

## **Economic Relationships and B2B Communication in Selected European Agri-food Chains – First Empirical Evidence**

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### **Abstract**

The roles of economic relationships and B2B communication in selected European agri-food chains are analysed. Using survey data from 1,026 farmers, food processors and retailers in two commodity sectors (meat and cereals) and five different EU countries (Germany, United Kingdom, Ireland, Finland, Poland), we test the empirical relevance of several theory-based determinants of relationship goodness. This is undertaken for the overall dataset and separately for different supply chain stages (farmer-processor versus the processor-retailer relationship) and for the individual countries. The estimation results, derived from structural equation modelling, suggest that the most important contributor to good business relationships is effective communication, with its two components, adequate communication frequency and high information quality, being equally important. The existence of personal bonds and an equal power distribution between buyers and suppliers are the second most important goodness-of-relationship determinants, while in addition the embeddedness of an agri-food enterprise in the local economy seems to contribute positively to good business relationships. The analysis also reveals that the relative importance of these determinants differs across the two considered stages of supply chain relationships and between the countries investigated. Agri-food business managers seeking to improve their supplier or buyer relationships, need to consider the crucial role of effective communication and the positive contribution that the existence of personal bonds can make to the development and maintenance of sustainable relationships.

### **Keywords:**

Economic relationships, B2B communication, Agri-food, Value/supply chain, Structural equation modelling