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# Leveraging the Country-of-Origin Image by managing it at different levels

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**Abstract:** The study aims to articulate the Country-of-Origin Image (COI) at different levels (country, industry and firm levels) by advancing the knowledge and exploring ways to manage the COI at different levels underpinned on corporate brand and brand architecture strategies. For that, a mixed-methods approach was conducted where a qualitative study – looking into the case of the Brazilian Machinery Solutions Programme (BMS) – was carried out in combination with a quantitative survey held with a specific target country (Colombia). Data for the quantitative study were collected with 89 Colombian industrial buyers using Brazil as a manufacturer-supplier and country of reference. Findings indicate the relevance of managing the COI at different levels and highlight the development of the COI at the industry level. This demonstrates that nation-branding and COI literature should be developed and articulated using strategic marketing programmes and brand architecture elements. The study advances the body of knowledge in the COI literature by analysing it within three different levels and offers a framework to manage the COI using corporate brand and brand architecture elements, which is beneficial to institutions, governments, trade agencies, industry associations and firms to leverage the COI by understanding aspects of it transferrable to industry and firm levels.

Keywords: Country-Of-Origin Image (COI); Business-to-Business (B2B); Brand Architecture; Corporate Brand.

**Introduction**

This paper articulates the Country-of-Origin Image (COI) at different levels – country and firm level (referred to in the literature as micro and macro level), and introduces a new level of analysis to this literature by examining the COI at the industry level. The goal is to advance knowledge and explore ways to manage COI at different levels underpinned on corporate brand and brand architecture strategies, thus governments and industry associations can manage and promote COI successfully when pursuing different objectives.

Most of the literature on COI presents the construct at two levels, the micro and macro level (Pappu, Quester and Cooksey, 2007), what we call the country (macro) and the firm (micro) level (Hooley, Shipley and Krieger, 1988). At the firm level, the COI is reckoned as an extrinsic cue of a product or brand that influences consumers' purchase decisions (Roth and Diamantopoulos, 2009; Magnusson, Westjohn, and Zdravkovic, 2011) both in B2B and B2C transactions (Durand, 2016). The COI at the firm level can be measured by the image of products and services – product/service image (hereafter PSI) of a particular firm coming from another country. Whereas at the country level (Hooley et al., 1988), studies consider the impact of the image of a country in an expanded manner, by analysing the country as a product-brand (Jaffe and Nebenzahl, 2006) and focusing more on its relationship with broader variables that are of interest for one country as a whole i.e. the foreign direct investment, the level of immigration and inbound tourism. Thus, we understand that COI at the country level can be measured looking at the image conveyed by a country as a brand the country brand image (hereafter CBI).

The literature on COI also emphasises the importance of a firm's industry, but not in an explicit manner. Scholars have focused on COI and the product category and, based on the typicality of the industry of a country (Roth and Romeo, 1992), they argue that COI may vary across different product categories (Roth and Romeo, 1992). These arguments lead us to understand that COI at the industry level (Industry Image - II) is tackled by studies investigating the congruency between the product

category and the COI. The strength of these associations (Hamzaoui-Essoussi, Merunka and Bartikowski, 2011) is regarded as product ethnicity (Usunier and Cestre, 2007) or origin typicality (for more: Spielmann, 2016; Tseng and Balabanis, 2011; Roth and Romeo, 1992; Hamzaoui-Essoussi et al., 2011). This happens because consumers have perceptions of products that can and should only be produced in a specific country (Spielmann, 2016), as the country carries a legacy of producing that certain product, making its industry representative.

However, to the best of our knowledge, no study has analysed the COI at the industry level and its relationship with other levels of COI to understand its role in the country brand image process. We claim that investigating this level of COI is relevant in international trade because it opens opportunities for firms within different industries to leverage their business abroad based on the image of the country. Moreover, for governments, it flags up avenues to build a better image abroad of strategic industries for the country and, ultimately, serves as a soft power tool (Nye, 2008; Melissen, 2005). Nevertheless, it is necessary first to identify the role of II in the management of COI and whether it mediates the relationship between CBI and PSI, being these the main objectives of our study.

Hence, in this article, we present a third manner to analyse the topic, the COI at the industry level. This perspective is grounded in the rationale that industries carry different values and levels of quality that can or cannot enable a fit between countries and industries (Roth and Romeo, 1992). In addition, particular industries can be linked to a certain country because of its location, natural resources, traditional know-how or because the country is recognised as a place of development of that industry or product (Usunier and Cestre, 2007). We explore this void by analysing different levels of COI in a business-to-business (B2B) context, taking emerging economies (Brazil and Colombia) as a reference following recommendations from marketing scholars (Burgess and Steenkamp, 2006; Fastoso and Whitelock, 2011).

We build our rationale based on corporate brand and brand architecture literature. The main objective is to show that the traditional association between CBI and PSI can be mediated by II. To

accomplish these aims, a mixed-method study was conducted. First, a qualitative study looking into the case of Brazilian Machine Solutions (BMS) was carried out to understand the features of the industry under investigation and the importance of trade promotion programmes (such as BMS) in enhancing member firms' export promotion strategies and image abroad. In the second step, a survey with a specific target country (Colombia) was utilized. Data were collected with Colombian industrial buyers using Brazil as a manufacturer-supplier and country of reference.

This article defends that studying the II can offer more insight into the influence of the country on consumer attitudes (Tseng and Balabanis, 2011) and can help institutions, governments and firms understand what aspects of the CBI should be transferred to the industry and to the firm level. Therefore, this study's contributions are twofold. First, it advances the body of knowledge in the COI literature by analysing the topic within three different levels. It also offers a framework to manage the COI at different levels using the corporate brand (Balmer, 2010; Hankinson, 2006; Ashworth and Kavaratzi, 2007; Daszkiewicz, 2017) and brand architecture elements (Olutayo and Melewar, 2008), which is beneficial to institutions, governments, trade agencies, industry associations and firms to leverage the COI by understanding what aspects of the COI should be transferred to the industry and firm level.

## 2. Theoretical Background and Hypotheses Development

### 2.1 The COI and its management as a brand

The COI at the firm level is understood as the impact of the image of a country on international consumer behaviour, in other words, the beliefs held by consumers towards products and services originating in a country (e.g., French perfumes are considered sophisticated and sensual) (Hamzaoui-Essoussi et al., 2011). In this sense, analysis of the studies regarding COI at the firm level - e.g. Nagashima (1970); Agarwal and Sikri (1996); Parameswaran and Pisharodi (1994) considers implications and relationships at the firm level. The influence of the COI on consumer decision making

is caused by the identification of the product/service origin and its brand value, quality and information available (Pharr, 2005) being considered an important brand equity component (Samiee, Shimp and Sharma, 2005).

In the B2B context, studies show that the COI also exerts an impact on industrial buyers' product/service perceptions (Dzever and Quester, 1999), playing an important role in cross-border B2B market inferences (Schätzle and Jacob, 2017). Hence, managing the COI at the firm level is significant as it can be a resource to the firm when is used as a source of information for the brand assessment (Herstein, Berger and Jaffe, 2014). Consequently, firms can profit from its home country image when developing their brand strategy abroad (Herstein et al., 2014; Baker and Ballington, 2002).

The COI can also be analysed from a broader perspective, such as in the studies presented by NBI (2011), FutureBrand (2016), and Fetscherin (2010). This approach to COI takes place when the image of a country is extended from a product/service or brand perspective to the country brand level (Suter et al., 2018; Jaffe and Nebenzahl, 2006; Graby, 2014), in this study referred to as country brand image (CBI). The CBI is defined as the sum of perceptions in the minds of international stakeholders regarding a particular country, involving its exports, people, places, culture/language, history, food, fashion, celebrities, global brands, tourism, governance, immigration and investment among others (Fan, 2010). CBI comprises several local features that are communicated (Zeinalpour, Shahbazi and Ezzatirad, 2013) and serve as devices for countries to build positive aspects of their image. CBI can be considered a resource to the country because a positive image of a country enables various welfares to the country (Zeinalpour et al., 2013) by attracting inbound tourism, drawing more Foreign Direct Investment (FDI), increasing exports, helping firms in the national market competing with imported products (Papadopoulos, 2004) and highlighting the country abroad in terms of diplomacy (Nye, 2008; Melissen, 2005).

The literature on internationalisation stresses the importance of the industry in the internationalisation process and its influence on several strategic decisions of the company

(Ramamurti, 2012), such as the one regarding use of the COI in the company's brand (Suter et al., 2018a). Some studies explore the COI at the industry level (II) when investigating the congruency between the product category and the COI. The strength of these associations (Hamzaoui-Essoussi, Merunka and Bartikowski, 2011) is observed as product ethnicity (Usunier and Cestre, 2007) or origin typicality (Tseng and Balabanis, 2011; Roth and Romeo, 1992). This happens because consumers have perceptions of products that can and should only be produced in a specific country, (Spielmann, 2016) as this country carries a legacy of producing that certain product, thus making its industry representative.

## 2.2 Brand Architecture applied to COI management

The corporate brand is known as the brand of an organisation that is behind the products and services (Balmer and Gray, 2003; Fetscherin and Usunier, 2012). To manage these brands, companies need to use strategies that seek to achieve good results for each market opportunity. The knowledge background on the subject suggests the use of brand architecture to manage a portfolio of brands attached to a corporation's brand structure (Douglas, Craig and Nijssen, 2001). Hence, brand architecture is understood as an integrated process to build brands by establishing relationships between branding options in a given competitive context (Rajagopal and Sanchez, 2004). Brand architecture can provide valuable support in understanding the "transfer of different image associations from the corporate brand to any sub-brands and products in its portfolio and any reciprocal feedback effects from them" (Brexendorf and Keller, 2017:1531). To develop a brand architecture strategy, it is important to understand not only the brand portfolio but also brand hierarchies (Brexendorf and Keller, 2017). Brand hierarchy shows all products related to a brand and other brands (Brexendorf and Keller, 2017).

The application of corporate brand to the CBI has been identified by previous studies (Balmer, 2010; Hankinson, 2006; Ashworth and Kavaratzi, 2007; Daszkiewicz, 2017). Balmer (2010) argues

that the corporate brand construct can be applied in broader contexts, such as countries. Olutayo and Melewar (2008:199) emphasised the importance of using brand architecture in CBI portfolio management to "order and structure this otherwise sprawling and disjointed list of sub-brands" to attain synergistic benefits and strengthen the COI at the country level. CBI as a corporate brand can be defined as applying the different dimensions of the construct using "a unique set of visual, verbal and behavioural components, which can ensure the country permanent distinction and recognition in the broadly defined environment" (Daszkiewicz, 2017:58). To the present investigation, this application is relevant particularly because it shows the linkages between different levels of a multi-tier brand (Brexendorf and Keller, 2017) and the management of COI in different levels as observed in Figure 1.

Insert Figure 1

Hence, in this article, it is argued that the CBI can be managed as a corporate brand where the image of different industries, conveyed by country industry brands (Lourenção, Giraldi and Maheshwari, 2018; Lourenção and Giraldi, 2017; Tregear and Gorton, 2009), and the image of a different product/service communicated at the firm level can be managed as a brand portfolio. In terms of brand hierarchy (Brexendorf and Keller, 2017), CBI would fill in the highest level acting as a corporate brand (Olutayo and Melewar, 2008). The second level of this hierarchy would be occupied by industry brands represented by different II. The third level would be managed in the firm's products and services (PSI). CBI acting as the corporate brand may endorse a range of II brands and PSI brands to different degrees (Brexendorf and Keller, 2017; Otubanjo and Melewar, 2008). In addition, it can gain from mutual equity transfer across all levels (Brexendorf and Keller, 2017; Voss and Mohan, 2016) and other entities (Voss and Mohan, 2016) such as industry associations and corporations (Durand, 2016). In other words, CBI can enlarge its brand association "through identity transfer of its own strong associations" (Uggla, 2006:790) in a bilateral fashion. However, despite the positive aspect of CBI, there will be cases of both favourable and unfavourable mismatch between CBI and industry.

## 2.3 The Association between CBI, II and PSI

In this article, it is argued that the same logic of fit between country and product category can be applied to the industry, and there will be cases of match and mismatch relationships between the II and the CBI. Therefore, it is worth considering the II so managers can understand and identify the degree of an industry-country match (Roth and Romeo, 1992) by analysing how congruent important features linked to the country (quality of materials, know-how, efficient workforce among others) are the most important features of the industry from that country (Usunier and Cestre, 2007; Spielmann, 2016). Moreover, it is important to understand how industrial buyers evaluate the II, thus firms within an industry can make use of COI cues to add value by transferring COI signals to their products and differentiate them utilising useful country-of-origin information in advertisements, packaging and branding (Baker and Ballington, 2002; Hamzaoui-Essoussi et al., 2011) or avoiding it. In line with this, Spielmann (2016:1131) points out the relevance of uncovering the different levels of COI because countries are often recognised by their industries (product-category), and brands within these industries can use cues to "reinforce subjective and objective perceptions related to the country".

Based on the literature of product category and COI, the perfect CBI-II match occurs when the country's perceived strengths are conveyed in its image and are important features and benefits for a particular industry. When a firm is operating in a context with a CBI-II match, it should manage to maintain the COI cues in its brand or, if possible, reinforce the favourable perception of its origin. An example of this situation can be verified with the German automobile industry. German firms within this industry use COI cues in their strategy because consumers positively associate the image of Germany with the automobile industry (Magnusson et al., 2011). Another example of CBI-II match is the fashion design of Italian shoes (Hamzaoui-Essoussi et al., 2011).

On the other hand, an unfavourable industry-country match occurs when important features and values of the industry are not perceived as strengths of the country. A favourable mismatch may take place when specific dimensions of the COI are positive, however, not important for the particular

industry. Finally, an unfavourable mismatch would occur when specific dimensions of the COI are not important for the industry and neither is perceived as a country's strength (built based on Roth and Romeo, 1992; Usunier and Cestre, 2007). Based on the argument, we claim that a favourable CBI could be transferred to II when a favourable match exists. In other words, when there is a favourable association of CBI and II because of the quality or other emotional reasons (Edwards, Gut & Mavondo, 2007). In addition, the nature of the industry is relevant to a firm's use COI (Samiee, 2011) and impact on the degree of industry-country match, because certain countries present favourable features to certain industries. Therefore, some industries may benefit from CBI, whilst others may be challenged by it. In this sense, companies from all industries should re-evaluate their branding strategies by considering the degree of industry-country match and how to benefit from CBI, which grounds the following hypothesis.

H1. Higher evaluation of Country Brand Image (CBI) implicates in a higher evaluation of Industry Image (II).

Yalkin (2018) recommends that a COI framework should be built, allowing collaboration between both commercial and political territories. To implement this reasoning, we defend that combined efforts should be developed at the three levels of the COI. Given the relationship between CBI, II and PSI, and as pointed out by Roth and Romeo (1992) and Usunier and Cestre (2007), the transfer of the COI from the country level (CBI) to the firm level (PSI) may be stronger and more beneficial when there is an II-CBI match (the industry appears typical of the country) and weaker when there is an II-CBI mismatch (consumers perceive the industry as atypical). In this sense, it is important to understand the relationship between these image spheres (CBI, II and PSI) and identify whether it is relevant to invest in the promotion focused on II. Therefore, the second hypothesis states:

H2. Higher evaluation of Industry Image (II) implicates in a higher evaluation of product and service image (PSI).

As a consequence of the association between CBI, II, and PSI, we hypothesized that when a favourable match exists, II may have a mediating impact on the relationship between CBI and PSI.

H3: Higher evaluation of Country Brand Image (CBI) implicates in a higher evaluation of product and service image (PSI) mediated by the Industry Image (II)

Insert Figure 2 – Research Model

The case of Brazilian Machinery Solutions (BMS) is analysed to explore the application of CBI-II-PSI.

## 3. Methodology

To achieve the research aim, the study analyses the case of Brazil Machinery Solutions programme (Study 1) and the relationships between CBI, II and PSI of the Brazilian capital goods industry from the perspective of Colombian industrial buyers (Study 2). Several projects and actions are developed by the Brazilian government to enhance the competitiveness of strategic industries in the global context. Among the eight strategic industries considered by the Brazilian government that are subject to incentives and commercial promotion actions aiming the internationalisation, the one that better respected the criteria is the capital goods industry (Apex-Brasil, 2017). This industry develops business-to-business (B2B) operations involving perceptions of other industries with complex purchasing dynamics. In addition, the capital goods industry presents remarkable lessons for the country as well as for Brazilian government strategy and policies to switch the concentration of exports from commodities to value-added products/services. The capital goods industry was chosen based on its relevance to the country's growth, government choice and because of the low level of match between the COI and the product category, but with high investments in promotion abroad and industry image. Based on these criteria, researchers believed the results would show whether the efforts

to promote the II have an impact on the relationship between CBI and PSI.

In this sense, the present study carries out a mixed-methods process. First, a qualitative approach (Ghauri and Grønhaug, 2005) was undertaken by presenting the case of BMS. The case was developed with secondary data from documents and institutional framework of the Brazilian Machinery Builders' Association (Abimaq) and the Brazilian Trade and Investment Promotion Agency (Apex-Brasil). Primary data was collected through two interviews with two members of Abimaq's board (the interviewees were part of the BMS Coordination and Foreign Market Department) in February and March of 2013. The interviews followed a semi-structured questionnaire (Bell, Bryman and Harley, 2015) (see Appendix A for details of the interview guide) about the history and key issues of BMS and lasted, on average, 60 minutes. With the consent of the interviewees, we transcribed the content and recorded and prepared the data to be interpreted through discourse analysis. After that, secondary and primary data were triangulated (Stake, 1995) to compose the BMS case.

After understanding the BMS case, the second part of the study was developed, adopting a quantitative approach between April and November of 2013. To collect the data, a survey instrument grounded on measures previously reviewed was built. The measures were adapted to make them appropriate to the study's context. A five-point Likert-type scale was employed to measure CBI adapted from Anholt (2005), NBI (2011), II, based on Parameswaran and Pisharodi (1994) and Parasuraman, Zeithaml and Berry (1988), and PSI based on Parameswaran and Pisharodi (1994) and Nagashima (1970) (Appendix B). A pre-test study was conducted in April 2013 using SurveyMonkey software. A total of 1263 staff members of Brazilian industrial entities focused on internationalisation were invited to participate in the survey. Among them, 246 answered the questionnaire, and 174 were considered valid for analysis. The aim of the pre-test was to test and validate the questionnaire.

Based on pre-test results, the questionnaire was adapted to apply to Colombian industrial buyers. The survey was carried out between October and November 2013 with 194 B2B Colombian buyers of capital goods located either in Bogota, Cali, Medellin or Barranquilla. The method used for

sampling was probabilistic by judgment. Among the 194 respondents, 89 had already bought capital goods from Brazilian firms. This study focused on this subsample (n=89), as they had a previous buying experience with Brazilian capital goods. It is important to note that only executives with working experience in the capital goods industry could answer the survey.

The researchers used G*POWER 3.1.9.3 software (Faul, Erdfelder, Buchner and Lang, 2009), to ensure that the subsample (with at least 68 cases) was enough to guarantee statistical power for the model, following recommendations from Lu, Heslop, Thomas and Kwan (2016). To measure the variables and their relationship, Structural Equation Modelling (SEM) using Partial Least Squares (PLS) was applied as it is acknowledged for its capability to handle small sample sizes (Wong, 2010).

## 4. Results

This section presents the BMS case and then the results of the survey conducted with Columbian B2B consumers regarding the BMS case.

### 4.1 Study 1 - The role of the Industry: Brazil Machinery Solutions programme (BMS) in the international promotion of the Brazilian capital goods sector.

The export promotion strategies of the Brazilian capital goods sector have been elaborated and conducted since 2010 under the Brazil Machinery Solutions Programme (BMS). This project can be characterized as a privately managed institution managed by the sector's employers' union, the Abimaq (Brazilian Association of Machinery and Equipment Industry), with financial and informational contributions made by Apex-Brasil, the Brazilian government's trade promotion organisation (TPO).

The BMS is a programme developed by the Brazilian government in partnership with the sector's employers' union (Abimaq) to support internationalisation in the format of an Industry Project (IS). It can be classified as a typical home country support measure of informational and promotional support to national companies (Torres and Varum, 2012; Sauvant and Mallampally, 2015). This type

of government support is usually aimed at reducing information asymmetry between national companies and destination countries (Callabrese and Manello, 2018), and their role is given by the actions of trade promotion organisations (TPOs) (Gillespie and Riddle, 2004), in line with Jaramillo (1992).

In the BMS programme, the Apex-Brasil-Abimaq partnership developed a project that includes actions in these directions (identifying and developing products and markets, trade information services, specialized assistance, and promotional activities abroad), aimed at sensitizing Brazilian businessmen in the export sector, providing information and training to assist exporters throughout this process, as well as disseminating the Brazilian brand of capital goods abroad. Hence, BMS is also concerned with the development of its II.

Among the main actions implemented by BMS are: i) market studies and analyses focused on guiding companies towards the best opportunities for their international business; ii) business qualification, which occurs through training and consulting to increase competitiveness and promote export culture in companies; (iii) organising and monitoring missions and participating in international fairs abroad; and (iv) brand promotion strategies and actions to improve the international perception of companies, products and services in the sector.

The BMS programme explicitly aims to promote Brazilian exports in capital goods, as well as to strengthen Brazil's image as a manufacturer of mechanical capital goods and technology supplier (BMS, 2018). The main strategies adopted by the BMS to achieve its objectives are, firstly, to constitute a sectorial brand (focused on its II) that could express competitive attributes of Brazilian companies in this specific industry and, later, to manage this brand through specific actions, all with the support of Apex-Brasil. These include: (i) awareness-raising seminars – networking and networking meetings between Brazilian entrepreneurs and impact stakeholders in target countries; ii) Buyer Project and Seller Project – business rounds previously scheduled and selected based on profile by BMS, which take place in Brazil or abroad between Brazilian companies and foreign buyers; iii)

Image Project, which invites foreign opinion leaders to visit Brazil to get to know the sector; and (iv) business missions abroad, motivated to carry out exchanges between countries, and prospecting clients.

Currently, BMS has more than 300 associated companies and members of various segments of the mechanical capital goods industry. All BMS actions are carried out with countries considered to be the target of the sector's exports. For this, studies, surveys and research are conducted with the objective of identifying, from Brazilian competitive differentials, which markets present themselves as attractive to the international expansion of Brazil. In this process, BMS selected ten destinations, among which is Colombia.

According to the BMS management team at Abimaq, the choice of Colombia as the target country for the international expansion of the capital goods sector occurred for several reasons. Among them are the geographic and cultural proximity and economic expansion of that country, which, according to government announcements and market projections, have positive prospects for investment (an important factor for this industry) and the development of bilateral relations between countries.

Given this context, Colombia has been considered a strategic market for BMS export promotion since 2010, with three to four specific actions per year. The main action of BMS in the Colombian market, as disclosed by the programme managers, is aimed at the dissemination of Brazil as an innovative business partner and supplier of high technology machines. Basically, three types of actions are carried out with this objective: (i) awareness-raising seminars; (ii) participation in fairs, and (iii) Image Project. In the awareness-raising seminars, which usually take place during fairs, BMS promotes meetings between Brazilian companies that attend strategic fairs for the sector, such as Colombiatex, AndinaPack, Colombiaplast, Agroexpo, and FIB, and stakeholders of that country, such as buyers, governments, and trading partners among others. In the Image Project, BMS selects Colombian opinion makers, who are invited to go to Brazil to participate in major national fairs and meet Brazilian companies. Through 2020, BMS has scheduled a dozen such actions for Colombia.

**4.2 Study 2 - The Evaluation of CBI-II-PSI in the BMS case**

After presenting the BMS case, we analyse the assessment of B2B buyers in the capital goods industry in Colombia. It is important to note that these buyers have been targeted by the BMS case. For this, the quantitative approach was applied with the use of a survey of B2B consumers. As already mentioned, the sample is based on 89 respondents.

To conduct the analyses, first, the internal consistency was examined within each construct using Composite Reliability (Hair, Hult, Ringle and Sarstedt, 2014). Table 1 shows the fit measurements. All variables from the model presented values above 0.7 (Hair et al., 2014), ranging from 0.732 to 0.799, thus meeting the reference value. For convergent validity, the average variance extracted (AVE) was analysed. The AVE values were above 0.5 (Fornell and Larker, 1981), demonstrating a significant satisfactory degree of convergent validity.

Insert Table 1

The discriminant validity of the seven first-order constructs was tested using two methods. Fornell and Larcker's (1981) criterion (see Table 1), was used, as well as examination of the cross-loadings and each indicator's loading, which were greater than all of its cross-loadings (Chin, 1998). The results of all the validation criteria for internal consistency, convergent validity and discriminant validity for the seven constructs were met.

Following the validation test, SmartPLS-SEM was used (Table 2). The first variance explained ($R^2$) was examined to access the explanatory power of the model. The $R^2$ for II was 0.438 and for PSI, 0.772. The model' s capability to predict was assessed using the blindfolding procedure. The $Q^2$ for all constructs presented values above zero and the values of $F^2$ to II, PSI were above 0.35. Table 2 shows the coefficients and t statistics. Results show that CBI is positively associated with II with a level of significance of 0.01 (t>2.58), supporting H1. Also, the result shows that II is positively associated with PSI at a level of significance of 0.01(t>2.58). This result supports H2.

Hence, as there is a positive association between CBI and PSI, it is necessary to conduct some tests to see the mediation of II to this association. Results of the Sobel test (4.715 and p<0.01), Aroian test (4.697 and p<0.01), and Goodman test (4.734 and p<0.01) demonstrate that II mediates the association between CBI and product/service image, thus supporting H3. The VAF test shows a result of 0.34, thus we can state that there is a partial significant mediation of II between CBI and PSI.

Insert Table 2

## 5. Discussion

The article contributes to the COI literature in the B2B context. Specifically, in the field of COI studies, it shows that II mediates the association between CBI and PSI, particularly when there is official support to II, whether by the government or an international trade agency. Findings from the qualitative study, such as the BMS Programme's aim to build and strengthen Brazil's image as a manufacturer of mechanical capital goods and technology supplier (BMS, 2018), reinforces this research's rationale that the concepts of corporate brand (Balmer, 2010; Hankinson, 2006; Ashworth and Kavaratzi, 2007; Daszkiewicz, 2017) and brand architecture (Olutayo and Melewar, 2008) can be applied to COI management at different levels. Additionally, the results from the survey strengthen our argument for developing the COI at the industry level and applying the brand architecture approach to the topic, bringing the extension to consolidated literature (Hamzaoui-Essoussi et al., 2011; Tseng and Balabanis, 2011).

The results raise another aspect for discussion regarding the role of building and managing II as a brand, given that the CBI-II relationship in the case analysed in this study is a favourable mismatch. The literature regarding the relationship between CBI, II and PSI (built based on Roth and Romeo, 1992; Usunier and Cestre, 2007) posits that the transfer of the COI from the country level (CBI) to the firm level (PSI) may be stronger and more beneficial when there is an II-CBI match (the

industry appears typical of the country) and weaker when there is an II-CBI mismatch (consumers perceive the industry as atypical). However, the results of both qualitative and quantitative studies point out that even when it comes to a favourable mismatch, the II plays an important role. In other words, our study (through the BMS case) shows that the relevance and role of II in international trade is not limited to cases of a perfect match between II and CBI. It indicates that the II should be worked and managed as a brand (part of the portfolio). Therefore, our findings point out that governments and trade agencies, in collaboration with industry associations, should also manage the COI at different levels in cases of a favourable mismatch.

The process of transferring the COI from the country level to the industry and firm level is complex (Suter et al., 2018b). Given the fact that the country's image is relevant for countries (to attract new investments, well-qualified workforce, inbound tourism) and firms (influence of COI on purchase intention of an international consumer), this research defends that the COI should be managed as a brand. Moreover, in this process, it is important to consider the nature of the different industry segments (sectors) as well as their role as umbrella brands (Anholt, 2000).

Based on the literature review (Figure 1) and research findings, a framework was built (Figure 3), following recommendations from Yalkin (2018) to articulate and manage the COI at different levels. To do so, we apply corporate brand and brand architecture concepts to make the use of COI beneficial to the country and its institutions. This framework (Figure 3) can be used by governments, policymakers, trade agencies, industry associations, and internationalised firms and considers that different industries present distinct CBI-II relationships. It considers that the extent to which II and PSI brand will reflect the CBI through corporate brand associations is impacted by the fit between the CBI and II. Consequently, decisions regarding brand architecture strategy have to consider the degree of convergence between the II and the CBI, as well as the dimensions that will be used in the transfer process. The identification of these relationships (perfect match, favourable or unfavourable mismatch) will give guidance as to what kind of connection the second- and third-level brands (II and PSI) will

have with the corporate brand (CBI) and most importantly, what features of the corporate brand (dimensions of CBI) should be transferred to its other brands. Figure 3 illustrates the interaction between different levels of COI usage.

Insert Figure 3

Figure 3 is proposed to clarify and exemplify the transfer features of the corporate brand of COI, the CBI, to the three levels of COI applying corporate brand and brand architecture concepts to the COI management. Tier 1 displays the CBI and its dimensions (specific features and manifestations of the country's image) that can be transferred as brand image associations to tier 2 and tier 3 brands. The tier 2 level represents the industry image (II1, II2, II3 … IIx) in a number of strategic industries for a given country. We claim that institutions, such as the government, trade agencies, industry associations and industry programmes of this country, should examine the CBI dimensions and the industry values to decide whether they should associate the CBI with the image of the country's strategic industries, in other words, to decide whether the II can be built as a sub-brand of the CBI playing the role of the corporate brand. In addition, for each industry, these institutions (government, trade agencies, industry associations and industry programmes) should analyse which features of the CBI should be used in developing and promoting the II.

The reader can observe in Figure 3 a fictional country with two industry images (II) built as sub-brands of CBI. It also illustrates the dimensions used in the CBI-II association. II1 builds its sub-brand relying on features from culture, export and people dimensions, whereas II2 develops its sub-brand based on elements from culture, people and tourism dimensions. Finally, tier 3 displays the firm level of COI, where a firm's strategic managers and marketers should evaluate whether building its brand as a sub-brand of CBI or II is valuable to the firm. After that, it should be assessed how CBI features would be incorporated into the firm's brand, which requires specific firm capabilities (Suter et al., 2018a). Examples of firms (tier 3 of Figure 3) that profit from their home country image (CBI) by making clear associations between its CBI features and the brand (Baker and Ballington, 2002) are

Natura (Suter et al., 2018a) and Havaianas (Magnusson, Westjohn and Sirianni, 2019; Suter et al., 2018b).

In Figure 3, Natura is an example of II1 and pertains to the cosmetics industry, where it is positive to incorporate features from (i) the culture dimension by making use of the miscegenation of cultures embedded in Brazilian society; (ii) the export dimension, which emphasises the innovativeness of its products making creative use of Brazilian natural resources; and (iii) the people dimension by using national artists to promote the brand and stressing in campaigns the joyful and hardworking features of Brazilians (Suter et al., 2018a). Havaianas (the Brazilian flipflop brand) is an example of an II2 firm in the fashion industry. Its brand was clearly built as a CBI sub-brand, making use of (i) the culture dimension, stressing Brazilian lifestyle, as well as the traditions (Carnival) and customs of the country; (ii) the people dimension, using Brazilian citizens to illustrate the country's ethnic features and the people's joyful monuments (Suter et al., 2018b; Magnusson, et al., 2019); and (iii) the tourism dimension by picturing its campaigns in Brazilian touristic attractions, presenting the rich natural beauty of the country and its historic monuments (Suter et al., 2018b).

It is important to emphasise that the CBI features transferred in its full version (all dimensions) to the industry level will not work positively for all industries. In this sense, institutions managing COI at different levels and marketers have to identify strong features (dimensions) of CBI that could be transferred to other levels' brands and develop projects to improve CBI's weakness. This means the brand architecture strategy to manage the COI as a brand at different levels will be different for each country. Emerging economies will probably work with a hybrid strategy.

**Conclusion**

The Country-of-Origin Image (COI) and its effects on consumer behaviour have been intensively investigated in academia. Most studies kept its focus on the final consumer perspective (Dzever and Quester, 1999). Less attention has been given to COI's impact on B2B transactions, and even fewer studies have explored the construct by taking emerging markets as a reference (Pharr, 2005;

Burgess and Steenkamp, 2006; Suter, Giraldi, Borini, MacLennan, Crescitelli and Polo, 2018a). The field of international marketing has called attention to scholars to conduct studies in emerging markets (Burgess and Steenkamp, 2006). These requests stress studies exploring the COI especially because it is particularly relevant for emerging countries to develop and promote a strong image abroad, as their firms and governments may suffer from weak COI (Suter, Borini, Floriani, Silva and Polo, 2018b). More specifically, governments use COI as a marketing strategy through diplomacy (Nye, 2008), first enhancing the country's awareness by the international audience to then promote and increase trade and investment. Our research combines these variables and investigates a neglected perspective of COI.

The findings of this study indicate the relevance of managing the COI at different levels and highlight the development of the COI at the industry level. Results shows how important it is for governments, in partnership with other institutions, to develop actions and practices individual to each industry to enhance the COI abroad with different tools and emphasis. It also pinpoints that the nation-branding and COI literature should be developed and articulated using strategic marketing programmes and brand architecture elements.

In this sense, this study demonstrates that COI brands can be managed at the country level (called country brand image, CBI), industry level (called industry image, II) and firm level (called product/service image, PSI). The results show that the traditional association between CBI and P/SI can be mediated by II. Hence, it is claimed that in order to improve CBI and enhance PSI, it is important that governments (policymakers) and industry agencies (i) first understand the nature of the relationship between II-CBI (perfect II-CBI match; favourable match to unfavourable mismatch); (ii) build an adequate project reinforcing the II through country industry brands; and (iii) based on the identification of aspects of CBI's dimensions that are beneficial to each industry.

One limitation of the study resides in the researchers investigating only one industry. Future studies are encouraged to consider more than one industry and different II-CBI nature (perfect match,

favourable mismatch and unfavourable mismatch). Ideally, a study should encounter four industries in a matrix level of promotional actions to enhance the COI abroad and level of II-CBI match. Industry A would be chosen based on the high level of promotion investment and a high level of industry match; industry B would present a high level of investment and a low level of industry match; industry C would present a low level of promotion investment and a high level of industry match; and industry D would present a low level of promotion investment and low level of industry match.

Another limitation of our study is that we only carried out analyses with Colombian B2B buyers having prior buying experience with Brazilian capital goods firms. Therefore, we could not compare the findings between experienced and non-experienced B2B buyers towards CBI-II-PSI. Therefore, we recommend that future studies with similar aims examine and compare the relationships on CBI-II-PSI considering the level of experience between the two parties.

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Tables

Table 1 – Reliability measures and discriminant validation

| | AVE | CC | Culture | Econ_Gov. | Export_ Pot. | People | Tourism | Ind_Image | Prod/Service_Image |
|---|---|---|---|---|---|---|---|---|---|
| Culture | 0.536 | 0.773 | **0.732** | | | | | | |
| Econ_Gov. | 0.563 | 0.837 | 0.361 | **0.750** | | | | | |
| Export_Pot. | 0.637 | 0.875 | 0.435 | 0.655 | **0.798** | | | | |
| People | 0.633 | 0.775 | 0.471 | 0.382 | 0.389 | **0.795** | | | |
| Tourism | 0.557 | 0.790 | 0.518 | 0.436 | 0.465 | 0.640 | **0.747** | | |
| Ind_Image | 0.640 | 0.961 | 0.398 | 0.611 | 0.638 | 0.305 | 0.313 | **0.800** | |
| Prod/Servic | 0.633 | 0.945 | 0.471 | 0.680 | 0.823 | 0.409 | 0.454 | 0.779 | **0.796** |

Source: Authors, based on database

Table 2 – Direct effects of exogenous variables

|  | Beta | T Statistics |
|---|---|---|
| Country Brand Image -> Industry Image | 0.662 | 9,8292 |
| Country Brand Image -> Product/Service Image | 0.542 | 5,5715 |
| Industry Image -> Product/Service Image | 0.421 | 4,1529 |

Figures

Figure 1. Applying Corporate Brand and Brand Architecture concepts to COI management

**Tier 1 – Country Level**

**Corporate Brand**

Image of the Country manifested by several local features that are communicated involving its exports, people, places, culture/language, history, food, fashion, celebrities, global brands, tourism, governance, immigration and investment, among others, that composes the CBI and can play the role of a corporate brand.

Possibility of transfer from different CBI associations

**Tier 2 – Industry Level**

**Sub-brands**

Image of individual strategic industries for the Country as a possible portfolio of sub-brands

Possibility of transfer aspects from different CBI reinforced by II associations

**Tier 3 – Firm level**

Product/Service image as products of the sub-brands (Industry)

Source: Authors based on Daszkiewicz (2017); Brexendord and Keller (2017); Lourenção and Giraldi (2017); Zeinalpour, Shahbazi and Ezzatirad (2013); Balmer (2010); Fan (2010); Tregear and Gorton (2009); Olutayo and Melewar (2008); Ashworth and Kavaratzi (2007); Hankinson (2006).

Figure 2. Research Model



Source: Authors

Figure 3 – Managing COI as a brand in different levels



Tier 1 - Country Level

Culture    Econ_Gov    Export    People    Tourism

Corporate COI - CBI

Possibility of transfer of features from different CBI dimensions to build CBI associations when building the Industry Image of individual strategic industries for the Country

Industry Image 1 Cosmetics Industry

Industry Image 2 Fashion Industry
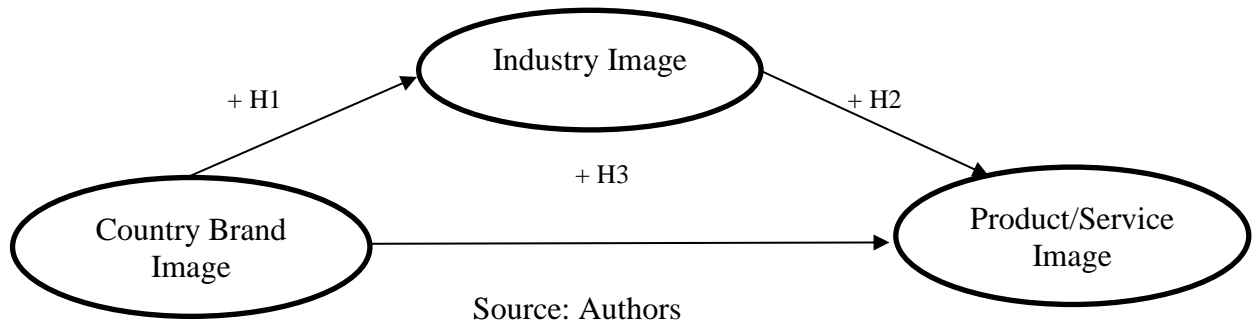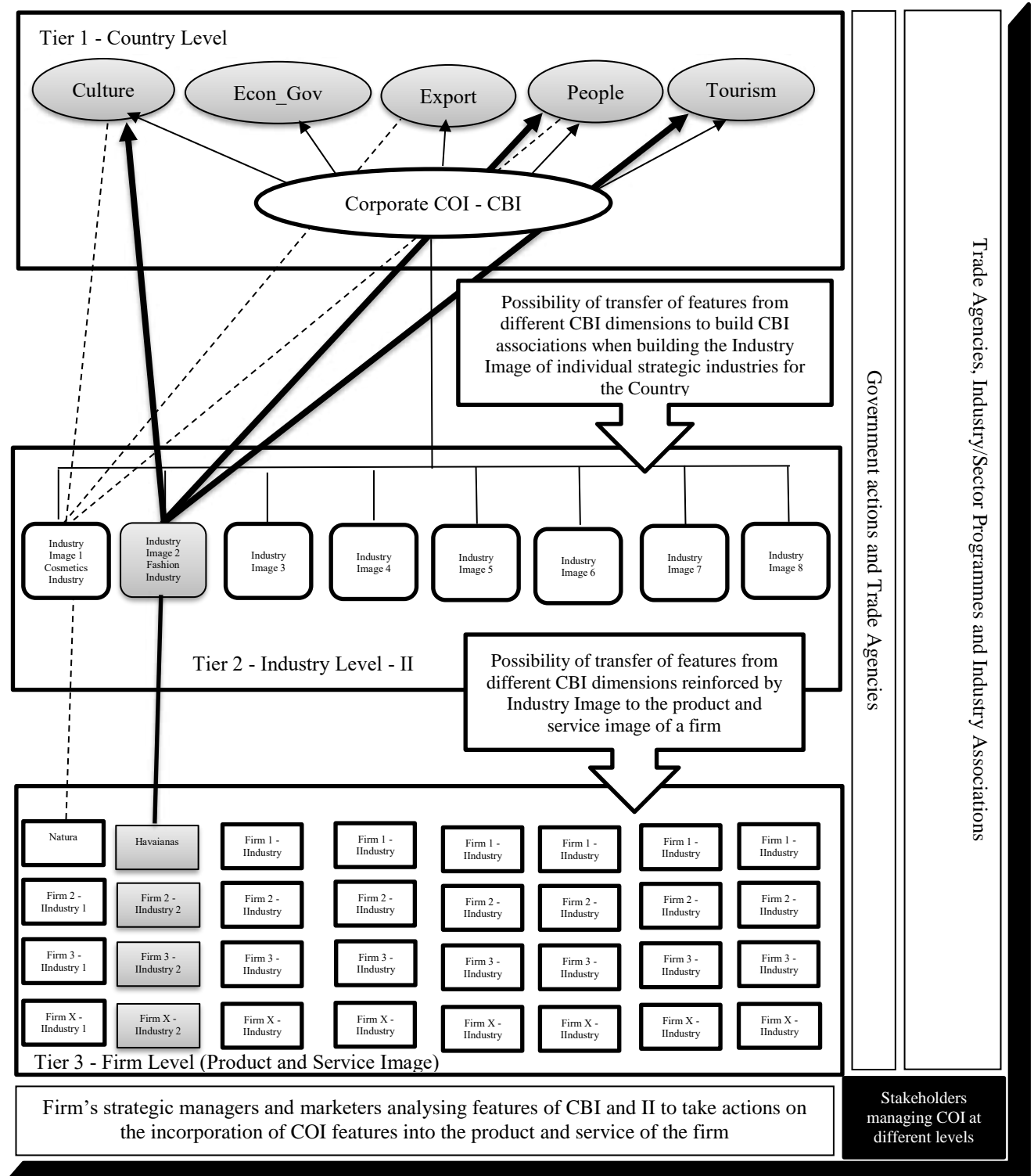
Industry Image 3

Industry Image 4

Industry Image 5

Industry Image 6

Industry Image 7

Industry Image 8

Tier 2 - Industry Level - II

Possibility of transfer of features from different CBI dimensions reinforced by Industry Image to the product and service image of a firm

Natura    Havaianas    Firm 1 - IIndustry    Firm 1 - IIndustry    Firm 1 - IIndustry    Firm 1 - IIndustry    Firm 1 - IIndustry    Firm 1 - IIndustry

Firm 2 - IIndustry 1    Firm 2 - IIndustry 2    Firm 2 - IIndustry    Firm 2 - IIndustry    Firm 2 - IIndustry    Firm 2 - IIndustry    Firm 2 - IIndustry    Firm 2 - IIndustry

Firm 3 - IIndustry 1    Firm 3 - IIndustry 2    Firm 3 - IIndustry    Firm 3 - IIndustry    Firm 3 - IIndustry    Firm 3 - IIndustry    Firm 3 - IIndustry    Firm 3 - IIndustry

Firm X - IIndustry 1    Firm X - IIndustry 2    Firm X - IIndustry    Firm X - IIndustry    Firm X - IIndustry    Firm X - IIndustry    Firm X - IIndustry    Firm X - IIndustry

Tier 3 - Firm Level (Product and Service Image)

Firm's strategic managers and marketers analysing features of CBI and II to take actions on the incorporation of COI features into the product and service of the firm

Government actions and Trade Agencies

Trade Agencies, Industry/Sector Programmes and Industry Associations

Stakeholders managing COI at different levels

Source: Authors

Appendix A – Interview guide (in-depth interview)

**Primary aim**
- To understand challenges, issues, characteristics and actions headed by Brazil Machinery Solutions.

**Notes for the interviewer**
- It is not necessary to stick to the exact line of questioning or order. The purpose of these mains questions is to be explorative.
- Ask interviewee consent in regard to the session recording.

**Basic qualification**
- Education background
- Age
- Professional Experience
- Work experience in ABIMAQ (years, areas etc.)

**Capital Goods Sector**
- What is the economic situation of the Brazilian capital goods sector today?
- And about internationalization? Could you explore aspects of the internationalization of this industry?
- What are the main advantages of this sector to export? What about the disadvantages?
- Could you explain what are the main destination countries of Brazilian capital goods exports? Why?

**Capital Goods Trade**
- What are the critical aspects/ dimensions that determine the acquisition of a capital good? Why? What is valued in the buying process?

**BMS: history and characteristics**
- What did motivate the emergence of BMS?
- What role does Apex-Brasil have in this Program? What about Abimaq?
- How many firms are currently part of BMS?
- Could you explain what are the main lines of action of BMS? Why?
- What do you think are the most important actions? Why?
- Could you provide data from these actions?

**BMS: trade promotion challenges**
- What are the target countries of BMS trade promotion actions? Why? What these countries have?
- In your opinion, what are the main challenges of trade promotion in this sector? Why? How can BMS actions help in overcoming these issues?
- To what extent do you consider the industry image a critical aspect for exporting capital goods from Brazil? Why?

**BMS: results and perspectives**
- What are the main results achieved by the BMS? Are they satisfactory?
- And what about the future? What do you expect from BMS and Brazilian capital goods exports?

Appendix B – Measures and Items

**Country Brand Image (CBI) based on NBI (2011):**
**Exporter potential (adapted from NBI exports dimension)**
1) makes a major contribution to innovation in science and technology.
2) is a creative place.
3) is innovative.
4) If notice a product is made in the following country, would you feel less good/better about buying products.

**Economy and Governance (adapted from NBI Governance and Investment and Immigration dimensions)**
1) The country is economically stable.
2) The country offers good business opportunities.
3) The country has an important position in the world economy.
4) The infrastructure of the country is good.

**Culture (adapted from NBI Culture dimension)**
1) The country stands out for its artistic manifestations as dance, literature, music, cinema, among others.
2) I appreciate the country's gastronomy.
3) I admire the traditions and customs of this country

**People (adapted from NBI People dimension)**
1) People from this country are hardworking.
2) People from this country are joyful.
3) I admire the people of this country because of their ethnic characteristics.

**Tourism (adapted from NBI Tourism dimension)**
1) The country is rich in natural beauty.
2) The country is rich in touristic attractions.
3) The country is rich in historic buildings and monuments.

**Industry Image (II) based on Agarwal and Sikri (1996); Nagashima (1970); Parameswaran and Pisharodi (1994); Parasuraman et al. (1988) and Ayrosa (1998)**
1) Machines and equipment made in ….. are carefully produced.
2) Machines and equipment made in ….. are technically advanced.
3) Machines and equipment made in ….. inspire confidence.
4) Machines and equipment made in …..  are good reputed.
5) Machines and equipment made in ….. have prestige.
6) Machines and equipment made in … have good quality.
7) Machines and equipment made in …. are heavily advertised abroad.
8) Creativity is present in machinery and equipment made in…
9) The prices of machines and equipment made in ….. are competitive compared to those of other countries.
10) Considering price and quality, the machines and equipment made in … are a good acquisition.
11) I would recommend machines and equipment made in …
12) The design is a strong aspect of machinery and equipment made in….
13) Machines and equipment made in …. excel by appearance.
14) Machines and equipment made in …. excel at performance

**Product/Service Image (PS/I) based on Agarwal and Sikri (1996); Nagashima (1970); Parameswaran and Pisharodi (1994); Parasuraman et al. (1988) and Ayrosa (1998)**
1) Services and products with origin in ….. are heavily advertised abroad.
2) Services and products with origin in ….. inspire confidence.
3) Services and products with origin in ….. are good reputed.
4) Services and products with origin in ….. have prestige.
5) Considering price and quality, the services and products with origin in … are a good acquisition.
6) Services and products with origin in … present good quality.
7) Services and products with origin in … are of high quality.
8) Services and products with origin in … are carefully produced.
9) Services and products with origin in … are technically advanced.