



Lisbon School
of Economics
& Management
Universidade de Lisboa

MASTER
MANAGEMENT AND INDUSTRIAL STRATEGY

MASTER'S FINAL WORK
DISSERTATION

**THE IMPACT OF SUSTAINABILITY-ORIENTED OFFERINGS ON
CUSTOMER-PERCEIVED VALUE: MULTIPLE CASE STUDIES ON
COSMETIC RETAILERS**

ANA MATILDE LIDÓNIO MATIAS

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ACKNOWLEDGEMENTS

First, I would like to thank my supervisor, Professor Doutor José Novais Santos, for all the support, help, and guidance throughout this process.

To my biggest support, my boyfriend Afonso, thank you for being the person who quite literally made this possible. You stood by me through every part of this journey, especially when it was not easy. Thank you for keeping me motivated, for helping me with patience, for never letting me give up. You were my peace on the most confusing and complicated days, and I am so grateful for you.

I also want to thank my sister, Salomé, who went through this as if it were her own journey: thank you for all your words of motivation, for always having the kindest and most understanding words, for being my biggest supporter, celebrating me more than anyone else, and for making sure I valued and cherished all my accomplishments. Thank you for always being here with me.

Special thanks to my colleagues. Margarida, thank you for going through everything with me. Doing this path by your side made it so much easier, and I am truly grateful for all our shared challenges, victories and for your amazing friendship that survived through all the exams' seasons and hard times. We did it!

To my friends, especially to Mariana, thank you for all the good luck wishes, for always understanding me, and for celebrating with me even after these three years, still side by side.

I would also like to thank my family, especially my father, for all the prayers and for always making sure I knew how proud you are of me.

Finally, I would like to thank all the interviewees for their time and valuable insights, which were essential to making this research possible.

ABSTRACT

The general growing focus on sustainability nowadays, has been reminding suppliers and retailers to reconsider how environmental practices influence their business relationships, specifically those in cosmetic industries. The impacts of this growth are still unexplored, therefore, to better understand it, this study explores how sustainable aspects of products influence the overall customer-perceived value within buyer-supplier relationships in Portugal's cosmetics retail sector. For that, an examination of the ways in which these kinds of features are evaluated, as well as the process of suppliers' selection, was conducted.

For that purpose, nine case studies on Portuguese pharmacies were developed, providing a deep look at how decision-makers evaluate sustainable features side by side with traditional factors like price, service quality, trust, and alignment with local demand. The main conclusions resulting from this study reveal that, on one hand, while sustainability is generally viewed as positive, having the capacity of enhancing the overall brand image and being seen as a sign of responsibility, on the other hand, it is still rarely decisive on its own. This research shows that pharmacies continue to prioritize more traditional business factors: price, service, and communication, when selecting suppliers, treating sustainability as an added benefit rather than a core requirement, as a consequence.

Nevertheless, there are some signs of a gradual change, with consumers' interest in sustainable options growing, which suggests that its role may become more central over time. This study highlights the need, that can also be a challenge, for suppliers to include sustainability into their value propositions without ever compromising their accessible prices or their overall performance, and to communicate these commitments in a clear and credible way to buyers. In the end, this research offers insights for suppliers that want to build stronger and longer partnerships in a market that is becoming more conscious for sustainability.

Keywords: *Sustainability, Buyer-Supplier Relationships, Customer-Perceived Value, Cosmetics Retail, Portugal*

RESUMO

O foco geral crescente na sustentabilidade, atualmente, tem lembrado fornecedores e retalhistas de reconsiderarem a forma como as práticas ambientais influenciam as suas relações comerciais, especificamente na indústria cosmética. Os impactos deste crescimento ainda estão pouco explorados, portanto, para os compreender melhor, este estudo explora como os aspetos sustentáveis dos produtos influenciam o valor percebido pelo cliente nas relações comprador fornecedor, no setor do retalho de cosmética em Portugal. Para isso, foi feita uma análise das formas como este tipo de características são avaliadas, assim como do processo de seleção de fornecedores.

Para esse propósito, foram desenvolvidos nove estudos de caso em farmácias portuguesas, oferecendo um olhar detalhado sobre como os decisores avaliam as características sustentáveis, lado a lado com fatores tradicionais como preço, qualidade de serviço, confiança e alinhamento com a procura local. As principais conclusões resultantes deste estudo revelam que, por um lado, embora a sustentabilidade seja geralmente vista como positiva, com capacidade para melhorar a imagem geral da marca e ser considerada um sinal de responsabilidade, por outro lado, raramente é decisiva por si só. Esta investigação mostra que as farmácias continuam a dar prioridade a fatores de negócio mais tradicionais: preço, serviço e comunicação, ao selecionar fornecedores, tratando a sustentabilidade como um benefício adicional em vez de um requisito central, como consequência.

No entanto, há sinais de uma mudança gradual, com o interesse dos consumidores em opções mais sustentáveis a crescer, o que sugere que o seu papel poderá tornar-se mais central ao longo do tempo. Este estudo destaca a necessidade, que também pode ser um desafio, de os fornecedores incluírem a sustentabilidade nas suas propostas de valor sem comprometerem os preços acessíveis ou o desempenho global, e de comunicarem estes compromissos de forma clara e credível aos compradores. No final, esta investigação oferece conhecimentos para fornecedores que queiram construir parcerias mais fortes e duradouras num mercado que se mostra cada vez mais atento à sustentabilidade.

Palavras-chave: *Sustentabilidade, Relações Comprador-Fornecedor, Valor Percebido pelo Cliente, Retalho de Cosmética, Portugal*

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1. INTRODUCTION

In recent years, sustainability has emerged as a big concern in the cosmetics industry, driven by environmental impacts, ethical production, and the continuously changing consumer expectations (Appolloni et al., 2022; Kolling et al., 2022). As a result, companies are under pressure to adopt practices that are more sustainable across the product life cycle, with steps that include using eco-friendly packaging and more natural ingredients (Kolling et al., 2022), and at the same time, more extensive goals, for example promoting a circular economy, which keep reminding businesses they need to balance economic growth with caring for the environment (Appolloni et al., 2022). Further, there is also a strong interest in how sustainability can affect business relationships and its dynamics.

In business-to-business (B2B) contexts, supplier relationships are seen as strategic sources of competitive advantage, trust, communication, and commitment (Dyer & Singh, 1998; Prior, 2012), and these dimensions are also essential to help companies share resources, lower uncertainty, and work together on innovation (Ring & Van de Ven, 1994; Rauyruen & Miller, 2007). Another crucial factor that helps understanding B2B purchasing decisions is customer-perceived value, which is commonly defined as the trade-off between what is received and what is given up (Zeithaml, 1988), which also includes dimensions such as functional, economic, emotional, and social (Sweeney & Soutar, 2001). Recent studies suggest that sustainability has the ability to add new layers to this evaluation, because buyers now consider new attributes, particularly environmental and ethical (Nav et al., 2024). Even though consumer preferences for sustainability are being studied, less is known about how these issues affect B2B decisions.

The knowledge gap about how sustainability influences B2B purchasing decisions leads to the central research question: *“How do sustainability-oriented offerings influence customer-perceived value in buyer-supplier relationships in the cosmetics retail sector?”* Specifically, it explores how Portuguese pharmacy retailers evaluate sustainability features in supplier firms from the cosmetic industry, how these considerations interact with factors such as price, service quality, and local demand, and how sustainability is communicated and negotiated in B2B relationships.

To address these questions, this research uses a multiple case study approach based on nine semi-structured interviews with pharmacy decision-makers in Portugal. The study delivers theoretical insights on how sustainability interacts with previously established business relationship dimensions, and also practical guidance for suppliers that want to find an alignment between sustainability strategies and customer expectations.

The structure of this document is composed of six chapters. Following this introduction, the next chapter provides a literature review that covers buyer-supplier relationships, customer-perceived value, and sustainability: all in B2B contexts. After that, chapter three describes the research methodology, which also includes the chosen qualitative approach and the adopted data collection strategy. Chapter four presents all the detailed case studies of nine pharmacies, while chapter five offers a discussion of the key findings, relating to theory. Finally, chapter six describes the study's conclusions, including the study's limitations and suggestions for future research.

2. LITERATURE REVIEW

2.1. Buyer-Supplier Relationships

Anderson et al. (1994) describe a business network as multiple interconnected relationships between firms, treating them as collective actors. In these business connections, a focal relationship is linked to various other relationships maintained by either the supplier or the customer, some of which may involve the same third parties.

According to Håkansson & Snehota (1997, p. 2) these interactions “...provide some clues on the impact relationships have on business”. Building on this, Dyer and Singh (1998) suggest that interfirm partnerships, such as buyer-supplier ties, can be key sources of competitive advantage, since companies now often rely on collaborative networks instead of competing alone.

Furthermore, Prior (2012) defends that these relationships can serve as a primary influence of competitive advantage, by offering benefits such as higher entry barriers for competitors, access to shared strategic resources, boosting innovation, and improving profitability for the firms involved. In the particular case of buyer-supplier

relationships, facilitating communication and improving access to important information, originates close partnerships that support the generation and implementation of innovative ideas.

In addition, buyer-supplier relationships influence the competitive performance of buyer firms. There is a strong connection between a firm's relationship within its key supplier and its competitive position in the market (Prior, 2012).

Ring & Van de Ven (1994) argue that cooperative relationships typically move through stages of negotiation (aligning goals and assessing risks), commitment (defining responsibilities), and execution (implementing agreed plans). These stages are evaluated based on efficiency and fairness. Although these stages often occur simultaneously in simpler business transactions, their duration depends on factors like issue uncertainty, mutual trust, and the roles of the involved parties.

After understanding the different phases of a relationship development, it is also important to understand how its quality can influence customer loyalty between buyer and supplier in a business-to-business (B2B) context. In order to comprehend that, it is important to know some fundamental relationship dimensions identified by Rauyruen & Miller (2007): trust, commitment, satisfaction, and service quality.

Throughout the developing phase of a business partnership, trust, interdependence and experience are expected to grow (Santos & Baptista, 2021). Prior (2012, p. 101) states that trust, in particular, stands out by being recognized as one of the “...*primary facilitating elements of inter-firm relationships*” as it plays a crucial role in promoting meaningful information sharing and reinforcing mutual commitment between partners. Moreover, trust is often considered as a fundamental requirement for the consistent evolution of the partnership (Santos & Baptista, 2021; Prior, 2012). This relationship dimension can emerge from both the organizational level and the individual level, as buyers may develop trust either in the supplier company or in the specific representative they interact with (Hansen, 2009; Santos & Baptista, 2021).

In most inter-firm relationships, there is an intrinsic expectation that each partner will avoid engaging in opportunistic behavior that could harm the other (Ring & Van de Ven, 1994; Prior, 2012). This expectation is a form of commitment to the relationship. This commitment develops in a context of trust and is shaped by the possibility of future advantages and incentives within the current partnership (Prior, 2012). Consistent

with this, Rauyruen & Miller (2007) argue that commitment is a primary factor of customer loyalty in B2B relationships, showing the intention to maintain the partnership. This relationship dimension can be either emotional (based on attachment) or calculated (based on perceived benefits), with both types having the power to strengthen loyalty through repetitive purchases and positive word-of-mouth.

Regarding customer satisfaction, Prior (2012) classifies it as the ability of a firm to supply products and services, while consistently meeting the expectations of its target buyers. As per Rauyruen & Miller (2007, p. 25), there is a “...*link between satisfaction and customer retention and/or customer loyalty*”. They state that satisfaction plays a critical role in enhancing consumer loyalty and retention in B2B markets: satisfied customers are more likely to stay loyal, make more purchases, and recommend the service to others.

About the last key relationship dimension mentioned, service quality, Rauyruen & Miller (2007)’s study indicates that customers tend to form service expectations based on factors like past experiences, communication, image, word-of-mouth, and needs. Service quality can act as a very important factor in business performance, while directly affecting customer loyalty, impacting on satisfaction, trust, and retention. When evaluating the service, buyers consider technical aspects (the outcome itself) and functional aspects (how the service is provided). In this interaction, the firm's image has an important role, influencing perceptions of service quality in both areas (Rauyruen & Miller, 2007).

In conclusion, close inter-firm relationships, for example buyer-supplier partnerships, enable the share of important knowledge that can result in positive outcomes like innovation, new product development, and better resource utilization (Dyer & Singh, 1998; Prior, 2012). These relationships also gather power for the partners involved (Dyer & Singh, 1998; Prior, 2012), offering superior access to resources and market opportunities relative to competitors (Prior, 2012).

2.2. Customer Perceived-Value

Zeithaml (1988) describes customer perceived value as the way buyers judge a product’s usefulness by weighing what they gain against what they sacrifice. What customers expect to receive can vary in aspects such as quantity, quality, or

convenience, while what they give up includes not only price but also factors such as time and effort.

More recently, studies have also shown that customer perceived-value is commonly understood as the trade-off between the benefits a customer receives and the resources they sacrifice in order to obtain them. Traditionally, value has been viewed mostly in terms of economic worth and tangible outcomes (namely, physical goods). However, new perspectives that recognize the role of technical, service and social benefits in shaping value have emerged (Hansen et al. 2008).

Ultimately, *“(...) perceived value is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given”* (Zeithaml, 1988, p.14).

Building on the foundational definition of customer perceived value, Sweeney & Soutar (2001, p. 204) state that *“(...) a more sophisticated measure is needed to understand how consumers value products and services”*. With this, the authors propose that customer perceived value can be understood through four dimensions: quality, price, emotional value and social value, considering that *“(...) each value dimension plays an important and separate role in forming attitudes and behaviors in the purchase process”* (Sweeney & Soutar, 2001, p. 214).

According to Sweeney & Soutar (2001), emotional value describes the benefit customers get from the feelings or emotional reactions a product evokes. When it comes to social value, it is seen as the benefit from a product enhancing the customer's social image (Sweeney & Soutar, 2001). Regarding functional aspects, value for money (price) relates to reducing costs over time, while quality concerns how effectively the product performs (Sweeney & Soutar, 2001).

In recent times, consumer behavior has significantly evolved, moving further than a focus on only physical features such as size or color, to also include aspects related to environmental impact and personal health (Nav et al., 2024). Accordingly, the authors suggest customer perceived value is multi-dimensional, embracing functional, social, and emotional aspects, along with newer considerations: health and environmental factors (Nav et al., 2024).

Functional value, this time according to Nav et al. (2024), is determined by quality, safety, and usability, especially if it is connected to sustainable features. For the authors,

social and emotional value also play an important role when it comes to shaping perception, because consumers really take into account how a product impacts their self-image and personal experience. For the newer considerations, health benefits are a key motivator for green cosmetic purchases, while environmental concerns play a smaller role in driving buying decisions (Nav et al., 2024).

Recent contributions have also emphasized that customer perceived value is not static, particularly within B2B contexts. Kleinaltenkamp et al. (2022) present a typology showing how customer perceived value evolves over time and across stages of a business relationship. They distinguish between individual value (meeting personal goals) and collective value (serving organizational objectives) (Kleinaltenkamp et al., 2022). *“(...) value can be both pre-factually expected and factually experienced during the course of buyers’ chosen behavior”* (Kleinaltenkamp et al., 2022, p. 6). In the authors’ view, value can be both expected and experienced, meaning that buyers form expectations based on past experiences and market promises, while actual value is shaped by product or service use. Lastly, they describe transactional value as coming from single purchases, while relational value develops through repeated interactions which are informed by prior experience and future goals (Kleinaltenkamp et al., 2022).

This dynamic perspective aligns with Mencarelli & Rivière’s (2015, p. 207) view that in B2B settings, *“(...) the relationship like the product and/or service on offer is taken to be a source of enhancement per se”*, meaning that relationships themselves are sources of value creation, not just the product or service. Hansen et al. (2008) explore customer perceived value in B2B service relationships and highlight that, beyond traditional functional attributes, corporate reputation plays a critical role in shaping how value is perceived. Their findings suggest that a strong reputation not only helps establish trust and reduce perceived risk, but also contributes directly to the economic value experienced by the customer.

Overall, customer perceived value is shaped by functional, emotional, social, and sustainability factors (Zeithaml, 1988; Sweeney & Soutar, 2001; Nav et al., 2024). Also, because consumer preferences are shifting towards sustainability, the environmental and ethical aspects of products are increasingly influencing customer perceived value (Nav et al., 2024), which brings focus and raises questions about the need to explore how sustainability influences the perception of that value in buyer-supplier relationships.

2.3. Sustainability and Customer Perceived Value in Buyer-Supplier Relationships

According to Sambhanthan et al. (2017, p. 4), “*sustainability in business has a number of perspectives for which the definition has been constructed such as production, operation, supply chain and value.*” Adding to this perspective, their study describes business sustainability as balancing operational strengths with environmental, social, and economic goals over the long term (Sambhanthan et al., 2017). In a detailed way, they also give examples like eco-friendly technology, reduced environmental harm, risk management, better employee conditions, and pursuing both profit and responsible growth (Sambhanthan et al., 2017). This leads to the idea that sustainable businesses intend to create lasting value and still maintaining operational determination, contributing in a positive way to society. Similarly, Ikerd (2024) suggests that sustainability requires meeting today’s needs while preserving resources necessary for future generations.

Building on Nav et al. (2024)’s previous understanding of sustainability effects on customer perceived value, Casidy & Lie (2023, p. 246) note that “*(...) B2B customers are generally more knowledgeable about sustainability because of their higher level of expertise*”. Their findings also suggest that companies that source materials from environmentally responsible suppliers are superiorly perceived by customers, which as a result contributes to improved business performance (Casidy & Lie, 2023; Casidy & Yan, 2022).

Alongside this, Sairanen et al. (2024) introduce another concept stating that to address climate change and environmental challenges, industrial firms are increasingly being pushed to implement circular economy practices. The authors argue that shifting from linear to circular offerings changes how B2B customers perceive value, introducing new priorities linked to environmental and social goals.

Gualandris and Kalchschmidt (2016) highlight that companies’ internal capabilities are crucial to advancing sustainability. Examples include Sustainable Production Management for faster environmental gains, and Sustainable Supply Management, which takes a more strategic approach by boosting supplier performance through trust (Gualandris & Kalchschmidt, 2016). Their findings suggest that trust between firms and their suppliers facilitates more sustainable practices on the supplier’s

side, which in turn strengthens the buying firm's overall sustainability performance (Gualandris & Kalchschmidt, 2016).

More recently, the idea that B2B buyers tend to associate a supplier's sustainable positioning with the potential to gain valuable relational and economic benefits from the partnership is reinforced, and because of that, it becomes crucial that firms are able to communicate their sustainability efforts in a clear way, when connecting with current or potential buyers (Casidy & Yan, 2022).

On another note, although sustainability is usually seen as a source of value, its real impact on B2B customer perceptions is still not fully understood. Sairanen et al. (2024) show that suppliers often interpret incorrectly what B2B customers truly value in circular offerings. While on one hand, customers consider long-term factors like ethical or economic sustainability, suppliers on the other hand, tend to focus mostly on short-term business impacts; which can create a gap in perceived value that delays effective buyer-supplier relationships (Sairanen et al., 2024; Casidy & Yan, 2022).

With the exception of long-term objectives, product performance is still a crucial factor, and with this, according to Sairanen et al. (2024), circular products need to deliver the same level of functional quality as traditional options; otherwise, customer demand may fall. Suppliers must maintain high standards and communicate them effectively because functional value (characterized by quality and safety) is essential (Rauyruen & Miller, 2007; Sairanen et al., 2024; Nav et al., 2024).

The authors also state that despite the fact that B2B buyers generally appreciate environmental commitment, its influence on purchasing decisions can differ from case to case. This makes it an important factor in shaping perceived value, however, its impact can sometimes be unpredictable (Sairanen et al., 2024; Casidy & Yan, 2022).

This discussion shows that while sustainability's value is increasing among B2B market's stakeholders, its full potential can only be unlocked if suppliers and customers have a shared understanding (Sairanen et al., 2024; Casidy & Lie, 2023). Misunderstandings can come up, essentially about value, especially around the long-term and broader benefits of sustainability, which can make circular solutions less effective. This happens because suppliers usually focus on short-term business results, while on the contrary, customers are more interested in longer-term goals (Sairanen et al., 2024; Casidy & Lie, 2023).

For suppliers, the key takeaway is finding a balance between highlighting sustainability and ensuring their products' good performance. Talking about environmental responsibility may not be enough; suppliers must also guarantee high product quality and clearly communicate this to customers, given the fact that functional value is considered critical in B2B relationships (Sairanen et al., 2024). Additionally, buyers usually link sustainability efforts with relational and economic benefits, which creates a need for suppliers to align their offerings with fast business needs without forgetting longer-term sustainability goals (Casidy & Yan, 2022; Casidy & Lie, 2023).

3. METHODOLOGY

This study aims to explore how sustainability-oriented offerings influence customer-perceived value within the cosmetics retail sector. Given its focus, the research takes on both an exploratory and descriptive nature. On one hand, it is exploratory, because it has the objective of clarifying the nature of key concepts, such as how retailers perceive the benefits of sustainability features in cosmetic products, through a flexible and broad approach that allows the evolution of the insights during the investigation (Saunders et al., 2019, p. 187). On the other hand, it is descriptive, as it searches for the development of a trustworthy insight into how sustainability influences supplier selection and value perception among B2B customers. This includes answering questions starting with "how" and "what", regarding sustainability-related decisions, ensuring a detailed impression of practices and attitudes in the sector (Saunders et al., 2019, p. 187). As Saunders et al. (2019) emphasize, this descriptive dimension provides a structured understanding that serves as a foundation for deeper analysis and interpretation.

According to Saunders et al. (2019), this research follows a deductive approach, as it started by exploring existing literature to form a theory, which then guided the way that the study was planned to test that idea. Regarding the methodological choice, this study adopts a mono-method qualitative approach. As noted by Ragab and Arisha (2018), this strategy is used when the goal is to gain detailed insights based on how

participants interpret and describe their own experiences. According to Saunders et al. (2019), a qualitative research design may use a single data collection technique, such as semi-structured interviews, along with a corresponding qualitative analytical procedure; this is known as a mono-method qualitative study. This study adopts a cross-sectional time horizon, because it enables the examination of how sustainability-oriented offerings shape customer-perceived value at a specific moment, rather than over an extended period. These types of studies are especially appropriate when the goal is to understand a specific issue within a particular time frame, which aligns with the objectives and temporal constraints of this research (Saunders et al., 2019, p. 212).

A multiple case study approach was chosen to provide a stronger and more reliable analysis by examining several cases, supported by data from nine interviews. According to Saunders et al. (2019), multiple cases help to test and improve theories by comparing findings between different contexts. Conducting nine interviews allowed the gathering of diverse perspectives from various cases, strengthening the complexity and credibility of the study.

Interviewees were selected using purposive sampling, a non-probability method based on the researcher's judgement to identify participants with relevant experience for addressing the research objectives (Saunders et al., 2019, p. 321-323). Participants were accessed through informal networks (e.g., acquaintances of acquaintances), without direct referrals between them, ensuring the independence of each case.

To perform this study, semi-structured interviews (previously mentioned) were conducted as the primary data source, with cosmetic retailers that distribute cosmetic products. This type of interview was important because it provided a flexible while, at the same time, guided approach, allowing the exploration of theoretical themes and the adaptation to participants' responses and emerging comments. All this aligns well and reinforces the study's interpretivist and exploratory nature (Saunders et al., 2019, p. 437-438). Before each interview, the participants were informed of the study's overall purpose, assured with confidentiality, and asked for consent to record for later analysis. For each interview, there were also some length variations, based on each participant's availability and engagement.

Since the first session (with Pharmacy A) went smoothly and provided valuable insights, the same structure was used for all the following interviews, to ensure

consistency, since no adjustments were necessary in the script. The details of the conducted interviews are detailed in Table 1.

Table 1
Overview of Data Collection

Pharmacy	Mode of Interview	Date	Duration
Pharmacy A	In-person	May 16, 2025	33 minutes
Pharmacy B	Online (Microsoft Teams)	May 20, 2025	24 minutes
Pharmacy C	Online (Microsoft Teams)	May 20, 2025	45 minutes
Pharmacy D	Online (Microsoft Teams)	May 22, 2025	23 minutes
Pharmacy E	Online (Microsoft Teams)	May 28, 2025	22 minutes
Pharmacy F	Written	June 1, 2025	N/A
Pharmacy G	Online (Microsoft Teams)	June 3, 2025	19 minutes
Pharmacy H	Written	June 4, 2025	N/A
Pharmacy I	Online (Microsoft Teams)	June 5, 2025	40 minutes

Source: Own elaboration

The interview guide was organized into four parts. The first two had the goal to understand the interviewee's background and explore their experiences with buyer-supplier relationships, including how they make decisions and the importance of trust. The second half of the interview focused on: first, how they perceive value in B2B relationships; and second, whether sustainability influences which brands or suppliers that they choose to work with. Additionally, for consistency matters, all the interviewees were asked the same questions throughout all the meetings.

4. CASE STUDIES

4.1 Pharmacy A

Interviewee Profile

The interviewee is the technical director of a pharmacy in Sintra, operating for over two decades. Has an extensive experience in both hospital and retail pharmacy, and maintains long-standing relationships with several suppliers.

Buyer-Supplier Relationships

For this pharmacy, product quality is treated both as a priority and a given factor, due to national regulation (CNP - *Código Nacional Português*), making commercial terms (as margins, discounts, and supplier responsiveness) the key selection criteria. As the interviewee said, *“There were suppliers with excellent products, but no commercial support, so we ended the relationship.”* Also, trust and continuity are important: some partners have worked with the pharmacy since its founding. Additionally, the interviewee highlighted that despite the long history of supplier partnerships, it's necessary to do regular evaluations to maintain high standards, and this means that suppliers that fail to respond quickly or resolve issues risk damaging trust, which is difficult to rebuild. They emphasized that while they prefer stability, change is sometimes necessary if commercial support is not adequate.

Customer Perceived Value (B2B)

Quality, price, and demand are the main factors in brand evaluation. Order reliability complements as an essential factor when it comes to value. One supplier was discontinued due to repeated invoicing delays, which disorganized inventory. *“Even with high product turnover, the constant delay made stock management impossible,”* they explained. They also take in big consideration group purchasings, with the pharmacy aligning with collective recommendations for better commercial terms, which improves negotiation power and helps maintain competitive pricing, showing the importance of collective strategies in the market.

Sustainability Considerations

Sustainability is appreciated when it comes in the form of refill packaging or environmentally safe formulations. However, it is not a deciding factor. *“If the*

sustainable version doesn't perform or doesn't sell, we can't justify the decision - it's not personal, it's based on client demand."

Client Attitudes & Sustainability Communication

Younger clients are more eco-conscious, but the overall demand for sustainable products is limited. The pharmacy accepts packaging features and brand communication as indications of sustainability, without doing any additional verification. Overall, sustainability adds value but is viewed as secondary to commercial priorities.

4.2 Pharmacy B

Interviewee Profile

The interviewee is a pharmacist taking care of the purchases for a small pharmacy group in a small town in central Portugal. With experience in both pharmacy practice and pharmaceutical consulting, they currently lead brand and supplier decisions across the network.

Buyer-Supplier Relationships

Although commercial terms tend to be similar across brands, flexibility and brand strategy play a major role. *"The reason we chose Nuxe over others was their flexibility, because they didn't force us to take their full range, especially in categories that we don't sell."* Exclusive partnerships are also valued: *"Caudalie works only with us in this region. That kind of exclusivity builds trust and makes a difference to the customer."* However, smaller brands that later break exclusivity lose credibility, according to the interviewee. The pharmacy prioritizes long-term relationships, some going back 30 years: *"When we bring in a brand, it's always with the intention to keep it."* The interviewee also explained that maintaining strong relationships is key to their strategy, since a reliable supplier network supports daily operations across the pharmacy group. They noted that communication and direct contact with brand representatives help resolve issues quickly and build trust over time.

Customer Perceived Value (B2B)

Market fit, price, and quality are evaluated before introducing any brand. *"I won't bring in something that targets a niche we don't serve or that's priced out of reach for our customers."* Demand driven by social trends also matters: *"CeraVe wasn't in our*

plans, but TikTok made it unavoidable.” When it comes to new products, the team usually tests those to assess the texture and effectiveness firsthand.

Sustainability Considerations

Sustainability is appreciated but not the primary factor. *“Brands we already work with are moving in that direction, introducing refillables, eco-packaging; so we support it.”* However, cost remains a constraint: *“A client might pay five or ten euros more for an eco product, but double the price? Not likely.”*

Client Attitudes & Sustainability Communication

There is a growing curiosity about sustainable products, but not much action towards that. *“Clients don’t ask for it, but they’re interested when it’s offered.”* The pharmacy generally relies on each brand’s materials and packaging that communicate sustainability, without conducting separate verification. As mentioned before, while sustainability can add value, it has not yet become a decisive factor, since consumer demand and commercial terms continue to guide the pharmacy’s decisions, which remain focused on building long-term partnerships with flexible and relevant suppliers.

4.3 Pharmacy C

Interviewee Profile

The interviewee has worked on Pharmacy C - based in a large metropolitan region, also near a public hospital - since 2018, now being the lead pharmacist. Their functions at the pharmacy are currently managing both front-of-store operations and the in-house compounding lab.

Buyer-Supplier Relationships

Brand selection is driven by visibility and recognition: *“If a brand like La Roche-Posay is widely prescribed by dermatologists, I have to stock it, otherwise, the client will just buy it online.”* Perceived product quality and origin also matter: *“If it’s from a French lab, I know it’s a good brand.”* They emphasize the importance of business viability: *“It’s crucial to understand whether the discount offered makes sense for the sustainability of my pharmacy.”* Trust and communication are also essential, even if rarely tested: *“I’ve never had a brand jeopardizing my business, but if a supplier isn’t clear or fair, I’ll likely walk away.”*

Customer Perceived Value (B2B)

The interviewee matches product selection to her pharmacy's demographics: *"There's no point in offering high-end cosmetics in a low-income area, because they won't sell."* For them, value lies in quality, brand reputation, and how well the brand supports the business through training and marketing. *"A valuable brand is one that builds loyalty. When someone comes in asking for it specifically, I know it's working."*

Sustainability Considerations

While sustainability is definitely appreciated, it is not the main factor in decision-making, since *"a brand's legacy still carries more weight than sustainability; at least for now."* The interviewee sees potential for change, but not in their current setting: *"My clients are older, regulars, focused on treatment, not trends. Sustainability just isn't a big factor yet."*

Client Attitudes & Sustainability Communication

There's limited awareness of what sustainability really means: *"Everyone talks about it, but few actually understand it."* They trust brands with a strong reputation: *"If a respected brand claims to be sustainable, I believe it. They go through audits, so I don't need to check further."* The pharmacy supports sustainability where it can, but decisions are still guided by business needs, trust in brands, and what best serves local customers. More established and reliable options tend to be preferred.

4.4 Pharmacy D*Interviewee Profile*

The interviewee is a pharmacist with around 17 years of experience, who have been working in the same family owned pharmacy since completing their studies. Pharmacy D's main activities nowadays are serving a local and urban population.

Buyer-Supplier Relationships

They choose brands by looking at how popular they are, how their prices fit the market, and what kind of promotional support they provide: *"we start by checking if the brand already performs well locally. Then we look at the price and whether they offer campaigns at the point of sale. In other words, beyond the commercial discount itself, the in-store promotional support and dynamics are also very important."* Long-term relationships are preferred, but poor supplier support can jeopardize them: *"We lost fifty*

to sixty percent of sales with one brand because no representative visited us for six months, and that almost ended the partnership.” Direct contact and training support are seen as crucial. *“The representative is everything. Without that follow-up, the brand becomes irrelevant.”* Even when the relationship is unsatisfactory, switching may not be possible if alternatives don’t match price expectations.

Customer Perceived Value (B2B)

Decisions are made based on alignment with local demand and price context. *“I won’t introduce a high-end cosmetic if our clients can’t afford it; it doesn’t make sense in terms of business.”* When it comes to pricing, the online market makes things difficult for them: *“We do all the work: training, sampling, explaining; and then the customer buys online for less. That’s a serious issue.”*

Sustainability Considerations

Sustainability is appreciated but not prioritized, especially given the pharmacy’s older client base. *“We introduced more eco-friendly packaging options, following market trends and supplier suggestions, but found that customers didn’t really value the difference.”* Adding to this, while brands make sustainable claims, the interviewee rarely verifies them beyond what is presented. *“They show pictures of tree-planting or talk about reducing plastic, and that is enough for now.”*

Client Attitudes & Sustainability Communication

Older clients rarely express concern for sustainability. *“That mindset might come with younger customers, but not yet.”* While sustainability is seen as a long-term priority, decisions remain mostly about price, trust, and local fit. Supplier relationships, consistent support, and product relevance continue to win over environmental considerations in brand and supplier selection.

4.5 Pharmacy E

Interviewee Profile

The interviewee is the technical director of a pharmacy in a metropolitan residential area, with seven years of experience in the current role and prior work in two other pharmacies. The pharmacy is part of a larger group of pharmacies. While not responsible for selecting suppliers, the interviewee handles purchasing and day-to-day supplier interactions.

Buyer-Supplier Relationships

Accessible communication is valued, especially when it helps resolve client-facing issues. *“It really matters that I can just message someone and get a quick answer.”* Alongside this, long-term supplier relationships are preferred due to familiarity and responsiveness. *“I don’t like changing suppliers often, it takes a lot of adaptation.”* However, disruptions in contact points can impact trust and make day-to-day operations more difficult. Although the interviewee is not directly responsible for supplier decisions, they emphasize that strong service quality and predictable interactions improve the working relationship. *“Good service doesn’t decide if we keep working with a supplier, although that’s not my decision, but it really improves the quality of the relationship.”*

Customer Perceived Value (B2B)

Product quality, brand reputation, and market demand are the main selection factors, while price is secondary. New suppliers are carefully evaluated, with preference given to those that offer reliable support. With this, offerings that retain customers (such as trials or in-store services) are seen as more valuable than discounts alone. *“Discounts are easy to get, but what really helps is bringing the client into the store.”* In the long run, according to the interviewee, the pharmacy stands out from the competition, through the ability to encourage customer visits and the meeting of the local needs.

Sustainability Considerations

For Pharmacy E, although sustainability is viewed as positive but not decisive, customers may sometimes request products with new aspects, for instance more sustainable formulations or cosmetics that don't contain harmful additives; meaning that these aspects are taken into account, even if they are not the primary focus. However, in certain categories, sustainable options are still recognized to have a less effective performance, which can reduce their overall perceived value: *“I think sometimes they focus so much on being ‘natural’ that the effectiveness isn’t the same.”*

Client Attitudes & Sustainability Communication

Customer interest in sustainability is slowly increasing, although it does not yet drive demand. Also, information about green initiatives provided directly by trusted suppliers is generally accepted without further verification. *“If it’s a supplier I trust, I*

don't need to check more.” In the end, sustainability can enhance value but is still less important when compared with commercial and operational aspects.

4.6 Pharmacy F

Interviewee Profile

The interviewee has over six years of experience in community pharmacy and two years in clinical analysis, currently working as an adjunct pharmacist in a pharmacy located in a larger urban center in central Portugal.

Buyer-Supplier Relationships

Supplier selection is focused on product quality and the best price-to-quality ratio. In cases where quality is consistent between the options, price becomes the deciding factor. When it comes to relationships, the strong ones are highly valued, especially for access to scarce products. *“The better the relationship, the more access we get to limited products.”* Service quality (including responsiveness and follow-up) is seen as critical to maintaining a productive partnership; and long-term relationships are preferred, since they promote trust and reliability in communication. At last, when a supplier understands the pharmacy’s operations and responds efficiently, the partnership is strengthened.

Customer Perceived Value (B2B)

Brand selection is guided by quality and demand, with price being considered in last. Regarding brand value, post-sale support and purchasing discounts are a big contribution, and brands that offer both immediate support and longer-term collaboration are considered more beneficial. For this pharmacy, the concept of value is also related to the ability to deliver consistent service that aligns with customer needs.

Sustainability Considerations

Sustainability is appreciated on a personal level but does not play a key role in decision-making because, in the end, business ownership prioritizes profitability: *“For me, sustainability would weigh more, but for ownership it's really profit and quality that matter.”* On the same note, environmental brands are often more expensive, which can make them less appealing for both pharmacy and customers: *“Sustainable brands often cost more, and that's not attractive for us or our clients.”* While product packaging and

toxicity levels are noted when sustainability is claimed, these attributes still don't play a big role for decision-making.

Client Attitudes & Sustainability Communication

When it comes to concern for sustainability, customers don't show it and therefore, it does not influence purchasing behavior. Moreover, the interviewee claims that brands are more convincing when their sustainability communication is linked to tangible features, for example eco-friendly packaging: *"If they say it's sustainable, I want to see smaller packaging or less toxic production."* Overall, despite some increasing individual awareness, the pharmacy still prioritizes profit, conditioning the role of sustainability in supplier choice.

4.7 Pharmacy G

Interviewee Profile

The interviewee manages the purchasing operations for a group of four pharmacies in a small town in central Portugal, and has a background in pharmaceutical sciences: whose experience was gained in various community pharmacies before transitioning into procurement management roles.

Buyer-Supplier Relationships

Brand choices are mainly shaped by customer demand, and when many clients ask for a product, the pharmacy contacts the supplier to understand what is driving interest. Alongside this, logistics also play an important role in supplier evaluation: *"It's very important that there are no failures in deliveries - whether it's about timing, invoicing correctly, or the condition of the product."* Trust and clear communication are especially important given the pharmacy's setup, where orders are centralized for multiple locations. If suppliers don't align with this approach, it can complicate daily operations. As a result, long-term partnerships are preferred, while switching suppliers generally only happens when there is a clear commercial advantage and the products are truly comparable.

Customer Perceived Value (B2B)

Demand is the initial indicator of value, followed by product quality and commercial conditions: *"If there's demand, it means the market accepts the value and the price is right."* For the interviewee, brands that generate consistent sales, are

considered valuable. As for long-term collaboration, it is also important: consistent performance can lead brands to invest in promotional support. *“We often ask brands for support materials and visibility, but we have to show them our sales history first.”*

Sustainability Considerations

“Honestly, if the brand is well-known and people ask for it, that matters most,” the interviewee noted, indicating that sustainability is not treated as a selection factor, and despite most brands now adopting eco-friendly packaging or processes, this is seen as standard rather than a differentiator. Sustainable brands are often perceived as offering less commercial value, since environmental investments are commonly used to justify lower discounts. *“They tell us they can’t give more discounts because they invest in sustainable packaging or vegan formulas. For us, that just means less margin.”*

Client Attitudes & Sustainability Communication

Although consumers show some interest in sustainability, price remains the primary decision factor. Alongside this, supplier sustainability claims are generally taken as given and decisions remain centered on sales performance. While suppliers try to understand local needs, most decisions are made at an international level, which can make them less responsive to the local market. *“Many decisions are made in Spain, and sometimes they don’t understand our market here in Portugal.”*

4.8 Pharmacy H

Interviewee Profile

The interviewee is a senior pharmacist with a diversified career in community and hospital pharmacy, university teaching, and scientific work. Currently is the technical director of a well-established pharmacy in a regional city in central Portugal.

Buyer-Supplier Relationships

To select suppliers, they consider only product quality, pricing, delivery terms, training, marketing support, and payment conditions. Moreover, trust and clear communication are also essential, as they state that *“If the agreed terms are not fulfilled, we switch suppliers.”* The interviewee also noted that, on one hand, long-term partnerships are preferred; however, on the other hand, factors gained from new entrants, such as innovation and sustainability, are also welcomed. Moreover, support, particularly scientific guidance and promotional collaboration, significantly impacts

decisions. At the same time, while supplier alignment is important, the pharmacy keeps a diverse base to avoid relying too much on one partner.

Customer Perceived Value (B2B)

When introducing new brands, quality and customer demand are top priorities, followed by training, marketing potential, pricing, and delivery times. *“If it sells consistently, it stays”*, the interviewee notes, meaning that a valuable brand is one that combines product performance with profitability and constant sales. In addition, support and collaboration are expected by the pharmacy: if that’s not offered, even high-performing products can be reconsidered.

Sustainability Considerations

While sustainability has not been a decisive factor for brand inclusion, the pharmacy does recognize the growing relevance of environmental and social responsibility. At the same time, the interviewee states that sustainable brands are often competitively priced, while quality remains a non-negotiable: *“if it doesn’t perform, we drop it - even if it’s sustainable.”*

Client Attitudes & Sustainability Communication

Customer awareness about sustainability is growing and has started to influence stocking decisions. Still, claims are only trusted when supported by established evidence, such as European certifications: *“We want real proof before we believe it.”* Overall, suppliers generally understand the pharmacy’s values around sustainability, and the topic is gradually becoming part of their broader strategy.

4.9 Pharmacy I

Interviewee Profile

The interviewee is a pharmacist with over a decade of experience in community pharmacy, currently leading purchasing and management operations in a pharmacy that is part of a larger regional group and located in a coastal suburban area in the south of Lisbon.

Buyer-Supplier Relationships

Brand selection starts with looking at market presence and how well a brand fits the pharmacy’s needs. *“We look at whether it’s a niche brand that fills a gap, or a general one with strong demand.”* When it comes to suppliers, trust and clear

communication really matter, especially since changes in their staff can affect past agreements. Reliable delivery, flexibility, and easy returns are also important, and although long-term partnerships are preferred, the pharmacy still reviews performance regularly and stays open to new suppliers that offer something different. *“We don’t just drop someone instantly, but we’ll reduce orders if they stop delivering value.”* They also described challenges when supplier representatives change, saying: *“Sometimes the new representative won’t honor what was agreed before, and that really breaks trust.”*

Customer Perceived Value (B2B)

Procurement decisions take into account demand, product quality, and competitive positioning. *“If there’s real demand and quality is there, that’s a win.”* Additionally, the pharmacy values brands that encourage customer loyalty with a strong range of products, rather than just one popular item. *“We want clients to keep coming back for the brand, not just one product.”* Lastly, value also depends on supplier collaboration and promotional activities that help the pharmacy achieve its goals.

Sustainability Considerations

For Pharmacy I, sustainability is becoming a bigger part of how brands are evaluated, even if it’s still not the deciding factor. As the interviewee put it, *“We see it as preparing the future. It’s where things are heading.”* Additionally, the clients are also asking more questions about the production and conscious features of cosmetics, wanting to know *“how it’s made and if it’s responsible.”* Because of this, brands that are able to communicate their sustainability efforts while showing real evidence, for instance certifications, usually earn more trust. Despite this, the quality and availability of the products still come first to the interviewee: *“If it doesn’t perform or we can’t get it reliably, we won’t stock it.”*

Client Attitudes & Sustainability Communication

The overall interest in sustainable products is gradually increasing among customers with different backgrounds, which has begun to influence the pharmacy’s purchasing choices and to be communicated to suppliers to encourage change. However, the pharmacy expects that any claims about sustainability are credible and well-documented: *“if they can prove it, great. If not, we move on.”* Overall, suppliers appear to be paying more attention to these values, but still don’t usually customize their approach for each individual context.

5. DISCUSSION

Given this study's purpose, the analysis of nine pharmacy interviews reveals an interesting picture in which sustainability is unanimously valued but remains a secondary factor compared to trust, communication, service quality, price management, and, especially, alignment with local customer needs. This dynamic supports Prior's (2012) argument that close, trust-based buyer-supplier relationships can act as a source of competitive advantage, especially when they enable the sharing of important information and alignment with strategic goals.

Trust plays the central role in nearly all interviews. Pharmacists described how supplier changes, particularly in sales representatives, often disturbed previously agreed terms and, therefore, weakened confidence in the relationship. For example, some noted that new representatives did not always honor prior agreements, which could seriously damage trust. This aligns with Ring and Van de Ven's (1994) model of buyer-supplier relationships as a cycle of negotiation, commitment, and execution, where maintaining trust on each stage is essential for stability and reducing opportunistic behavior, even when conditions or new representatives change (Prior, 2012; Rauyruen & Miller, 2007). Furthermore, and still related to relationships with suppliers, all pharmacies consistently emphasized that clear, consistent communication was crucial to resolving problems quickly, particularly for groups managing centralized purchasing across multiple locations. One of the pharmacies' group purchasers, Pharmacy G, explained that misalignment with their centralized purchasing model could complicate their operations, highlighting how weak coordination can compromise overall commitment and the pharmacy's ability to manage efficient operations across multiple locations. This interdependence and coordination exemplify what Santos and Baptista (2021) describe as the growing role of experience and trust in partnerships. They note how essential trust is for sharing information and creating mutual commitment, which strengthens collaboration throughout time.

When talking about shaping relationships, service quality also turned out to be a decisive measure. Some pharmacists treated product quality as a given, particularly Pharmacy A, partly because of Portugal's national regulations. Because of that, instead, those pharmacies need to focus on differentiating suppliers based on service aspects like

delivery reliability, billing accuracy, and stock availability. Pharmacy A described a situation where they had to discontinue a supplier despite good products because their repetitive delivery delays made stock management impossible. This highlights the relevance of Rauyruen and Miller's (2007) view that service quality in B2B relationships includes both technical aspects (what is delivered) and functional aspects (how it is delivered). When these fail, pharmacies cannot maintain smooth operations, therefore, demonstrating that even high-turnover products lose value if service failures create inefficiencies. This also reinforces the idea that customer-perceived value is not only about the product itself but also about the overall experience of obtaining it (Zeithaml, 1988; Rauyruen & Miller, 2007). By ensuring service quality across technical and functional dimensions, suppliers help pharmacies maintain trust, reduce operational risks, and finally, deliver greater value to their own customers (Prior, 2012). However, while this enhances the central role of service quality, some of the findings also suggest that the trade-off described by Zeithaml (1988) can be more complex in practice. Some pharmacists acknowledged that if the commercial terms were sufficiently attractive, they were willing to accept lower service levels. This variation suggests that economic pressures can change how value is perceived, indicating that the trade-off is not always only about what is received versus what is given but may involve more strategic negotiation.

Most of the pharmacies also valued long-term relationships for the stability and predictability they offer, supporting Dyer and Singh's (1998) claim that such partnerships can become a source of competitive advantage by creating entry barriers and enabling shared strategic resources. Many interviewees spoke of working with certain suppliers since the pharmacy opened or for over 30 years, suggesting a high level of commitment. However, these relationships cannot be considered static, since some pharmacies routinely reviewed supplier performance, reducing orders if a partner's service declined. Pharmacy I explained that they don't immediately end relationships but will reduce orders if a supplier stops delivering value. This practical approach reflects the concept of "calculative commitment" discussed in the literature review (Rauyruen & Miller, 2007), where loyalty is maintained only if mutual benefits are involved and preserved. This finding also introduces a slight tension with Dyer and Singh's (1998) perspective that long-term, trust-based partnerships act as stable sources

of competitive advantage. While pharmacies valued stable relationships, they also considered that loyalty is conditional, considering switching when suppliers didn't deliver the expected value anymore. This suggests that in this sector, competitive advantage from relationships is not guaranteed but constantly negotiated.

Throughout all interviews, communicating with good quality was referred to as essential in strengthening trust and simplifying operations; the interviewees therefore valued suppliers who were easy to contact and who quickly resolved problems, but criticized those who were unresponsive or difficult to reach. Confirming this, Pharmacy E even highlighted that for them it's really important to be able to just message someone and get a quick answer. This focus on responsiveness supports Santos and Baptista's (2021) argument that effective communication promotes important information sharing and mutual commitment between partners, leading to stronger inter-firm trust and coordination.

Another highly mentioned theme was the alignment with local customer demand. To help understand this, the concept of new proximity retail is useful: it goes beyond spatial closeness to emphasize strong, trust-based relationships with customers and responsiveness to local preferences (Sansone & Colamatteo, 2017). Pharmacy D illustrated this well by explaining that they wouldn't introduce high-end cosmetics if their clients couldn't afford them, as it wouldn't make sense in terms of business. The interviews showed that these pharmacies indeed operate firmly within this proximity retail logic, relying on direct relationships and adapting their offerings to what their own local communities expect. Moreover, this research's findings suggest that, unlike some other retail sectors where trends can create uniform demand across locations, pharmacies in this sector face a more diverse and personal customer preferences. People's cosmetic needs, favorite brands, and price limits can be very different even in nearby neighborhoods, and because of this, while pharmacies must be very responsive to local demand, they cannot simply copy what competitors stock; instead, they need to develop a deeper understanding about their own customers to adapt their selection effectively. This requirement for local adaptation highlights how complex proximity retail can be in the cosmetics pharmacy sector (compared with other sectors) and emphasizes the importance of knowing and serving a specific community rather than applying a standardized model approach.

Interviewees also described a very common challenge in this market: competing with large retail chains and online sellers (in the interviews, often referred to as “big players”) who work directly with consumers and can practice smaller prices. Pharmacy D explained that they invest heavily in training, sampling, and explaining products to customers, only to see those customers then buy online for less, which they described as a serious issue. Because of this threat, pharmacies must therefore differentiate themselves through personal service, trusted relationships, and deep local knowledge, reinforcing the importance of the emotional and social value dimensions described in Sweeney and Soutar’s (2001) model of customer-perceived value where trust, expertise, and personalized service help create a level of loyalty that, in this case, large chains cannot easily replicate.

Aligning with Hansen et al.’s (2008) argument that corporate reputation can reduce perceived risk and enhance value, the interviews showed that pharmacies often easily trusted brands’ sustainability and quality claims when the brands themselves were well-known and respected. For these pharmacies, trust was also related with demand, since many interviewees said they would only approach suppliers if their customers showed interest, seeing demand as the proof that the market valued the product and its price. In addition, they also paid attention to the suppliers’ marketing strategies (such as social media campaigns) that might be driving this demand, which highlights the importance of really understanding not just product quality but also the market context that overall shapes this demand.

However, despite more awareness of sustainability, it was not seen as a key factor in decisions. Interviewees valued things like refillable packaging and eco-friendly formulas but still treated them as less important than other factors. For example, Pharmacy G noted that while they had once adopted more eco-friendly packaging options in response to their supplier initiatives, they observed that there was a limited customer interest in these features. Similarly, Pharmacy F also highlighted that although they personally appreciated sustainability, some other priorities, for example profitability and maintaining high product quality, mattered the most in their decision-making. This supports Nav et al.’s (2024) finding that, at the consumer level, environmental awareness is growing but health benefits and functional value often

remain stronger purchase drivers: patterns that pharmacies in this study recognized in the demand of their own customers.

Several pharmacists described how they were adapting to sustainability directions imposed “from above” (i.e., from suppliers or regulators) but also emphasized that these efforts would only succeed if the products continued to deliver value to customers. For example, Pharmacy E explained that if clients did not perceive sufficient value in more sustainable options, they would not consider a priority to stock them. These statements emphasize the reality that sustainable offerings still need to match the functional quality of traditional options to maintain the demand, as discussed by Sairanen et al. (2024).

Sairanen et al. (2024) also highlight a value gap in B2B relationships, where suppliers focus on communicating about environmental benefits while buyers still prioritize short-term functional and economic value. This dynamic was also perceptible in the pharmacies’ explanations of their own purchasing decisions. While they acknowledged and appreciated suppliers’ sustainability initiatives, many pharmacists pointed out that their final customers remained primarily focused on price and product performance. As a result, pharmacies had to deprioritize sustainability in supplier selection, recognizing that it would be difficult to justify these choices without demand from their own clients. In this way, the fact that consumers still do not value sustainability, conditioned the pharmacies’ willingness to value, and therefore invest in suppliers’ environmental commitments, justifying the value gap described by Sairanen et al. (2024).

Still in line with Sairanen et al.’s (2024) findings, pharmacists also expressed notable skepticism about sustainability being used to justify less favorable commercial terms. For example, Pharmacy G shared that brands often claimed they couldn’t offer better discounts because of costs tied to sustainable packaging or vegan formulas, consequently leaving the pharmacy with tighter margins. This tension reveals a clear commercial reality: while suppliers may invest in sustainability to stand out, pharmacies still work in price-sensitive environments where profitability and competitiveness remain central. For sustainability strategies to gain real adherence in this B2B context, suppliers may need to find ways to balance their environmental commitments with commercial terms, in order to better match with buyers’ economic expectations.

Nevertheless, some interviewees acknowledged that sustainability is increasingly seen as “the future,” even if it is not yet decisive in current purchasing decisions. Pharmacy I stood out on this topic, describing sustainability as a way of preparing for what is coming and recognizing it as the direction the market is heading. This more futuristic vision reflects a greater awareness of shifting market expectations and the need to anticipate client concerns about environmental and ethical practices. These perspectives confirm Kleinaltenkamp et al.’s (2022) idea that customer-perceived value is not static but evolves over time, shaped by experience and changing expectations. It also reflects Mencarelli and Rivière’s (2015) idea that B2B relationships themselves can become sources of value when suppliers and buyers develop shared goals, such as environmental responsibility, as part of their continuously evolving partnership; even if, in this case, the pharmacy does not yet prioritize sustainability but simply anticipates it may become a more important selection factor in the future. Interestingly, although Pharmacy I and Pharmacy E are part of the same group, their decision-makers view sustainability in a different way. Pharmacy I adopts a more prospective vision, seeing it as a strategic priority for the future, while Pharmacy E treats it as a bonus, being skeptical and focusing more on immediate commercial necessities. This contrast within the same organization highlights how individual decision-makers’ views can differently shape how sustainability is integrated into supplier selection, even under a shared business structure.

Overall, this study shows that Portuguese pharmacy retailers have to be really adaptable, constantly balancing local demand, competition, service quality, pricing, and trust with suppliers. Also, sustainability-oriented products can definitely help brands stand out and add value, but only if they meet those expectations for quality, service, and commercial terms. Given the fact that suppliers work to include more sustainability features in what they offer, they still need to make sure these changes don’t compromise the price or performance that pharmacies and their customers expect. In the end, sustainability is still seen mostly as a “bonus” rather than an essential requirement in this market. For it to truly become a key factor in relationships selection, pharmacies and suppliers will need to build even closer, trust-based partnerships that can clearly communicate and deliver sustainability in ways that keep value strong across all the

important dimensions: functional, economic, social, and environmental (Zeithaml, 1988; Sweeney & Soutar, 2001; Nav et al., 2024).

6. CONCLUSION

The objective of this study is to examine how sustainability-oriented offerings influence customer-perceived value in buyer-supplier relationships in the Portuguese cosmetics retail sector. Through interviews with decision-makers at nine pharmacies, the research provides a first-hand detailed picture of how sustainability is currently positioned in supplier selections, while offering insight into broader B2B relationship dynamics in this industry.

In a general way, and partially answering the main research question, the findings suggest that sustainability is appreciated and often seen as a sign of responsibility on the supplier side and credibility for brands, but when it comes to being decisive, it is still rarely influential on its own. For these pharmacies, cosmetics' sustainable features are perceived only as additional value instead of being seen as essential, meaning they cannot cover for weaknesses in other critical factors: pricing, product quality, delivery reliability, or marketing support.

A very consistent theme gaining importance in this study is that trust and clear communication form the basis of strong buyer-supplier relationships. All interviewees consistently described trust, built over time through positive consistent support and honest communication, as crucial for reducing risk and ensuring smooth operations, particularly in this sector where customer expectations are local and highly personalized. Changes in supplier representatives or poor involvement were viewed as big threats to trust, highlighting its role as both fragile and critical. This aligns with theories of B2B relationships that emphasize negotiation, commitment, and execution as repetitive cycles where trust is essential for stability and avoiding opportunistic behavior (Ring & Van de Ven, 1994).

The study also demonstrates the important role of service quality in shaping customer-perceived value. While product quality is largely seen as a given, partly due to regulatory standards, pharmacies differentiate between suppliers based on service

aspects such as delivery accuracy, billing consistency, responsiveness to issues, and marketing or training support (Rauyruen & Miller, 2007).

Another finding is that pricing and commercial terms remain inevitable factors in decision-making, since pharmacies operate in highly competitive environments, facing pressure from online retailers and large chains that can offer lower prices. As a result, even suppliers that show credible sustainability proofs need to have more competitive offers related to price and be commercially flexible to stay attractive in the market. Several interviewees explained that cost increases related to sustainability were difficult to be accepted by price-sensitive customers, which limits the prioritization of greener options.

At the same time, pharmacies paid close attention to demand and market fit. Many described sustainability as a “bonus” that can help differentiate brand quality, but only if local customer demand exists or can be developed. Because of this, pharmacists revealed they are cautious about which products to stock, regardless of how sustainable they are, since some could not be sold in their specific context. This consequence shows that customer-perceived value isn’t fixed, but instead varies with the context, depending on local preferences, what customers can afford, and the level of competition (Zeithaml, 1988; Sweeney & Soutar, 2001; Kleinaltenkamp et al., 2022).

Nevertheless, the research reveals signs of a slow change about perspectives, since some pharmacies, especially those with younger or more urban customers, noted a slow but growing interest in sustainable features. Some interviewees even described sustainability as “the future” of the sector, recognizing that regulatory changes and evolving consumer expectations will likely make these considerations more important over time.

Above all, these findings highlight that sustainability needs to start being included in supplier proposals in ways that allow alignment with other important value dimensions; this means that for sustainability to become a decisive factor in supplier selection, suppliers will need to guarantee that their environmental practices do not compromise product quality, service, or price competitiveness. There is also a need for suppliers to communicate sustainability credibly, making use of reliable evidence to avoid the predominant buyer skepticism (Casidy & Yan, 2022; Sairanen et al., 2024).

Additionally, the study uncovered the need for strong relationships between suppliers and buyers (pharmacists) built on mutual understanding and trust. This carries great importance, since suppliers that can adapt to pharmacies' specific commercial realities, help them respond to local demand, and support them in communicating sustainability to end customers are more likely to make these partnerships stable and consistent over time (Prior, 2012; Rauyruen & Miller, 2007).

In conclusion, this study shows that sustainability currently acts as an added benefit rather than a core requirement in buyer-supplier relationships within the Portuguese cosmetics retail sector. This means that while pharmacies do appreciate sustainability features for the positive image and potential value they bring, they continue to prioritize more established factors: trust, clear communication, service quality, competitive pricing, and alignment with local customer needs - these continue to act as the main drivers when developing their decisions about suppliers. At the same time, this study proves that sustainability alone is not enough to serve as a persuasive argument if it results in increased costs or makes operations less effective: for suppliers, this only means that simply offering products with sustainable adaptations will not be enough. Instead, suppliers should balance sustainability efforts with other traditional commercial priorities, since in the future, as customers become more aware and regulations get more strict, sellers who manage to combine sustainability with strong pricing, quality, and service are likely to form winning partnerships in this sector: more permanent and trusted ones.

6.1 Limitations and Future Research

This study has some limitations that should be considered. The first one is that the sample was limited to nine pharmacies in Portugal, considering the limited time and source availability, and because of this, even though the qualitative approach used in this study provided insights that carry great quality, there may be an information gap regarding all the other diversity of experiences that exist in other regions or retail contexts in the country.

Another limitation is that in the interviews, the information shared can be influenced by personal biases or selective memory and might not always fully represent their actual purchasing decisions in the present. Moreover, the interview process itself

introduced some variation. While some interviews were longer and allowed for more detailed discussion, others were shorter or completed in writing instead of spoken. These described differences, related to the variation of pharmacists' availability, resulted in some case studies being more detailed than others, possibly affecting how consistent the insights were.

Regarding future research, it may be useful to do, in one hand, a larger qualitative study in a more varied set of retail settings, regions, or types of suppliers to see if these patterns are verified in other contexts; in the other hand, doing a quantitative research could be also helpful to test the importance of sustainability alongside other purchasing criteria and other markets, providing reliable information of how much weight it truly has in supplier selection decisions. Finally, longitudinal studies might examine how sustainability's role evolves over time, especially since consumer awareness and regulatory requirements continue to grow, offering insight into how B2B relationships adapt to changing environmental expectations.

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APPENDIX

Interview Script

1) Interviewee Background

- a. Full Name
- b. Current Role and Organization
- c. Career Experience

2) Buyer-Supplier Relationships

- a. When you are choosing a supplier or brand, what matters most to you? Can you think of a recent situation when those factors influenced your decision?
- b. How important are trust and clear communication in your relationships with suppliers? Have you ever had a situation where that trust was tested?
- c. Within the suppliers' relationship discussed, how much does good service (for example, availability or support) affect whether you keep working with them or not?
- d. Do you usually work with the same suppliers long-term, or do you prefer to change based on new offers? Why is that?
- e. How important is it that a supplier really understands your business goals? Has there been a time when that alignment (or lack of it) made a big difference?
- f. When something goes wrong with a supplier, how do you usually handle it? What helps get things back on track?

3) Customer Perceived Value in B2B Contexts

- a. When you decide whether to add a brand to your pharmacy, what do you look for first (price, quality, demand, or something else)?
- b. Still regarding brands, how do you figure out if one is truly valuable for your business?
- c. Have you ever chosen to stock (or stop stocking) a brand because of its reputation or values (even if the product itself was fine)?
- d. Do you think about the long-term value of working with a brand (when it comes to support, innovation, or growth potential) when making decisions?

4) Sustainability Influence in Supplier Selection

- a. Within the relationship with brands discussed, how much does its commitment to sustainability matter to you when choosing products or suppliers?
- b. Can you think of a time when sustainability helped you decide whether to carry a certain product?
- c. Still regarding brands, in your experience, do sustainable ones usually offer better, worse, or about the same value as more traditional ones?
- d. Do your customers seem to care about sustainability? And does that influence what you choose to stock?
- e. When a brand says it is sustainable, do you look for proof? What kind of things help you believe it?
- f. Regarding sustainable products, have you ever stopped using one because it did not perform well or meet expectations?
- g. When it comes to sustainability, do you feel like most suppliers really understand what's important to you?