value for scales with a small number of items (e.g. less than 10), so the latter coefficients were considered sufficient.

The remaining scales measuring ethnocentricity and perceived supplier reliability showed good internal consistency for all countries reporting a Cronbach alpha coefficient above 0.89. A summary of the reliability tests is given in Table 2.

| Scales | <i>COI</i> | <i>PSR</i> | <i>ETHNO</i> |
|----------------------|-------------------|-------------------|---------------------|
| General | - | - | <i>0,894</i> |
| Norway | <i>0,712</i> | <i>0,923</i> | - |
| Chile | <i>0,727</i> | <i>0,956</i> | - |
| North America | <i>0,714</i> | <i>0,954</i> | - |

Table 2 – Reliability of scales

After ensuring that the scales are reliable, total scores for each subject were calculated and new summated variables were created. After creating a new variable, descriptive statistics had to be run on the new scale in order to check that the values were appropriate. The distributions of scores on the new variables, as well as the normality of the distribution are some of the things, which are discussed in the following paragraph.

4.2.4. Descriptive statistics

Descriptive statistics provide some valuable information concerning the distribution of scores on the variables. As shown in table 3 negative skewness for overall product quality, overall satisfaction, loyalty and PSR for Norwegian salmon products indicate a clustering of scores at the high end of the scale. These results are not unexpected, as the positive attitude towards Norwegian fish and its higher quality has been mentioned before. Kurtosis values provide information on the “peakedness” of the distribution. As seen in table 3, kurtosis values fall below 0 for several variables, indicating that the distribution is relatively flat. However, there are few very low numbers supporting the fact of an adequate distribution.

Descriptive Statistics

| | N | Minimum | Maximum | Mean | Std. Deviation | Skewness | | Kurtosis | |
|--------------------------------|-----------|-----------|-----------|-----------|----------------|-----------|------------|-----------|------------|
| | Statistic | Statistic | Statistic | Statistic | Statistic | Statistic | Std. Error | Statistic | Std. Error |
| Overall product quality Norway | 33 | 4 | 7 | 6,03 | 1,015 | -,827 | ,409 | -,321 | ,798 |
| Overall product quality Chile | 33 | 1 | 7 | 3,52 | 1,439 | ,269 | ,409 | ,089 | ,798 |
| Overall product quality NA | 33 | 2 | 7 | 4,79 | 1,244 | -,401 | ,409 | ,002 | ,798 |
| Service quality Norway | 33 | 3 | 7 | 5,42 | 1,032 | -,057 | ,409 | -,331 | ,798 |
| Service quality Chile | 33 | 1 | 7 | 3,79 | 1,293 | ,698 | ,409 | 1,159 | ,798 |
| Service quality NA | 33 | 3 | 7 | 4,82 | 1,044 | ,387 | ,409 | -,558 | ,798 |
| Overall satisfaction Norway | 33 | 3 | 7 | 6,09 | ,914 | -1,234 | ,409 | 2,532 | ,798 |
| Overall satisfaction Chile | 33 | 1 | 7 | 3,79 | 1,244 | ,533 | ,409 | 1,668 | ,798 |
| Overall satisfaction NA | 33 | 1 | 7 | 4,88 | 1,219 | -1,189 | ,409 | 2,861 | ,798 |
| Purchase intention Norway | 33 | 5 | 7 | 6,30 | ,847 | -,645 | ,409 | -1,301 | ,798 |
| Purchase intention Chile | 33 | 1 | 7 | 3,67 | 2,160 | ,322 | ,409 | -1,220 | ,798 |
| Purchase intention NA | 33 | 1 | 7 | 4,52 | 1,955 | -,572 | ,409 | -,558 | ,798 |
| Loyalty Nor | 33 | 4 | 7 | 6,18 | ,983 | -,808 | ,409 | -,612 | ,798 |
| Loyalty Chil | 33 | 1 | 7 | 3,55 | 2,063 | ,408 | ,409 | -,978 | ,798 |
| Loyalty NA | 33 | 1 | 7 | 4,48 | 1,716 | -,387 | ,409 | -,185 | ,798 |
| Total COI Norway | 33 | 3,71 | 6,71 | 5,1991 | ,73013 | ,220 | ,409 | -,620 | ,798 |
| Total COI Chile | 33 | 2,00 | 5,00 | 3,6407 | ,70178 | -,251 | ,409 | ,201 | ,798 |
| Total COI North America | 33 | 3,86 | 6,86 | 5,0952 | ,65433 | ,860 | ,409 | 1,918 | ,798 |
| Total Ethno | 33 | 1,00 | 5,00 | 2,3182 | 1,08122 | 1,046 | ,409 | ,799 | ,798 |
| Total PSR Norway | 33 | 3,40 | 7,00 | 5,6424 | ,84964 | -,625 | ,409 | ,396 | ,798 |
| Total PSR Chile | 33 | 1,00 | 7,00 | 3,7152 | 1,29231 | ,353 | ,409 | 1,265 | ,798 |
| Total PSR North America | 33 | 2,40 | 7,00 | 4,8000 | 1,08743 | ,098 | ,409 | ,341 | ,798 |
| Total Price Norway | 33 | 3,50 | 6,00 | 4,8485 | ,77545 | ,061 | ,409 | -1,051 | ,798 |
| Total Price Chile | 33 | 1,00 | 6,00 | 4,1970 | 1,13150 | -,766 | ,409 | 1,118 | ,798 |
| Total Price North America | 33 | 2,00 | 6,00 | 4,3333 | ,87202 | -,354 | ,409 | ,643 | ,798 |
| Valid N (listwise) | 33 | | | | | | | | |

Table 3 – Descriptive statistics

The following table labeled “Test of Normality” includes the Kolmogorov-Smirnov statistic. This assesses the normality of the distribution of scores. A non-significant result (Sig. value of more than .05) indicates normality. In this case, the Sig. values for most of the variables is below .05, suggesting violation of the assumption of normality.

Tests of Normality

| | Kolmogorov-Smirnov ^a | | | Shapiro-Wilk | | |
|--------------------------------|---------------------------------|----|------|--------------|----|------|
| | Statistic | df | Sig. | Statistic | df | Sig. |
| Overall product quality Norway | ,246 | 33 | ,000 | ,812 | 33 | ,000 |
| Overall product quality Chile | ,156 | 33 | ,040 | ,948 | 33 | ,116 |
| Overall product quality NA | ,174 | 33 | ,013 | ,928 | 33 | ,031 |
| Service quality Norway | ,235 | 33 | ,000 | ,897 | 33 | ,005 |
| Service quality Chile | ,223 | 33 | ,000 | ,900 | 33 | ,005 |
| Service quality NA | ,238 | 33 | ,000 | ,894 | 33 | ,004 |
| Overall satisfaction Norway | ,248 | 33 | ,000 | ,804 | 33 | ,000 |
| Overall satisfaction Chile | ,250 | 33 | ,000 | ,891 | 33 | ,003 |
| Overall satisfaction NA | ,297 | 33 | ,000 | ,847 | 33 | ,000 |
| Purchase intention Norway | ,340 | 33 | ,000 | ,724 | 33 | ,000 |
| Purchase intention Chile | ,143 | 33 | ,083 | ,890 | 33 | ,003 |
| Purchase intention NA | ,184 | 33 | ,006 | ,890 | 33 | ,003 |
| Loyalty Nor | ,313 | 33 | ,000 | ,777 | 33 | ,000 |
| Loyalty Chil | ,140 | 33 | ,099 | ,897 | 33 | ,004 |
| Loyalty NA | ,177 | 33 | ,010 | ,924 | 33 | ,024 |
| Total COI Norway | ,135 | 33 | ,135 | ,971 | 33 | ,503 |
| Total COI Chile | ,158 | 33 | ,036 | ,970 | 33 | ,490 |
| Total COI North America | ,184 | 33 | ,006 | ,916 | 33 | ,014 |
| Total Ethno | ,162 | 33 | ,029 | ,898 | 33 | ,005 |
| Total PSR Norway | ,147 | 33 | ,069 | ,963 | 33 | ,305 |
| Total PSR Chile | ,177 | 33 | ,010 | ,941 | 33 | ,074 |
| Total PSR North America | ,170 | 33 | ,016 | ,937 | 33 | ,055 |
| Total Price Norway | ,136 | 33 | ,128 | ,921 | 33 | ,019 |
| Total Price Chile | ,158 | 33 | ,035 | ,926 | 33 | ,027 |
| Total Price North America | ,169 | 33 | ,017 | ,954 | 33 | ,177 |

a. Lilliefors Significance Correction

Table 4 – Test of Normality

The use of non-normal data in parametric tests and other analyses has been heavily debated for a long time. Some researchers (e.g. Field, 2000) state that non-normal data cannot be used in parametric tests. Others (e.g. Box, 1976) say that there's no difference, because basically no real data (e.g. data gathered from the outside world) is normally distributed. One of G. Box's (1976) famous quotes supporting this arguments sounds like this: "...the statistician knows, for example, that in nature there never was a normal distribution, there never was a straight line, yet with normal and linear assumptions, known to be false, he can often derive results which match, to a useful approximation, those found in the real world."

Several recent publications have also highlighted this issue and have shown how small the effect of violating the heroic assumptions about the data was. Very little or no difference between the results from normally- and non-normally distributed data has led to conclusions, such as the following: "Parametric statistics can be used with Likert data, with small sample sizes, with unequal variances, and with non-normal distributions, with no fear of "coming to the wrong conclusion". These findings are

consistent with empirical literature dating back nearly 80 years” (Norman, 2010, p. 631). The use of parametric statistics is advised for surveys using Likert scales (i.e. interval scales). In addition, several researchers highlight the fact that non-parametric procedures tend to be less powerful because of using less information in the calculation and advise them only as means of last resort. Based on the arguments in the literature discussed above, as well as the analysis of skewness and kurtosis values, which did not contain any extremes or obscurities, the researcher proceeds with the parametric analyses. The following section presents the main results from the quantitative study.

4.3. Results

4.3.1. Background

A total of 77 self-administered questionnaires were distributed among the respondents (either e-mailed or handed out at the seafood show). Out of these 33 usable questionnaires were returned, which resulted in a satisfactory response rate of 42,86%. The sample had an overrepresentation of men (85% against 15% women – figure 8) and the majority of the respondents (78,8%) were between 26 and 50 years (figure 9).

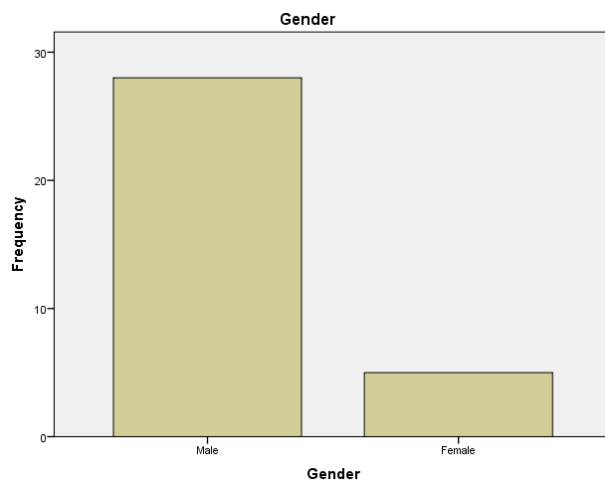


Figure 8 – Respondents gender distribution

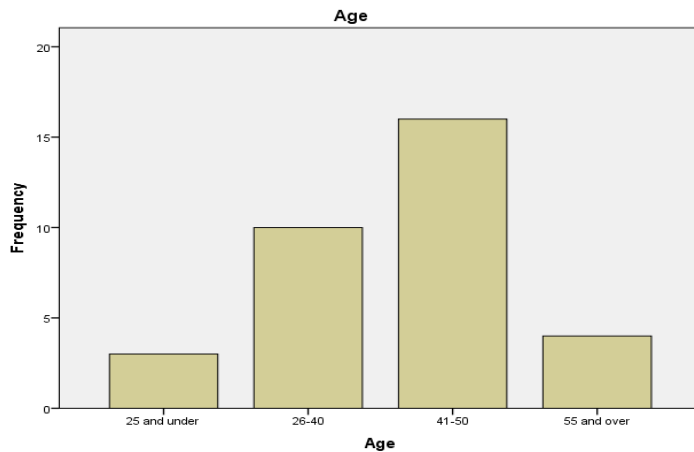


Figure 9 – Respondents age distribution

Respondents were also asked about their current occupation in the company. Purchasing managers (54,5%) were by far the largest group, followed by sales managers (21,2%), CEO's (12,1%) and the remaining (12,1%) that selected the *other* alternative (e.g. general managers, key account managers and COO).

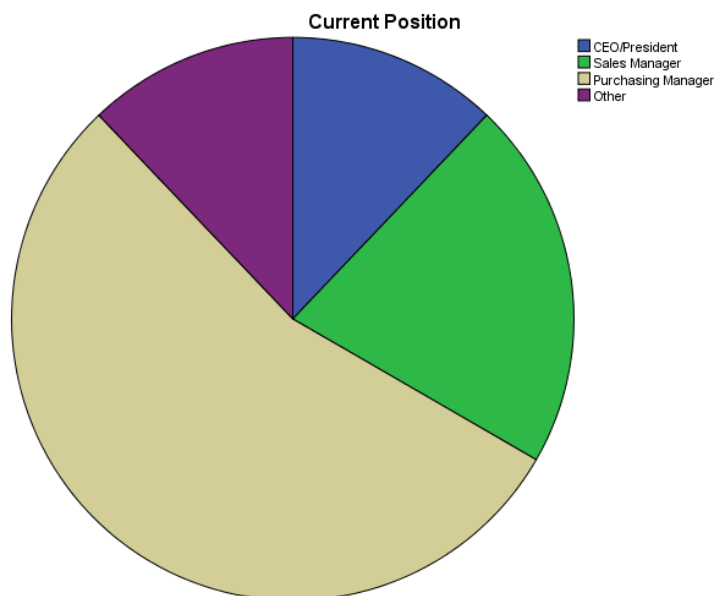


Figure 10 – Respondents background

The distribution was acceptable for the objectives of the study. Prior to the questionnaire the respondents were ranked based on their decision-making power/authority in the organization, specifically when it came to purchasing seafood (i.e. salmon) from abroad, to ensure validity of the findings.

4.3.2. Model testing

Multiple regression analyses and Structural Equations Modeling (SEM) were employed in order to test the relationships proposed in the model. Based on the conceptual model (before taking control variables into consideration) COI was the main exogenous (independent) variable, while the others were endogenous. A total of 21 variables (7 for each respective country) were to be observed. Since, each model contained 10 paths/links, which had to be tested (resulting in a total of 30 regressions), SEM was chosen as the primary tool for analysis.

The benefit of using SEM in this research was that it could help explain the entire set of relationships simultaneously. In SEM this is done by combining two multivariate techniques: factor analysis and multiple regression analysis. Dependent variables in one relationship can often become independent variables in subsequent relationships, giving rise to the interdependent nature of the structural model, making the model more difficult to analyze and interpret the results. SEM deals with this by taking the proposed relationships and transforming them into a series of structural equations for each dependent variable. In addition, SEM has the ability to include latent variables into the analysis. A latent construct is a hypothesized and unobserved concept that can be represented by observable or measurable variables. Latent variables can help represent theoretical concepts better by using multiple measures of a concept to reduce the measurement error of that concept and improve the statistical estimation of the relationships between concepts by accounting for the measurement error in the concepts (Hair et al., 2009).

To test *H1*, *H2a*, *H2b*, *H3a*, *H3b* and *H3c* three structural equation models were tested separately for each of the different countries/locations in AMOS. Initial testing showed a poor fit for all three conceptual models (Table 5). Even though the estimated coefficients between the constructs were significant and of a considerable size, the model fit could be improved. The reason for such unsatisfactory fit was most likely the limited sample size. Depending on the complexity of the model, SEM usually requires a larger sample relative to other multivariate approaches. Sample size in SEM, as in any statistical algorithm, also provides a basis for estimation of sampling error (Hair et al., 2009). Thus, to achieve an acceptable fit and reduce the complexity of the model, several modifications were carried out.

| Key Parameter | <i>Chi-Square</i> | <i>CMIN/DF</i> | <i>CFI</i> | <i>RMSEA</i> |
|---------------|-------------------|----------------|------------|--------------|
| Norway | 57,136 | 3,571 | 0,556 | 0,283 |
| Chile | 76,508 | 4,782 | 0,588 | 0,344 |
| North America | 59,218 | 3,701 | 0,555 | 0,291 |

Table 5 – Original model fits

Perceived service quality, was not affected by COI at all in any of the three models tested. Neither did it have a direct effect on overall buyer satisfaction. Multiple regressions were used to ensure that the relationship between the control variable (COI) and the dependent (perceived service quality) was non-existent. Two of the tested models did not reach statistical significance, confirming this assumption:

(Adjusted R Square = 0.057), $F(2.917)$, $p < 0.098$ for Norway

(Adjusted R Square = 0.045), $F(2.523)$ $p < 0.122$ for North America.

Interestingly enough, the model explaining the variance in perceived service quality for Chilean suppliers reached statistical significance ($F = 10.817$, $p < 0.003$). In addition, the researcher saw that the COI construct explained a respectable 23.5% (Adjusted R Square = 0.235) of the variance. The standardized beta value for COI Chile was 0.509, $p < 0.005$ indicating a strong unique contribution to the explanation of the dependent variable (Table 6).

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | 95,0% Confidence Interval for B | | |
|-------|-----------------------------|------------|---------------------------|------|-------|---------------------------------|-------------|-------|
| | B | Std. Error | Beta | | | Lower Bound | Upper Bound | |
| 1 | | | | | | | | |
| | (Constant) | ,376 | 1,056 | ,356 | ,724 | -1,778 | 2,529 | |
| | Total COI Chile | ,937 | ,285 | ,509 | 3,289 | ,003 | ,356 | 1,518 |

a. Dependent Variable: Service quality Chile

Table 6 – Coefficients table COI Chile

Thus, $H2b$ was supported for Chilean suppliers. Both the $H2b$ and $H3b$ hypotheses were, however, rejected for Norway and North America, as they have not received sufficient statistical support. The possible reasons for such bipolar results for the COI/service quality relationship will be brought up in the discussion part of this paper.

Because the path between COI and perceived service quality did not improve the fit of the overall model (even for Chile), it was eliminated from the model. In the original model, ethnocentricity also proved to have a weak relationship with the COI and PSR constructs for the three countries. Three additional regression analyses were performed to check the relationships between the variables in question. It turned out that the ETHNO variable did not make a significant unique contribution to the prediction of the dependent, as all Sig. values were greater than 0.05 (Table 7). A possible reason for this could be that most of the respondents in the sample were very low ethnocentric. This issue could provide avenues for future research and will also be addressed in the discussion section.

| Dependent variable: <i>PSR</i> | <i>Adjusted R Square</i> | <i>F-test</i> | <i>B: Constant COI</i> | <i>Beta: COI</i> | <i>Beta ETHNO</i> |
|--|--------------------------|---------------|------------------------|------------------|-------------------|
| Predictors: <i>COI, ETHNO</i> | | | | | |
| Norway | 0,098 | 2.744 | 3.017* | 0.405* | 0,097 |
| Chile | 0,482 | 15.911*** | 0.344 | 0.611* | -0,261 |
| North America | 0,164 | 4.135* | 1.466 | 0.433* | -0,141 |

***p < 0.001, **p < 0.01, *p < 0.05

Table 7 – Main regression results for COI/ETHNO/PSR

Coming back to the results of the original overall model, interestingly enough, model fit was also considerably improved by removing the final dependent variable, purchase intention. To test the validity and significance of this established relationship the researcher ran three separate regressions solely for the path of SAT → PI. As expected, the total variance in purchase intentions explained by overall satisfaction was over 25% for all 3 models. All of the measures were statistically significant and recorded high beta values (Table 8). Therefore, it was assumed that these relationships were valid for all three countries and, although, purchase intention was removed from the final model to improve fit, certain implications from increasing buyer satisfaction were still made.

| Dependent var.: <i>PI</i> Predictors: <i>SAT</i> | Adjusted R Square | F-test | B: Constant | Beta: <i>SAT</i> |
|---|-------------------|-----------|-------------|------------------|
| Norway | 0,306 | 15,113*** | 2,432* | 0.572*** |
| Chile | 0,262 | 12,341*** | 0.193 | 0.534*** |
| North America | 0,335 | 17,153*** | 0.384 | 0.597*** |

***p < 0.001, **p < 0.01, *p < 0.05

Table 8 - Main regression results for SAT → PI

Following the elimination of irrelevant and insignificant paths and variables (grayed out) the three adjusted models are presented below.

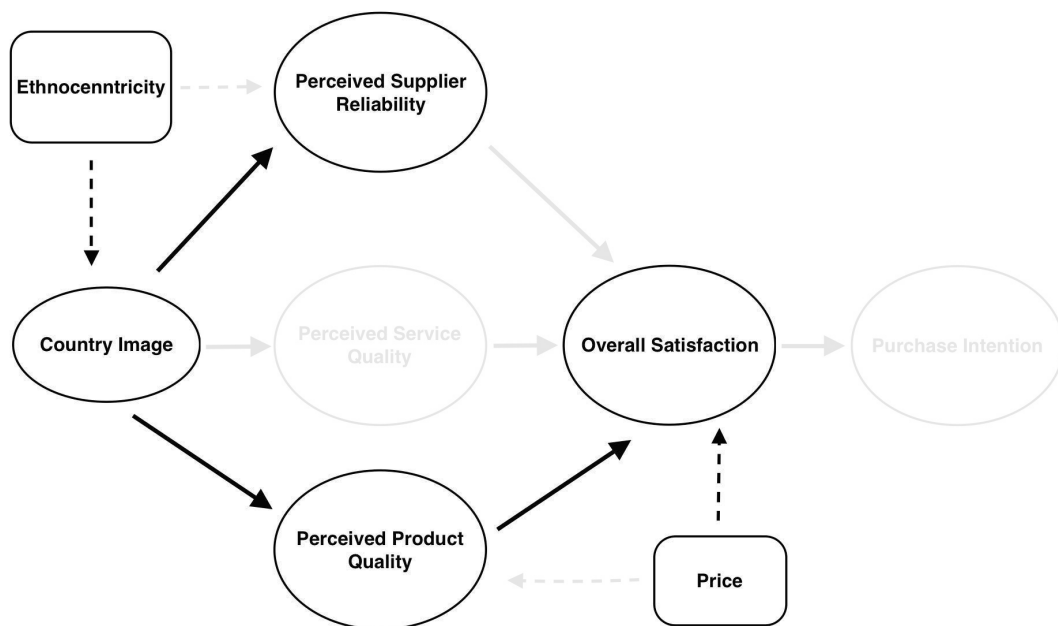


Figure 11 – Modified conceptual model for Norway

The model representing Norway achieved the best fit with a chi-square of 10.923 (d.f. = 9), a CMIN/DF of 1.214, a CFI of 0.954 and an RMSEA of 0.082. Four of the five structural paths in the hypothesized model were statistically significant and in the expected direction (see Table 4). Hypothesis 1 posited that an increase in country image favorability would lead to an increase in perceived supplier reliability. The model showed that COI had a strong effect on PSR (stand. coef. = 0.38). Therefore,

H1 was supported (see table 9 and 10).

As expected, COI also has had a direct positive effect on perceived product quality within the seafood industry, supporting *H2a* (for Norway). This result was also consistent with past conceptualizations of the COI and perceived product quality relationships within other industries. Interestingly, the researcher did not find support for the direct hypothesized path from PSR to overall satisfaction for seafood firms from Norway, thus leading to a rejection of *H3a*.

The indirect positive effect of an increase in the favorability of country image on overall satisfaction through perceived product quality was also confirmed. As can be seen in Table 9/Figure 11, overall buyer satisfaction appears to be driven highly by perceived product quality, whereas price appears to have a fairly modest effect. This makes sense, because Norwegian fish is regarded as the more expensive and higher quality alternative. Quality is the number one criterion for the purchasers of Norwegian salmon, while price comes at a distant second. The total effect of COI on buyer satisfaction is 0.2775 (0.37×0.75), which is a respectable result, thus supporting the *H3c* hypothesis.

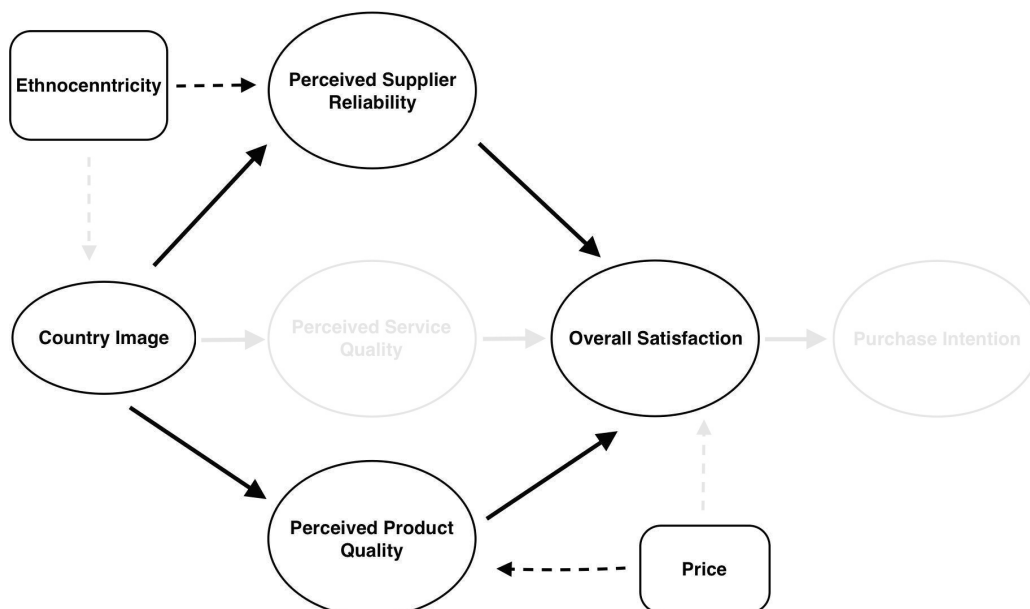


Figure 12 – Modified conceptual model for Chile

A similar situation is observed for the COI of Chile (Figure 12). All of the structural

paths in the hypothesized model are significant (Table 9). In this model, the direct hypothesized path from PSR to overall satisfaction is confirmed (unlike the other two). Overall, a larger standardized coefficient is seen for the COI → PSR relationship, possibly indicating that COI matters more for industrial buyers, which are dealing with suppliers from LDC's (i.e. Chile). According to the model, perceived supplier reliability is also expected to contribute more to the increased satisfaction among the buyers than perceived product quality (stand. coef. 0.47 vs. 0.43). Price also has a direct and strong effect (stand. coef. 0.41) on perceived product quality, possibly indicating that industrial buyers of Chilean salmon are more price-sensitive than those purchasing from other countries.

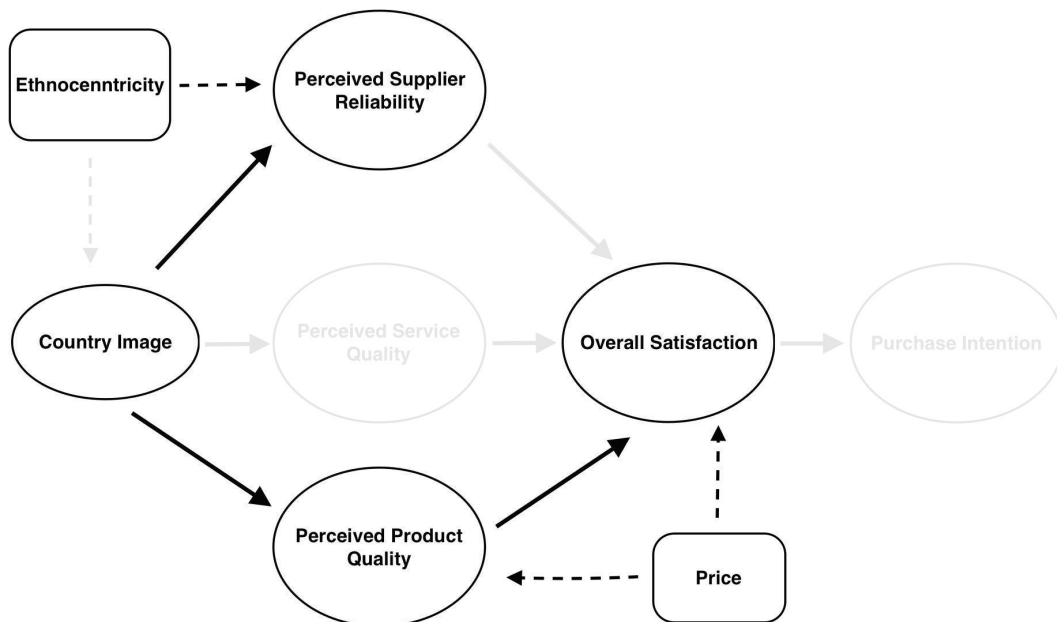


Figure 13 – Modified conceptual model for North America

Finally, the model overlooking the relationships for North America is presented (Figure 13). As in the case with Norway, a similar pattern is identified here. The PSR → SAT path is again not confirmed, making the researcher think whether there are differences in supplier evaluation for firms from LDC's and MDC's. The relationship between COI and PQ does not reach statistical significance and doesn't have a very high standardized coefficient, as the other two countries, leading to the rejection of hypothesis *H2a* (Table 9). This may occur solely because of the small sample size. However, a strong relationship between COI and PSR is seen, supporting hypothesis

HI for North America as well.

An overview of all the measures helping to estimate the model fits for different countries is presented in table 10.

| Path/Standardized coefficients | Norway | Chile | North America |
|---------------------------------------|---------------|--------------|----------------------|
| <i>COI → PSR</i> | 0.382* | 0.634*** | 0.435** |
| <i>COI → PQ</i> | 0.371* | 0.470*** | 0,198 |
| <i>PSR → SAT</i> | - | 0.474*** | - |
| <i>PQ → SAT</i> | 0.753*** | 0.438*** | 0.670*** |
| <i>P → PQ</i> | - | 0.410** | 0.382* |
| <i>P → SAT</i> | 0.260* | - | 0.269* |
| <i>ETHNO → COI</i> | -0,235 | - | - |
| <i>ETHNO → PSR</i> | - | -0.271* | -0,142 |

***p < 0.001, **p < 0.01, *p < 0.05

Table 9 - Estimated Structural Model (Regression Coefficients)

| Key Parameter | Chi-Square | CMIN/DF | CFI | RMSEA |
|----------------------|-------------------|----------------|------------|--------------|
| Norway | 10,923 | 1,214 | 0,954 | 0,082 |
| Chile | 17,018 | 2,127 | 0,883 | 0,188 |
| North America | 14,089 | 1,761 | 0,871 | 0,154 |

Table 10 – Modified model fits

The implications of these results will be further explained in the discussion section of this chapter, after the presentation of the results from the qualitative part of the study.

4.4. Qualitative study

Qualitative research is a research method, which is used in many different academic areas, most often in social sciences, market research for businesses and other contexts (Denzin & Lincoln, 2005).

4.4.1. Semi-structured interviews

In addition to the survey, the researcher gathered information by conducting seven in-depth interviews with representatives from different seafood firms in Boston, USA. An in-depth (semi-structured) interview covers “a wide range of instances” and generally refers to “a context in which the interviewer has a series of questions that are in the general form of an interview schedule but is able to vary the sequence of questions” (Bryman & Bell, 2015, p. 213-214). The questions used in the interview were more general than one would find in a structured interview and the style of questioning was rather informal. In addition to the variation of questions in sequence, the author also used follow-up questions in response to what was seen as a significant reply, to further investigate the matter.

Some of the advantages of using a semi-structured approach are that the interviews provide a set of unusual and unique responses, the process is flexible (both in time and content), the researcher has an opportunity to observe non-verbal indicators (important when discussing sensitive issues) and ensure that all questions are answered (Barriball & While, 1994). However, this approach also has its disadvantages. In-depth interviews are often very hard to code and very time consuming (i.e. arranging a meeting with the company representative and analyzing the answers).

4.4.2. Interviewee selection

Having prior experience in the industry and existing contacts (also those recommended by colleagues at Villa Seafood) proved useful to gain access to research interviewees. Seven respondents agreed to take part in the interview after completing the online survey. It was important that they completed the survey before the meeting, as the researcher wanted to avoid any biased answers there. Bias,

including that of the researcher, could become an issue in such complex multi method studies. However, acquiring more than one view from an organization (both external and internal) and valuable advice from experienced managers reduced this threat to a minimum.

4.4.3. Data collection

An interview guide featuring a plan and a series of open-ended and closed questions was prepared prior to the meetings. All of the interviews were conducted in English, as this was the mother language of all the respondents. The interviewees were briefly informed about the theme of the project before the start, to try and avoid discussing topics outside the scope of the research. The respondents were also informed about the confidentiality of the data they provided, as well as that the interview will be recorded. Nobody refused to take part in the interview at this stage. The interviewer made notes along the way, when specifically important topics or new ideas aroused and also to be better able to navigate through the recorded audio files afterwards. The time used for each interview varied greatly, with the shortest being around 20 minutes to the longest of over 1,5 hours. Most of the interviewees offered quite a lot of new information on the topic and other closely related topics. Some changes to the wording and questions also occurred during the interviews. In addition, subsequent interviews began to have more detailed questions and examined some of the issues deeper.

4.4.4. Methods of data analysis

The interviews were transcribed and coded manually. Structuring and coding the qualitative data is very important at the start of any analysis. “To codify is to arrange things in a systematic order, to make something part of a system or classification, to categorize” (Saldana, 2009, p. 8). Codifying is a process that permits data to be “segregated, grouped, regrouped and relinked in order to consolidate meaning and explanation” (Grbich, 2007, p. 21 – as cited in Saldana, 2009). Any analysis is directed at uncovering the patterns in data and ways of explaining why these patterns exist. Coding is a method that “enables researchers to organize and group similarly

coded data into categories or “families” because they share some characteristic – the beginning of a pattern” (Saldana, 2009, p. 8).

The following reoccurring topics were identified: “customer demands” (e.g. dictating best quality/trim), “food safety” (e.g. negative attitude to China), “restaurants preferences (e.g. Faroe Islands - exclusivity, name)”, “branding irrelevance” and “sustainability”. The links between these topics and the core concepts were inspected and integrated into the analysis of the qualitative data.

4.5. Results

Following the data collection and coding process the researcher identified four main trends in the data. These were statements, which were nearly identical across different research participants and also provided new ideas for future research.

4.5.1. Global standards and food safety

Throughout the years, food safety has been a central issue both for consumers and producers alike. Wrong handling, preparation or storage of food products can have serious consequences for the health and general well being of people. Various standards and certifications have been developed (e.g. ISO9000 standards, HACCP, BRC etc.) to control quality, ensure that safety and operational criteria are being met and make sure that manufacturers fulfill their legal obligations and provide protection for the end consumer. The issue of food safety came up in the interviews on several occasions. The interviewees generally had a rather negative attitude towards products coming out from Asian countries and especially, China.

4.5.2. China

China was pointed out as a “gray area” because of its products and its business practices. Even if the raw material originated from a trusted country know for high quality (e.g. Norway, Scotland etc.), most buyers would rather avoid the end product if it was processed in China. Chinese suppliers were in general perceived to be highly unreliable and unstable. They were, for instance, accused of presenting fake

documents/reports, making it difficult to trace the origin or processing methods, even if the buyers have never dealt with any Chinese suppliers or processors before.

Several respondents also noted that COO, in the end, was most important for the end consumers, which usually dictated what industrial firms should and should not purchase. Consumers often read the COO label on the package and decide whether to buy a product or not based solely on this information. Statements such as "...China is the one everybody is trying to stay away from..." or "...people don't trust China..." showed that there was a general negative attitude and the industrial buyers were aware of it.

The main reasons for such a negative attitude towards food products, which are even somewhat related to China or even the whole Asian continent, might include the numerous food scandals ([Web 10](#)) with the largest being the Chinese milk scandal, which broke out in 2008 ([Web 11](#)).

4.5.3. Chile

The question of fish feed and its impact on product quality was also brought up in several interviews. Historically, the two most important ingredients in fish feed have been fish meal and fish oil. The use of these two marine raw materials in feed production has been reduced and replaced by agricultural commodities such as soy, sunflower, wheat, corn, beans, peas, poultry by-products (Chile and Canada) and rapeseed oil. This substitution is mainly done because of heavy constraints on availability of fish meal and fish oil (Marine Harvest Industry Handbook, 2014).

Ordinary consumers are usually not aware of what the fish is being fed. However, according to the buyers, they do notice the difference in taste between the products coming from different countries, where suppliers use different type of fish feed. Consumers then forward this information to the supplier (e.g. shop, chef etc.), which in turn speaks with its own supplying company. Therefore, certain preferences related to product quality and fish feed may appear in relationship to COO.

Regarding supplier reliability, the interviewed American buyers tended to have a rather neutral position towards Chilean suppliers. It seemed like business between

these was based on more of a “hit and miss” strategy. Several respondents were more concerned about the harvesting and storing methods of Chilean farmers, which were much less sophisticated or technologically advanced compared to those used in Norway or Canada. Inadequate handling could potentially harm the fish and reduce its quality even further. Overall satisfaction tended to be lower for Chilean products and suppliers and several respondents said that their companies would never return to buying Chilean salmon again.

4.5.4. Sustainability

A number of respondents also mentioned sustainability as an increasingly important issue both for organizations and consumers. Consumers and, especially the younger generation, are becoming more aware of the environmental issues and the carbon footprint made by various firms. Sustainability considerations are emerging as a key product attribute, which influences their purchasing decisions.

One buyer has openly stated that some of their customers preferred Canadian salmon to Norwegian just because the methods of transporting were more environmentally friendly. The buyer claimed that “...less fuel is used when trucking the fish from Canada versus flying the same amount of fish from Norway...” and that this could affect the end consumers’ choice. Another respondent noted, however, that other variables (e.g. trucking of the fish feed) should also be considered in order to calculate and evaluate the carbon footprint of such operations, which would be difficult for the ordinary consumer.

Other respondents said that their businesses have not been affected by this “green” trend, however they agreed that it might become an important part of their business in the near future. Indeed, interest in the sustainability of businesses and protection of the environment has lately been increasing rapidly. Corporate social responsibility (CSR) has become a hot topic in the last couple of decades and most leading firms have developed detailed CSR systems aimed at controlling their operations and reporting results to the government and public. Company stakeholders are demanding corporate accountability and transparency through straightforward CSR reporting. Although, not many countries have made CSR reporting a mandatory requirement,

most companies around the world are still willing to go the extra mile to demonstrate that they are responsible citizens. There are obvious gains (financial- and reputation-wise) from being involved in this field both for firms and governments. Therefore, it is expected that interest for sustainability and CSR will only continue to grow.

4.5.5. Customer demands

As mentioned, industrial buyers are often not the end users of the products in the seafood markets. They might process the raw material (e.g. fileting, portioning) for further distribution or simply resell the products and regain a profit. It is the end customers, (e.g. supermarket chains or foodservice businesses) who dictate what quality, price and service combinations are needed.

In the USA, large supermarket corporations such as Walmart, Costco, Safeway and others have huge bargaining power when it comes to getting the best quality at the lowest price. Small and medium sized industrial players have to adapt to these rules, because most of their business depends on serving these large players. Through these mass channels of distribution purchasing and sales managers receive feedback from the end customers.

Large foodservice chains and high-end restaurants also have considerable bargaining power within the industry. During the interviews several respondents mentioned that some chefs demanded salmon from the Faroe Islands simply because of the exclusivity of the name. Even if their customers could not taste the difference between, for instance, Norwegian and Faroe Islands (which are of similar quality – author’s note), they opted for the fish that looked and sounded more exclusive (and often more expensive). “Nobody knows where the Faroe Islands are and nobody actually cares if you ask me...” and “...the name sounds exotic, the price is convincing, customers think that this is an exclusive and special product...” were some of the comments heard during the interviews on this topic.

4.5.6. Branding

Although a large number of recent consumer studies highlight the significant relationships between COO and brand image, brand quality or brand loyalty, this does not seem to be the case with the B2B purchasers of seafood. None of the interviewees named branding as an important aspect in their daily business with suppliers or even end customers. As long as the quality was in accordance with the specifications and the product was delivered as promised (on time), the buyers did not care about the original brand of the supplying company. Statements such as “...nobody asks for the brand! It’s a commodity business and we expect that all fish is good...” and “Country-of-origin is much more important than the brand name...” showed the general attitude on branding. However, one respondent noted, “...it would be great to brand it (*the salmon* – authors note), but it’s a big uphill battle...”

Summarizing the results of the interviews, the most important finding was related to the emerging relationship between sustainability, CSR and COI, as well as the highly negative attitude towards Chinese processing (i.e. COM) and suppliers. As expected, a general favorability towards Norwegian suppliers and products was also present.

5. General discussion and findings

This chapter presents the main findings of the quantitative and qualitative research and their relation to existing studies and the literature review.

Despite the growing importance of COI effects in B2B markets, very few studies look at the consequences of the latter construct other than for perceived product quality. In addition, most of the prior research is concentrated on durable industrial goods (e.g. machine components or spare parts) rather than consumables (e.g. products, which are consumed immediately/in one use or ones that have a lifespan of less than a couple of years). This study addresses these issues using a sample of industrial seafood buyers. The results provide a series of important implications.

5.1. Research issues

This study has contributed to academic research in several ways. First, the study has applied the concept of COI on a new construct, namely, perceived supplier reliability. Second, this research was carried out in a new context of industrial seafood buying. Unique patterns in COI evaluation between firms from LDCs and MDCs have also been identified. Finally, the tested relationship between COI and ethnocentrism in a B2B context has generated some unexpected results, which could be explained by the specific characteristics of the respondents and countries under investigation. All of these inputs will provide valuable data for future studies related to the topics of COO and will be discussed briefly below.

Based on the significant relationships within the conceptual models, COI is confirmed to be one of the influencing factors in supplier selection processes and supplier evaluations (e.g. reliability). Supplier reliability is a crucial factor in developing relationships based on trust and commitment. Supplying firms, which want to improve their relationships with the buyers, increase their satisfaction and loyalty, should focus on promoting their COO (provided that their COO has a favorable image compared to others). COI alone does not explain how buyers evaluate supplier reliability, but it can certainly be viewed as one of the main criteria. As mentioned in the literature review, purchasing in most organizations is a highly formalized and structured process consisting of 8 steps (Robinson et al. 1967). When there are a

limited number of suppliers (i.e. countries) to choose from, supplier evaluation becomes a critical step in selecting the right one. In other words, COO becomes an important factor not only as a customer requirement or a specific product characteristic, but also as an additional guarantee of the suppliers' reliability and good overall performance.

The results of this study cannot be mitigated simply because they can provide value to fewer individuals (i.e. businesses) than consumer-based studies. The seafood industry is constantly growing and Norwegian (and other) suppliers are regularly meeting new competitors from abroad, being challenged both on price and quality. Undoubtedly, these suppliers would like to increase and sustain their competitive advantage over the others and COO effects can be used just for that. Brand equity arising from brand-name awareness, brand loyalty, perceived brand quality and favorable brand symbolisms have long been regarded as the main drivers for competitive advantages and future cash streams (Aaker, 1991 – as cited in Yasin et al., 2012). Similar to a brand's COI, which positively and significantly influences dimensions of brand equity in B2C markets (Yasin et al., 2012), satisfaction, perceptions of quality and reliability are affected by the COI in B2B markets and can lead to sustained competitive advantage. Therefore, it is very important to continue investing time and effort in B2B research to explore all the technicalities of the COO concept and present data for the relevant industries and firms, which would lead to long-term success.

The differences in evaluation of firms from LDC's and MDC's may provide further explanations to the findings. As mentioned, Norway/USA/Canada and Chile are countries from two very different groups, with contrasting levels of economical development, industrialization and standards of living. Purchasing managers situated in an MDC may expect suppliers from other highly developed nations (e.g. Norway or Canada) to be more trustworthy and reliable, than those from LDCs. Supplier reliability could be taken for granted and would not lead to higher satisfaction among the buyers. Dealing with Chilean suppliers, on the other hand, can be seen as rather tricky and risky. Although, the farming and harvesting technologies, as well as reliability and business practices have certainly improved in the last decade, the interviews showed that a slightly more negative attitude still existed towards Chile and Chilean suppliers. This most likely occurs, due to the geographical and cultural

distance, as well as a deficit of the necessary knowledge to evaluate the suppliers correctly (because unreliable suppliers exist in any part of the world, not only in Chile). Some managers that see Chile as rather volatile and insecure may seek additional sources of stability. A higher level of supplier reliability might give them the necessary feeling of stability, which in turn will lead to a higher satisfaction level. These results support the findings of Inch (2003), who mentions the potential deprecating effects of an LDC “stamp” in his study. Even with equal product and service quality, image, reliability and so on, firms from LDCs would be evaluated more negatively than firms from MDCs.

The researcher can conclude that COI has a direct effect on PSR and perceived product quality, as well as an indirect affect on overall buyer satisfaction, which is mediated by perceived product quality. As noted, perceived product quality is strongly influenced by the favorability of COI (for 2 of the 3 respective models) and these results are consistent with previous studies (Dzever & Quester, 1999; Inch, 2003; Chen et al. 2011). The lack of significance in the North American model was however, unexpected. Apart from the limited sample size, the researcher speculates that perceived product quality of American salmon could be influenced by other factors, which were not included in the conceptual model. COI effects may be played down simply because American buyers have access to more information about the supplier, because they represent a similar (almost identical) culture and are geographically closer than the other two options. In other words, the buyers could base their decisions less on extrinsic cues (such as COI) to assess product quality, as generally more knowledge is available about American and Canadian salmon.

Another factor related to product quality, which was discussed during the interviews was consistency/continuity. The buyers complained that Chilean supplies were unstable in terms of quality, as there could be weeks or seasons when the quality fish was of an acceptable level then suddenly some shipments with very poor quality salmon. The buyers had trouble to adapt to these unexpected changes and some sought stability with suppliers from Norway and Canada. Relationship continuity between the buyer and supplier could provide further explanation of these results and could be addressed in future studies related to COI in the B2B seafood sector.

All in all, product quality is found to be the most important attribute for supplier comparison and evaluation in the seafood sector. In addition, Norway and Norwegian suppliers seem to enjoy a more favorable COI than Canada/USA or Chile, when it comes to being evaluated by the American industrial buyers of seafood. This favorable COI may help Norwegian suppliers in the future, as the competitive framework is constantly changing. Although, the relationship between satisfaction and buyer purchase intentions did not improve the overall model fit it is still presumed to be valid. Confirming the previous results of Diamantopoulos et al. (2011) with respect to the irradiation perspective, COI most likely influences buyer purchase intentions indirectly, through the impact on perceived quality and overall satisfaction in the industrial market for seafood.

Price, which is closely related to perceived product quality, also plays an important role in B2B business. To close the gap between actual and perceived product quality suppliers and buyers need to view quality in the same way. Price is often the only variable, than can be alternated (especially in the short run) in order to come to a mutual agreement. The interviews showed that the most price-sensitive buyers are buyers of Chilean salmon. This is not an unforeseen result, as these buyers often work with the largest retail grocery chains, where low price is the cornerstone of all business operations. However, for most other buyers price comes at a distant second place after product quality. Certain supermarket chains are constantly working on developing a loyal customer base, which more often demands higher quality products and accepts price premiums. Having a quality advantage over Chilean salmon and a more favorable COI over Canada, Norwegian salmon suppliers should focus specifically on these high-end stores, as there are huge financial opportunities.

As discussed earlier, this study did not find relationships between COI, PSR and ETHNO in two of the three specified models. This could be related to the fact that the majority of the respondents in the sample scored low on ethnocentrism. Compared to people scoring high on ethnocentrism, low-ethnocentric buyers usually don't make unreasonably favorable evaluations of domestic products vis-à-vis imported products. Frankly, the offering of domestic farmed salmon is almost nonexistent in the USA, so buyers cannot compare domestic with foreign. Perhaps, purchasing managers and

other decision makers within this industry are more globally oriented and cosmopolitan. This could be one explanation of the results.

Another reason might be that buyer ethnocentrism plays a smaller role in purchasing or evaluation in a B2B context. This could be true for specific industries, such as the salmon industry, or apply to a wider category of business. Ethnocentric feelings may be diminished, when an individual in a DMU purchases products for the organization or further processing, contrary to when a consumer purchases products for private use and/or consumption. A quick search through the articles on ethnocentrism has not resulted in any results overlooking this relationship. Clearly, this issue needs to be investigated closer.

Overall, these findings indicate the importance of studying COO and COI effects for separate product categories or industries. Industry specific characteristics have to be taken into account to fully understand how COO effects influence all related variables.

5.2. Managerial implications

Consistent with many previous studies on COO, which documented positive relationships between favorable country images and improved perceptions of quality and overall satisfaction, this study showed that this is also the case for industrial buyers within the seafood industry. Similar to other studies on COI, this paper also stresses the importance of promoting a favorable COO. Government-backed organizations (e.g. Norwegian Seafood Council) should focus on studying the antecedents and consequences of COI closely to help supplying firms' in improving their image abroad, as well as increasing overall buyer satisfaction using the methods discussed in this paper.

Perceived supplier reliability, a concept that has never been looked at in the literature on COO before, has been found to have a positive relationship to favorable country image in this study. The findings confirmed that in all cases (i.e. for every country in question), industrial buyers recognized COI as one of the critical factors for evaluating supplier reliability. This becomes an even more meaningful finding, when

managers recognize the fact that PSR affects customer satisfaction and loyalty. As prior studies pointed out, "...supplier reliability has a strong effect on satisfaction and subsequently the buyer's desire to continue the relation and inclination to talk favorably about the supplier" (Selnes & Gønhaug, 2000, p. 265 - 266).

5.3. Limitations

Like most studies, this one has some limitations and shortcomings. The main issue was clearly the small sample size. Although this was a study performed in a B2B context and not a consumer-based study, results could possibly be improved if a larger sample was available. Other potential issues could arise because of the limited geographic spread and resources available to the researcher. Thus, results presented in this paper might not be representative for the whole seafood industry in the USA and cannot be generalized for other product categories.

However, generalization was never the main target of this research. The aim of this study was to expand the boundaries of knowledge on COO effects among industrial buyers and present arguments for its continued relevance, as well as provide an authentic and first-hand view on the relationships between COI, perceived supplier reliability and buyer satisfaction within the salmon industry in the USA.

Another limitation of this research project could be hidden in the questionnaire design. The main questions measuring identical constructs for three different countries should have been randomized to avoid possible order effects. Although, this limitation would not necessarily defy the main findings about the interrelationships between the central variables, a different survey design may be desirable to provide more reliable results in the future.

5.4. Originality and value

This study examines the influence of country-of-origin effects and company effects on buyer satisfaction and purchase intention among industrial buyers of farmed salmon in the USA, thereby providing external validity for the study. Respondents,

which have evaluated salmon suppliers from three different countries, represent a well-informed group of purchasers and decision-makers, which are familiar with the COO topic and products from the countries in question. Thus, this study has avoided one of the major criticisms of existing literature, which most often depend on student populations who are not familiar with the product categories or with the relevant countries (Samiee, 1994 – as cited in Bradley, 2001), by focusing solely on responses from the industrial actors.

Qualitative data collected through the interviews provided a better insight into the complex nature of COI and buying behavior within the seafood industry in the USA. The gathered data, which is based on personal experience within the industry, is often more powerful and compelling than quantitative data. And although, interviews and coding procedures are very time consuming and expensive to perform, in combination with quantitative research they provides the most detailed and comprehensive results. The mixed approach employed in this paper also helps identify new and exciting relationships between the different constructs, which can become even more important in the nearby future.

5.5. Suggestions for future research

Given the limitations discussed, several suggestions for future research are presented. A study examining COO effects on industrial buyers behavior can be carried out for a wider product category (e.g. perishables) in the future. Consumers' and buyers' perceptions of a specific (i.e. narrow) category of products may not necessarily be consistent with their general perceptions of products from a country and outcomes may vary depending on the widening or narrowing of the category. COI effects in the B2B context for other (narrow) product categories should also be investigated.

The relationship between COO and sustainability or CSR programs could also become an exciting and broad avenue for future research. To the best of the main investigators' knowledge, COO researchers have not yet addressed this topic. As mentioned during the interviews and in the summary section, global interest for sustainability and CSR is currently rising and organizations should expect more initiatives and regulatory requirements addressing this topic. Future studies should

also attempt to examine the influence of product involvement on COI in the industrial sector. Product involvement can moderate the importance that consumers or buyers place on COI when they evaluate products for further processing within their organization or trading with an external partner.

Finally, ethnocentrism in industrial markets should be investigated more closely. It has been recognized as one of the major influencing factors in consumer studies on COI, and it will be interesting to see whether the effects are similar in B2B settings, especially for extreme cases (i.e. very low or high ethnocentric individuals).

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7. Appendix

Appendix 1 - Cover letter

Pavel Petrenko – Cover Letter

Dear Sir or Madam:

My name is Pavel Petrenko and I am a second-year Master's student at Aalesund University College. Currently, I am also working part-time for Villa Sales AS, a seafood exporter located in Aalesund, Norway.

To help me in completing my Masters Degree in International Business and Marketing at AAUC, I would highly appreciate you taking part in my survey/interview. Your data will become the base for my Masters Thesis project. The interview should take less than 30 minutes. I will be taping the session and making notes along the way. A small online survey will also be sent to all respondents. Your participation is voluntary and all responses will be kept anonymous.

The objective of my study is to investigate the importance of country-of-origin (COO) effects on the behavior of decision makers (e.g. purchasing managers), their perception of quality, satisfaction and other related factors in the industrial market for seafood (specifically, the salmon industry). Country image has been proven to impact purchasing decisions made by the consumer, both in positive and negative ways. For example, German cars, Japanese electronics and French wines are generally perceived and evaluated differently from, say, Russian cars, Chinese electronics and Algerian wine. However, while country-of-origin effects in B2C markets have been studied extensively, there has not been so much research in B2B markets. My aim will therefore be on replicating existing consumer studies in a new B2B setting, using data from Norwegian/Chilean and Canadian salmon importers located in the USA. Other topics, which will be discussed, include supplier reliability, prices, relationship duration, and product image.

Your participation in this research will become a meaningful contribution to the advancement of knowledge in industrial purchasing decisions. I would be grateful for the time that you would dedicate to this research project.

Sincerely,

Pavel Petrenko

Country-of-origin effects and industrial buyer perceptions

1. General Info

The objective of this study is to investigate the importance of country-of-origin (COO) effects on the behavior of decision makers in the industrial market for salmon. Your responses will be used to test a conceptual model proposed by the researcher. The survey should only take 5-10 minutes, and your responses will remain completely anonymous. Please answer all of the questions, even if you currently are not working with a certain product or country.

If you have any questions about the survey, please email me at: pavel.petrenko@me.com

I highly appreciate your input!

1. What is your age?

- 25 and under
- 26-40
- 41-55
- 55 and over

2. What is your gender?

- Male
- Female

3. What is your current position?

- CEO/President
- Sales Manager
- Purchasing Manager
- Other (Please Specify)

Country-of-origin effects and industrial buyer perceptions

2. Country-of-origin image

General perception of a country, involving all types of products

4. Please indicate the extent to which you agree or disagree with the following statements about **Norway**

| | 1 Strongly disagree | 2 | 3 | 4 Neither agree nor disagree | 5 | 6 | 7 Strongly agree |
|--|-----------------------|-----------------------|-----------------------|------------------------------|-----------------------|-----------------------|-----------------------|
| People are well educated | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Technical skills of work force are high | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Products are unreasonably expensive | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Country produces highly technical products | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Products are made with meticulous workmanship | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Products are imitations, not innovations | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Products are distributed worldwide | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Advertising of products is informative | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Friendly toward the USA in international affairs | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

5. Please indicate the extent to which you agree or disagree with the following statements about **Chile**

| | 1 Strongly disagree | 2 | 3 | 4 Neither agree nor disagree | 5 | 6 | 7 Strongly agree |
|--|-----------------------|-----------------------|-----------------------|------------------------------|-----------------------|-----------------------|-----------------------|
| People are well educated | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Technical skills of work force are high | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Products are unreasonably expensive | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Country produces highly technical products | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Products are made with meticulous workmanship | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Products are imitations, not innovations | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Products are distributed worldwide | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Advertising of products is informative | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Friendly toward the USA in international affairs | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

6. Please indicate the extent to which you agree or disagree with the following statements about **North America (USA and Canada)**

| | 1 Strongly disagree | 2 | 3 | 4 Neither agree nor disagree | 5 | 6 | 7 Strongly agree |
|---|-----------------------|-----------------------|-----------------------|------------------------------|-----------------------|-----------------------|-----------------------|
| People are well educated | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Technical skills of work force are high | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Products are unreasonably expensive | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Country produces highly technical products | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Products are made with meticulous workmanship | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Products are imitations, not innovations | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Products are distributed worldwide | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Advertising of products is informative | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Country-of-origin effects and industrial buyer perceptions

3. Ethnocentrism

7. Please indicate the extent to which you agree or disagree with the following statements

| | 1 Strongly Disagree | 2 | 3 | 4 Neither agree nor disagree | 5 | 6 | 7 Strongly Agree |
|---|-----------------------|-----------------------|-----------------------|------------------------------|-----------------------|-----------------------|-----------------------|
| Americans should not buy foreign products, because this hurts the local businesses and causes unemployment. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| It is not right to purchase foreign products, because it puts Americans out of jobs. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| A real American should always buy US-made products. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Americans should purchase products manufactured in the USA instead of letting other countries get rich off of them. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Country-of-origin effects and industrial buyer perceptions

4. Supplier evaluation

Please answer all of the questions, even if you are currently not working with a supplier from the country in question.

8. Please rate Norwegian salmon suppliers on...

| | 1 Poor | 2 | 3 | 4 Average | 5 | 6 | 7 Excellent |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Ability to deliver according to the order (PO) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Provision of enough and relevant information | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Trust in provided information | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Trustworthiness (expertise) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Overall reliability of the supplier | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

9. Please rate Chilean salmon suppliers on...

| | 1 Poor | 2 | 3 | 4 Average | 5 | 6 | 7 Excellent |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Ability to deliver according to the order (PO) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Provision of enough and relevant information | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Trust in provided information | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Trustworthiness (expertise) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Overall reliability of the supplier | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

10. Please rate North American (American and Canadian) salmon suppliers on...

| | 1 Poor | 2 | 3 | 4 Average | 5 | 6 | 7 Excellent |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Ability to deliver according to the order (PO) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Provision of enough and relevant information | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Trust in provided information | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Trustworthiness (expertise) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Overall reliability of the supplier | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Country-of-origin effects and industrial buyer perceptions

5. Prices

11. Please indicate the extent to which you agree or disagree with the following statements

| | 1 Strongly Disagree | 2 | 3 | 4 Neither agree nor disagree | 5 | 6 | 7 Strongly Agree |
|---|-----------------------|-----------------------|-----------------------|------------------------------|-----------------------|-----------------------|-----------------------|
| Norwegian salmon products are good value for money | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Chilean salmon products are good value for money | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| North American salmon products are good value for money | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Norwegian salmon products are competitively priced | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Chilean salmon products are competitively priced | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| North American salmon products are competitively priced | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Country-of-origin effects and industrial buyer perceptions

6. Product and Service Quality

12. Please indicate the extent to which you agree or disagree with the following statements

| | 1 Strongly Disagree | 2 | 3 | 4 Neither agree nor disagree | 5 | 6 | 7 Strongly Agree |
|---|-----------------------|-----------------------|-----------------------|------------------------------|-----------------------|-----------------------|-----------------------|
| Norwegian salmon is of good quality | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Chilean salmon is of good quality | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| North American salmon is of good quality | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| The quality of the service provided by Norwegian suppliers is high | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| The quality of the service provided by Chilean suppliers is high | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| The quality of the service provided by North American suppliers is high | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Country-of-origin effects and industrial buyer perceptions

7. Satisfaction/Purchase Intentions and Loyalty

Please answer these questions only in terms of business opportunities/relations.

13. Overall, how satisfied are you with...?

| | 1 Very Dissatisfied | 2 | 3 | 4 Neither satisfied nor dissatisfied | 5 | 6 | 7 Very Satisfied |
|-----------------------|-----------------------|-----------------------|-----------------------|--------------------------------------|-----------------------|-----------------------|-----------------------|
| Norwegian salmon | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Chilean salmon | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| North American salmon | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

14. How likely are you to buy ... in the future?

| | 1 Very Unlikely | 2 | 3 | 4 | 5 | 6 | 7 Very Likely |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Norwegian salmon | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Chilean salmon | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| North American salmon | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

15. How likely are you to recommend the following products to a colleague or business partner?

| | 1 Very Unlikely | 2 | 3 | 4 | 5 | 6 | 7 Very Likely |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Norwegian salmon | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Chilean salmon | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| North American salmon | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |