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Managing the Network Equilibrium-

*A case study of interdependent factors shaping
newly-established business relationships in the
FMCG-sector*

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Abstract

ABSTRACT

Title

Managing the network equilibrium: A case study of interdependent factors shaping newly-established business relationships in the FMCG-sector

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Keywords

Business relationships; industrial marketing; business network; FMCG-industry

Purpose

The purpose of this research paper is to explore interdependencies between existing ideas and concepts in the area of business relationships. On the basis of this, a basic model is being developed in order to understand the specifics of relationships in newly-developed business networks. By exploring new business networks in an under-researched industry of the FMCG-sector, the theoretical conceptualization and practical contribution shall clarify how business roles and relationships are being determined.

Methodology

The thesis is designed along qualitative and quantitative research methods and utilizes a number of different techniques to collect primary and secondary data. With a focus on an explanatory case study, this research is strongly being characterized by a qualitative data collection.

Conclusions

Every company has its unique business background, motivation and tasks as one member of a created business network and, therefore, needs to position itself while taken the other companies' targets into account. An imbalance of trust, control and knowledge among the partners depicts a serious challenge to the network's ability to push forward innovativeness and effectiveness. Therefore, a balanced network equilibrium is a prerequisite for a sustainable existence of newly developed business partnerships, which are subject to dynamic internal and external change.

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List of Abbreviations

B2B - Business-to-business

B2C - Business-to-customer

FMCG - Fast-moving consumer goods

POS – Point of sale

CRM – Customer relationship management

SRM – Supplier relationship management

DIY – Do-it-yourself

MSG – Mein schöner Garten

SW – Schöner Wohnen

1. Getting Started: Struggling to Cooperate

1.1. The Issue of Relationships

It is close to midnight and the marketing manager of a medium-sized flower producer lies awake in bed. Tomorrow she has to sign the contract that makes her company part of the new business network that will produce branded flowers, carrying the name of the largest home and garden magazine in the country, which will be sold at the major home improvement retailer in the country. The cooperation only started three months ago and after signing the contract in a few hours, it will only take another nine months until the product will enter the market. It is a short timeframe to pull off such a project. There are a number of things that can go wrong along the way – even before just thinking of a potential lack of consumer acceptance or production errors. But this commitment means more than just developing a new product in cooperation with two major players of their respective industry. She will be working in a closely-connected network that will rely not only on her company's expertise, but on much more. As a working wife and mother of three children she knows how difficult it can be to manage relationships and networks. With that in mind she thinks about all the things that can go wrong in complex business networks. Companies have different motives and incentives for cooperating. Financial, organization, and operational factors can easily lead to conflicts within the network. This morning she read in the newspaper that nearly every second marriage in our society ends in a divorce (Welt.de, 2012). Interestingly enough, the rate for strategic alliances is similar – every second cooperation fails (Zineldin/Vasicheva; 2012).

Cooperating is a defining element of society and is as old as civilization itself. But the marketing manager knows that cooperating is not only an essential factor in people's personal life but has become indispensable in business (Axelrod, 2006). The need for companies to cooperate is a result of constantly increasing international competition in a globalizing world. As no company in free-markets operates in isolation the influence of competition on a business' operations is more important than ever (Doz/Hamel, 1998; Ford et al., 2011). Over the past years, her company has been exposed to increased competition from foreign companies that push into the market. At the same time her company has started to operate in Eastern Europe and recently started producing in China. As markets shift from developed countries to developing countries, companies are challenged to often operate in shrinking markets or relocate their operations to the newly-developing markets and compete in unknown environments against new competitors. The impact of globalization on the modern business environment not only increases the level of competition between formerly separated markets but also accelerates the process and structures within this environment, e.g. shortened product, business, or market life cycles, increased information exchange, and rapid change in consumer wants and needs (Ford et al., 2011; Kapferer, 2012; Arend, 2009). A year prior to this cooperation, her company started to cooperate in a foreign market in a similar network under similar preconditions. That project seems to have taken off extremely successfully. As she lies away, the minutes running by, she wonders: "What made that cooperation work?"

Thinking about that project her concerns become smaller. One thing that she recognizes in the new project that helped to establish that new business cooperation were the relationships with the other managers in that project. Everybody played their part in the network. Then she remembers the newspaper article. In society as well as in business, roles and relationships are often the source for conflict. Especially in business cooperations the impact of roles and relationships is significant as modern business cooperations are highly-complex business networks (Ford et al., 2011). They hold a

variety of sources for relationship and role conflicts. “Paradoxically, our company relies on this cooperation to stay successful, but at the same time this cooperation can lead to great conflicts that might affect the entire company negatively,” the manager thinks as the clock strikes midnight. Research on this issue of unsuccessful relationships appears to be endless and the provided explanations for this phenomenon are countless. Relationships have always been an essential field of research in various scientific areas (Gottman/Declaire, 2001; Young, 1991; Mende, 2013). Consequently, research on business relationships has been the center of attention for numerous researchers. The main focus of their research is often concerned with describing general relationship models or the reasons for failure of business relationships (Ford et al., 2003; Arend, 2009; Bengtsson/Kock, 2000; Halinen/Törnroos, 2003).

With regards to our personal attitude towards scientific work our interest is not to study the reasons why newly-established business cooperations fail, but how this can be avoided. At the same time we are aiming to generate practical and useable information for companies and thus make the information accessible in a business context. We are aiming to discover interdependencies between existing ideas and concepts in the area of business relationships and on the basis of this develop a basic model to understand the specifics of relationships in newly-developed business networks. By exploring new business networks in an under-researched industry of the FMCG-sector we are challenging ourselves methodologically and theoretically. Our research requires a great amount of preliminary research to contextualize the phenomenon. Besides this personal motivation to focus on these particular cases, we designed this research to open up the possibilities of further discussions and research into these types of business cooperations and this industry.

1.2. Understanding Relationships and Cooperations

The above mentioned changes in the modern business environment require companies to cooperate to improve their competitive position, optimize resource utilization, and maximize profitability. One of the prominent ways of cooperating is co-branding, which is predominately used by major brands dominating their market (, 2009). In many cases these co-branding strategies do not measure up to the companies’ expectations (Brandchannel.com, 2011). Throughout history, different strategies have been developed to develop successful cooperations between companies. With regards to the implied reconceptualization of business studies from transactions to relationships (Kotler/Armstrong, 1990; Webster/Dunning, 1992) the perception of what defines business cooperations has changed drastically.

Cooperating with other businesses has become increasingly important in all economic sectors to overcome the above mentioned obstacles challenging business today. Especially SMEs are directing their activities towards cooperating, due to the development towards business consolidation (Kapferer, 2012; Ford et al., 2003; Doz/Hamel, 1998). For SMEs to compete against global cooperations in their domestic markets becomes increasingly challenging as SMEs are often highly specialized and limited in their financial power. Cooperating with other business is a valuable approach to overcome these limitations and maintain a competitive position in the market. Recent statistics on the other hand clearly indicate that newly-established businesses are highly prone to failure at an early stage. This is true for individual businesses as well as cooperations. The reasons for failure are manifold and have been the subject of research in academia as well as for practitioners (Doz/Hamel, 1998; Ford et al., 2003; McKinsey and Company, 2012; PricewaterhouseCoopers, 2012).

Using a positive approach to the issue under investigation, we are following an exploratory research approach to identify what factors influence newly-established business cooperations and which are shaping the roles and relationships within these networks. By following an exploratory approach the research strategy is flexible; the outcome of this report develops organically. This type of research enables us to take research dynamics and new developments into account to identify relevant issues concerning our research focus. Such an approach strengthens the independency and accuracy of research. Unforeseen events and new insights are potentially able to exert an enormous influence on the research itself, although it is of utmost importance to stay within the set frame of the area of research in order to guarantee relevance to theory and practice. Due to the fact that conducting academic research is always aiming to fulfill the criteria of generalizability, reliability, verifiability, and credibility (Easterby-Smith et al., 2008; Mason, 1996; Lincoln/Guba, 1985; Guba/Lincoln, 1994), we are following a case study approach, as this method provides the necessary depth and width to match our conceptual framework. The chosen cases for our research contribute rich empirical data from business cooperations that are representative to our topic of interest.

1.3. Analyzing New Business Cooperations

By analyzing three different cases of SMEs cooperating with major media outlets in the FMCGs market, we are aiming at answering our central research question “What are the determining factors influencing relationships and role conflicts in newly-established business cooperations?”

1.4. The Inner Workings of Business Networks

By directing the focus of this thesis to analyze relationships and role conflicts in newly-established business cooperations the scope of our research has been narrowed to suit the given framework for this thesis. Due to the limitations in time and resources we have focused our research on the direct network actors in newly-developed business cooperations. With regards to the fact that no business operates in isolation, the direct and indirect environment of modern business networks provides a greater level of complexity, including consumers, indirect suppliers, competitors, and macro-level factors such as society or politics. The indirect network actors as well as macro-level factors influencing business networks are disregarded in our research but hold great potential for additional research.

Analyzing three distinct cases enables us to develop detailed images of each. The empirical data can be analyzed in great detail along the defined perimeters in our theoretical and methodological framework. Another advantage of selecting these cases is the similar prerequisites for each case. Instead of analyzing three different cases that are completely unrelated, focusing on these cases provides our research with a high level of generalizability. This is due to the fact that the same phenomenon is investigated using different perspectives.

2. Business Relationships in Context

As defined above, our central research question focuses on the determining factors influencing relationships and role conflicts in newly-established business networks. This part of the thesis aims to provide an understanding for the main concepts and theories used to explain and analyze the phenomenon discussed in this thesis. Secondly, to successfully analyze the phenomenon in focus of discussion, the theories and concepts explained in this section are conceptualized and rationalized to design the relevant framework necessary to understand the discussed topic.

To provide an in-depth analysis of the described phenomenon and answer the research question, different concepts are used to position the issue in the area of B2B marketing, retailing and FMCGs. Therefore the relevant concepts need to be elaborated for clarification. The theoretical concepts of business network modeling, branding, business relationships, value creation, motivation, and role conflicts are used to test our empirical work and analysis against its own background and thus contribute positively to existing theory. The concepts of business networks and branding are relevant to understand and successfully analyze the business model under investigation.

2.1. Industrial Marketing

Whereas the traditional marketing view focuses on the visible, small process of B2C marketing, industrial marketing highlights the often invisible but far more complex processes within the B2B-markets beyond the common understanding of marketing (Ford et al., 2003; Sandhusen, 2008; Kapferer, 2012; Kotler/Pfoertsch, 2006; Saeed, 2011). Traditional understanding of marketing also assumes that generally the manufacturer and/or supplier are responsible for distributing products and services. Again, with regard to the distribution in business networks the situation in B2B marketing is more complex and differentiated. The trends that manufactures are increasingly outsourcing production or are sharing resources are additional factors creating an image of multiple facets of industrial marketing (Ohnemus, 2000).

The traditional marketing approach also assesses marketing in terms of sales and number of customers (Person or entity purchasing from a supplier), whereas industrial marketing strengthens the idea that there is a more sophisticated and complex view of the marketing discipline. Networking with other companies can enable enterprises to solve actual problems rather than just improving products and increasing sales volume. B2B-marketers have to establish and develop their portfolio of relationships and have to understand the necessity and relevance of long-term benefits of business relationships, instead of only focusing on strategic short-term goals (Ford et al., 2003; Kotler/Pfoertsch, 2006).

Industrial marketing is defined by its complex structures and different parties involved. Therefore it is important to define the three major areas relevant to industrial marketing and to the phenomenon under investigation – buyers, suppliers, and networks (Ford et al., 2003).

2.1.1. Networks

Over the past, developments of organizations and markets have challenged and changed the traditional view on value chains and the market as a clearly defined one-direction process. Especially in the B2B-environments business relationships have grown in complexity. The traditional view (see fig. 1) does not represent modern business relationships sufficiently. Industrial marketing often involves a number of different parties on the supplier and customer side with different responsibilities. This leads to a heterogeneous environment and results in complex business networks.



Figure 1: Traditional value chain (Adapted from Ford et al., 2003)

“In its most abstract form a network is a structure where a number of nodes are related to each other by specific threads. A [complex] business market can be seen as a network where the nodes are business units...” (Ford et al., 2003, p.18) and the relationships between them are the threads.

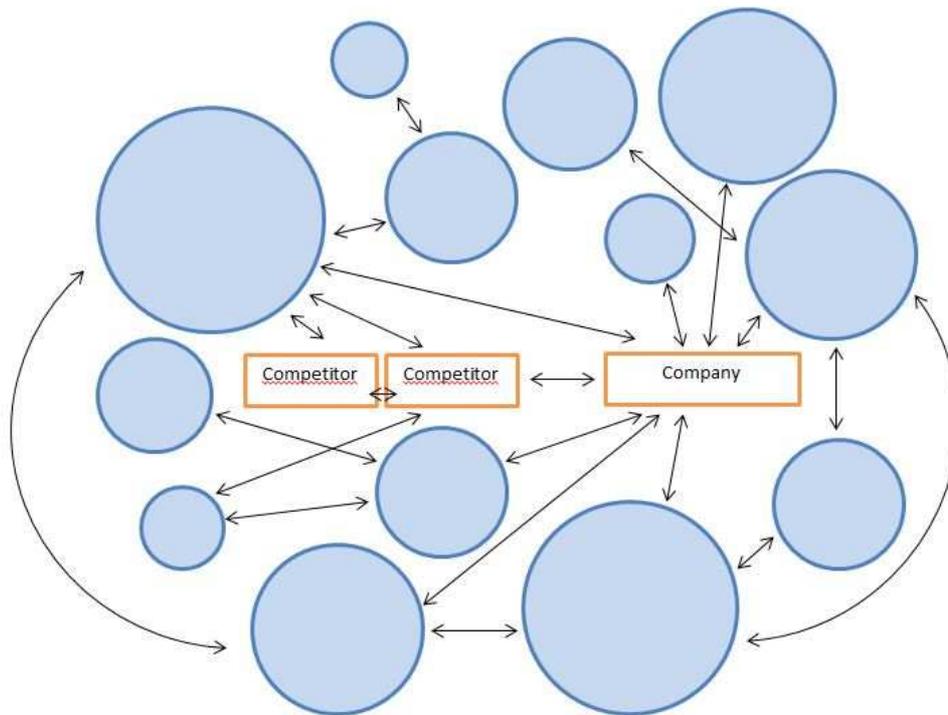


Figure 2: Modern Business Networks (Adapted from Ford et al., 2003)

All threads and nodes in this context have a particular content and provide different resources and knowledge to the network (Hakansson, 1997). The results are complex interactions, adaptations, and investments between the different parties of such a business network. The different participants can no longer be seen as separate and isolated entities but have to be seen as part of the network. In such a network each node or business unit provides a unique set of skills and resources. Resulting from that each party is connected with the other members of the network in various ways. These connections are the existing relationships in a network (see fig. 2).

As described by Bensaou (1999) companies establish different supplier and customer relationships for different projects and business activities. Even though each network differs from each other there are certain characteristics that all networks have in common and that are highly relevant when analyzing the relationships in a network. These characteristics are defined as the three network paradoxes (Ford et al., 2003)

- Networks enable and restrict each member of the network
- Relationships are defined by each member of the network and each member of the network is defined by the relationships
- Control is destructive to a network

The three network paradoxes are especially relevant in one type of relationship which also defines the core of the type of business relationship analyzed in this thesis – business partnerships. Business partnerships are high-involvement relationships in which each partner – two or more – make specific investments. In business partnerships responsibilities are distributed amongst each partner according to their specific knowledge and skills (Ford et al., 2003). With regards to the complexity of the

modern business environment and the three network paradoxes, business cooperations in industrial marketing and the relationships between the different parties of such cooperations are determining factors for a business' success in the market and need to be developed and managed with great care.

2.1.2. Supplier

Generally, suppliers make up the first stage of a value chain, a combination of supply chain and retail chain, and can be raw material suppliers, manufacturers, and distributors. The supply side of a value chain is responsible for everything regarding the production and distribution to the retailer, who serves as the POS for the consumer, the end-customer in the value chain. Over the past decades, suppliers have gained importance in the value chain by increasing their operational and strategic activities. Due to the highly competitive market environment, businesses rely on their core values and activities to stay competitive. Many businesses are highly specialized today. As a result of that companies outsource business-necessary, but not business-relevant activities. Therefore, the traditional role of the supplier and the power structure in the value chain has changed significantly. Suppliers are no longer only responsible for manufacturing, but have gained expertise in the areas of research and development (Ford et al., 2003). This logically leads to an increased knowledge base on the supplier's side about the buyers, consumers and their activities. This increased knowledge of suppliers can result in a number of benefits for the supplier's business partners beyond the obvious role of manufacturing and supplying the customer with a specific product. Suppliers can provide solutions to a customer's specific problem, e.g. service, knowledge, logistics, or facilities. These benefits are generally divided into cost and revenue benefits (Ford et al., 2003, Gadde/Snehota, 2000). On the one side, cost benefits are "economic gains to the company from reduction of costs" that are not directly linked to the supplier-customer relationship, but are a result of this relationship. On the other side, revenue benefits result from a customer's increased capability to generate revenue. The latter can additionally be divided into short- and long-term benefits, e.g. a new product or product range (short-term) and innovativeness resulting from the supplier's resources (long-term). In contrast to the above mentioned benefits related to suppliers in the supply chain, suppliers are also responsible for a significant part of the costs generated in the value chain. Gadde and Snehota (2000) identified a number of relationship costs generated by the supplier. Supplier relationship costs include procurement costs, relationship handling costs, and supply handling costs. These costs generally correlate with the level of involvement. Relevant for this thesis are high-involvement relationships with suppliers. High-involvement relationships are characterized by a high level of interaction between the different participants of the value chain as well as a close connection and strong involvement of the supplier with the other parties in the cooperation. In these types of relationships the supplier takes a stronger position in the cooperation to its responsibilities that go beyond the classical role of the supplier. Most important to high-involvement relationships are the variations in activity links, resources ties and actor bonds (Ford et al., 2003; Gadde/Hakansson, 2001). Successful cooperations are characterized by strong actor bonds and strong activity links and resources ties (Ford et al. 2003). Suppliers are an essential part of any business cooperation and due to a high-level of expertise and involvement can be crucial for the success of an existing or newly-established business cooperation.

2.1.3. Customer

Customers or clients are the recipient of a good, service, product, or idea, obtained from a seller, vendor, or supplier for a monetary or other valuable consideration (Kotler, 2000; Stahl, 2004; Fogli, 2006). Customers are generally categorized into two types (Kotler, 2000; Frain, 1999; Blythe, 2008):

- An intermediate customer or trade customer is an intermediary between the supplier and the consumer who purchases goods for processing or re-sale
- An ultimate customer does not process or re-sell the goods bought but either passes them to the consumer or actually is the consumer

According to Levitt (1983), customer relationships are highly relevant relationships for any business cooperation. Customers are the determining factor for any business success. The basic rule for every business activity is “No customer, no business!” Generally, supplier and customer can be easily distinct from each other in B2C-markets and the focus of B2C marketing lies on the ultimate customer or consumer. Relationships in B2B marketing are more complex and include different types of intermediate and ultimate customers (Ford et al., 2003). The latter is of relevance for this thesis and will be discussed in detail in this section. Another important distinction that needs to be made to elaborate customers in the context of the analyzed phenomenon is the definition of internal and external customers (Tennant, 2001; Fogli, 2006; Kotler, 2000). External customers are customers not directly linked to an organization and are usually connected to low-involvement relationships. Internal customers are customers who are directly connected to an organization and are usually stakeholders, employees, or shareholders. Especially in B2B-relationships it is essential to understand the connections and interdependence between the different parties involved in a specific business venture. Customer relationships in an industrial marketing environment can often be classified as partnerships between different parties instead of a typical one-sided buyer-supplier relationship (Hakansson/Snehota, 1995; Ford et al., 2003). This form of relationships indicates that customers in a B2B-environment hold different responsibilities compared to the classic view on customers in a B2C-environment. This is due to the fact that customer relationships have the following characteristics (Ford et al., 2003)

- Customer relationships are rather long-term connections and involve a number of transactions
- Transactions and cooperations with customers are complex
- Responsibilities of customers can vary significantly according to the cooperation
- Importance of customers in a cooperation can vary according to the project
- Customers in B2B-relationships are part of designing the content of a cooperation

Especially customers in high-involvement business networks are not only responsible for re-selling or purchasing a product but are directly involved in the organization and responsible for the success or failure of a cooperation. Similar to suppliers in B2B relationships do customers provide different benefits for a business cooperation. On the one side, customers generally provide detailed knowledge about operational activities, POS marketing, and the consumer. On the other side, customers in B2B relationships can provide different products, services, skills, equipment, etc. relevant to the project the customer is involved in. B2B-customers are the key to any business cooperation and besides representing the demand side of any business activity, hold great responsibility in developing a successful business cooperation (Hakansson/Snehota, 1995; Ford et al., 2003; Hakansson/Snehota, 2000).

2.2. Retail Industry and Fast-Moving Consumer Goods

The retail industry serves as the intermediary between producer and customers and generally referred to B2C marketing. As defined earlier, retailers are part of the value chain and represent the customer side of the value chain (Ford et al., 2003). In the context of industrial marketing, retailers are customers to the supplier but at the same time act as the supplier of goods or services to the consumer (B2C). As retailers are part of the B2B and the B2C environment they have to fulfill different functions and have different responsibilities. As the retailer is the link between supplier and consumer it is important to understand the role of the retailer in both, B2C and B2B, contexts. In the first section the retailer was defined as the customer. This section focuses on defining the retailers' position in B2C marketing. Although, this analysis focuses on the roles and relationships in B2B cooperations, it is important define B2C marketing due to the fact that no B2B cooperation can exist without B2C marketing.

As described earlier, the retailers' functions not only vary when differentiating between B2B and B2C, but also take over different roles according to the different product categories. Retail is usually classified by types of products as followed (Zentes et al., 2010; Burt et al., 2004; Burt, 2010):

- Food products
- Hard goods or durable goods
- Soft goods or consumables or fast-moving consumer goods

Besides defining the product and the retailers' position in B2C-markets, it is fundamental to understand the modern retail environment as it helps to understand the influential factors and characteristics that enable and hinder new market entries – company, product, or service. The retail environment and the type of product category strongly influence the outcome of every business operation and therefore deserve further investigation. To create a holistic picture of newly-established business cooperations, the external environment needs to be considered that shapes and influences the internal environment. Therefore, to analyze the internal environment and relationships of business networks, it is important to understand the setting in which they are established.

2.2.1. Changes in Retailing

Retailing is described as the sale of goods and services from individuals or businesses to the end-user. Retailers are the intermediary between the supplier and the consumer and are an essential part of the integrated retail supply chain. The retailer on the one end of the supply chain purchases large quantities of products from manufacturers or suppliers and on the other end sells smaller quantities to consumers (Zentes et al., 2011). Today, retailing includes a variety of possibilities of consumer interactions. These interactions can be of physical nature, e.g. stores, retail locations, or door-to-door interaction. On the other side, new ways of customer interaction have developed over the past, e.g. TV-shopping, online stores, call-and-delivery, or mail order (Krafft/Mantrala, 2006; Zentes et al., 2010, Burt, 1991). As current development show non-physical retailing has grown and will continue to grow significantly. At the same time the differentiation between physical and non-physical retailing is often closely linked to a specific product. As consumer activities move towards the online environment as a marketplace it is still important to understand that certain product categories are mainly bought offline (Kotzab/Madlberger, 2001). In today's retail environment the borders between the different parts of the supply chain are becoming blurry as many retailers strive for backwards

integration in the supply chain or manufacturers or suppliers follow a forward integration approach to be in charge of the entire supply chain and, therefore, minimize information imbalances and reduce operational friction (Zentes et al., 2011; Burt, 2010).

Backward integration is a form of vertical integration at which the retailer purchases the suppliers and moves backwards in the supply chain. This type of integration approach is suitable if it results in improved efficiency and cost savings. The business strategy of forward integration on the other hand involves a form of vertical integration whereby activities are expanded by the supplier to gain control of the direct distribution of its products and possible intermediaries. These forms of integration are called vertical integration and this development has changed the classic roles and relationships of the members of the supply chain drastically (Zentes et al., 2010; Dawson/Burt, 1998; Kotler, 2000). These changes challenge every member of the supply chain to overcome the obstacles they are facing in this new business environment. Not only do new business models appear or need to be developed to succeed (see 2.1.) but also the roles and relationships of and between suppliers, buyers, and consumers change (see 2.3.). The retail industry has been the object of academic research for a long time many scholars argue that that retailing is constantly gaining importance in the modern value chain (Zentes et al., 2010; Dawson 1982; Burt 1989; Dawson/Burt, 1998; Dawson 2001). This is mainly due to the growing level of consolidation and developments of major retail chains. The increasing influence of retailers on the entire value chain is clearly identifiable when looking at private labels or vertical integration. This leads to a constant struggle for power and leverage of every member in the value chain. Consequently, as retailers gain more power in the value chain, suppliers are trying to compensate these power shifts. These developments can especially be identified in the green industry as it has experienced a great amount of consolidation activities – vertically and horizontally (Dümmen, 2013; Hunter, 2013). In contrast to other industries that are exposed to a high level of backward integration a distinctive feature of the green industry is the forward integration approach of growers leveraging their position against retailers. Especially, Fast Moving Consumer Goods (FMCG) producers from low-impact industries are facing a high level of bargaining power from retailers and therefore are in need to change their competitive position by means necessary, e.g. vertical integration (Ford et al., 2003).

The changes regarding retailers and suppliers have led to a number of changes in the adjacent and nonadjacent environment of companies in the green industry. Over the past the focus of retailers as well as suppliers has not only expanded to different markets but also along the supply chain. Especially the green industry shows strong signals of consolidation resulting in a great number of mergers and acquisitions. These are driven by a rapidly changing business environment in the green industry, as retailers move up the value chain and become increasingly important. At the same time suppliers or growers, as suppliers are called in the floricultural industry, are also consolidating their operations and businesses to level with retailers (rp-online.de, 2013). These consolidation activities in the green industry are meant to lead to a higher level of value added in the supply chain for either side. Additionally, these mergers indicate a movement towards more professionalism in the green industry which currently is still on the verge of manifesting and capitalizing its full potential. These developments indicate that both retailers and breeding companies in the green industry need a sufficient size to cope with these developments and secure their relevance in the value chain in the long-term.

By understanding that retailers and suppliers are struggling to overcome the same obstacles and at the same time leverage their position in an increasingly competitive market many models and theories relevant for the retail industry hold true in B2B marketing.

2.2.2. Fast-Moving Consumer Goods

To understand the competitive implications for one's industry and product, it is of great value to classify the different types of products. Different agencies and institutions have developed classification systems. For clarity, the NACE system (Nomenclature statistique des Activités économiques dans la Communauté Européenne), designed by the European Union, is used for classifying the product relevant to this thesis. According to NACE, flowers are categorized as "G47.7.6 - Retail sale of flowers, plants, seeds, fertilisers, pet animals and pet food in specialised stores"(Europa.eu, 2013). G47.7. defines the category of "Retail sale of goods in specialized stores". For a contextual understanding for the industry, product, and business case, which is the focus of this thesis, it is important not only define flowers as a product category according to a classification system, e.g. NACE, but also define flowers as part of a broader type of classification to understand the characteristics and peculiarities of that specific product category.

As the focus of this section is to classify flowers according to the different product types in retailing, it only discusses consumables due to the fact that flowers can be categorized as such. Consumables are often referred to as fast-moving consumer goods (FMCG) and will be referred to as such throughout the entire thesis. FMCGs or consumer packaged goods (CPG) typically have a high turnover rate and are sold at relatively low cost. Examples include non-durable goods such as non-alcoholic beverages, sanitary products, and grocery items (Bower, 2012; Majumdar, 1999; Brierley, 2002). As FMCG products only accounts for a relatively small amount of the absolute profit of a business, they generally sell in large quantities, therefore FMCG products can account substantially for the cumulative profit. The relatively high turnover rates of FMCGs result from high consumer demand or quick deterioration of the product. Products such as alcohol, hygiene products, or soft drinks have high turnover rates. Examples of products with a fast deterioration rate are meats, fruits, or vegetables. Flowers represent both categories due to the fact that depending on the season, e.g. February and March, flowers have high turnover rates and at the same time can quickly deteriorate due to improper treatment.

Generally, FMCGs are retail goods that are replaced or fully used up within a short time period. With regards to the product the time frame can range between a few days and one year. This contrasts with durable goods or home appliances such as home electronics or furniture, which are usually replaced over a period of several years.

The following are the main characteristics of FMCGs (Bower, 2012; Majumdar, 1999)

- Consumers perspective:
 - Frequent purchase
 - Low involvement
 - Low price
- Marketer perspective:
 - High volumes
 - Low contribution margins

- Extensive distribution networks
- High stock turnover

2.3. Branding in B2B-Networks

As sections 2.1. and 2.2. define the broader context for this thesis and establish the differences and similarities between B2B and B2C as well as define the relevant theories to successfully analyze the different roles and relationships in a business cooperation, this section defines the intangible aspects relevant for analyzing the phenomenon in focus of this thesis.

For marketers as well as suppliers branding and brand management are essential aspects to successfully conduct business. A brand is defined by the American Marketing Association as the "name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers"(Marketingpower.com, 1995). Brands, such as products, need to be managed operational and strategically and therefore is defined in a specific managerial discipline. Brand management includes the following aspects (Stobart, 1994; Esch, 2005, 2009, 2010; Keller, 2008)

- Brand Development
- Brand Positioning
- Brand Architecture
- Integrated brand communication
- Brand Maintenance
- Brand Expansion
- Brand Erosion
- Brand Revival

Generally branding and brand management are defined as part of B2C marketing. Over the past this perception has changed significantly and branding has moved into the focus of suppliers and has gained significantly in importance in B2B marketing. Most relevant to this analysis is to understand the different forms of branding exist in B2B-networks. The next sections will define the general concept of branding, licensing, and private label and the relevance of each model in the context of B2B marketing.

2.3.1. Branding

Research over the past clearly shows that brands are companies' most important assets and, therefore, need to be developed and managed accordingly (Kapferer, 2012; Keller, 2008; Rangaswamy et al., 1993). A brand is developed to help position and distinguish a company, product, or service (Park et al., 1986). The focus of research over the past has focused predominantly on branding in a B2C context due to the fact that both researchers and businesses are interested in consumer-brand relationships and the successful development of a consumer-oriented brand (Saeed, 2011).

In the B2B context the buying process is generally more complex compared to the buying process in B2C markets. This is due to the fact that a purchase is generally more costly, needs to be more rational, and the customer often has extensive knowledge about products and the market. Therefore marketing a product to a customer is extremely difficult for B2B marketers because they need to provide detailed knowledge and expertise (Saeed, 2011; Leek/Christodoulides, 2011). Additionally, in

B2B markets companies emphasize on establishing long-term partnerships and therefore focus on fewer companies with high reputation in the market and the consumer.

For the last 20 years, the most challenging issue concerning B2B marketing was branding in B2B. The academic world has given little attention to this issue over the past and therefore it is important to define branding in a B2B context. This is mainly due to the fact that in B2B marketing the interacting parties are defined as organizational entities with no emotional values in contrast to B2C marketing (Saeed, 2011; Leek/Christodoulides, 2011). Contrary to a number of scholars, (Bendixen et al., 2004; Low/Blois, 2002) today's branding plays an important role in B2B marketing. This alternative perspective on B2B branding is often driven by practitioners and focuses on the same aspects as B2C branding, such as perceived value, quality, image, and identification with the brand (Cretu/Brodie, 2007; Michell et al., 2001). B2B branding differs greatly between industries in terms of the product's complexity, buyer preferences, and personal relationships. According to Bengtsson et al. (2005) a variety of factors are similar in B2B and B2C branding but there are also dissimilarities which exist specifically in relation to their purchasing processes (Pfoertsch et al., 2007). Branding is often reduced to the idea of developing an organization's name or logo, instead branding is the strategic approach to define an underlying image and purpose of an organization (Kotler/Pfoertsch, 2007). B2B brands are defined by Kotler et al. (2007) as "[a] set of attributes, benefits, beliefs, and values that differentiate the products and services, [and] moderate and simplify the complicated decision making processes."

By creating a brand it helps a company to establish and maintain a steady and possibly permanent relationship with its consumers (Kotler, 2000; Aaker, 1991). In addition, brands can be used as a feasible way to introduce new products to the market (Zentes et al., 2011). Due to increased competition, rising advertising costs, and market oversaturation, launching new products has become more difficult. To successfully enter a market new products and services have to enter the market on visibly and on a large scale. Therefore using a familiar brand name to reach market and customer acceptance quickly is an increasingly popular growth strategy (Zentes et al., 2011; Aaker, 1991; Kapferer; 2012). In marketing a number of brand leverage strategies have been developed, e.g. line extension or brand extension (Nijssen, 1999). Line extensions follows the attempt to stay closer to the brand's core by launching new products from the same product category or product class using the same brand name, e.g. Ford introducing a new SUV or minivan. This strategy is characterized by a close connection between the new product and the brand's core products, thus making it less distinctive and more vulnerable to imitation. Competitors are able to react by offering their older products for a cheaper price, using price reduction, or follow quickly with a me-too product without having the initial cost of research and development (Hoch, 1996; Guiltinan, 1993). Brand extension 'stretches' the brand franchise beyond the current product classes and therefore opens up the potential market to a greater extend then line extension (Nijssen, 1999), e.g. Zara introducing Zara Home to the market. Due to the fact that companies often have to leave their area of expertise to extend the brand this approach also holds a greater risk for the organization (Keller, 2008; Aaker, 1991).

Today brands are challenged by private labels as their main competitor and demand new concepts in branding (Hoch/Banerji, 1993; Glémet/Mira, 1993a, 1993b). The topic of private labels will be discussed later in the thesis to provide a differentiated and holistic picture of branding and the phenomenon under investigation. In this highly competitive environment companies have developed different strategies to maintain and further developed their competitive advantage. To efficiently re-organize their portfolio companies have either abandoned weak brands or discontinued weak

products from their brand (Hoch, 1996). Additionally, companies extend their product lines to fragment markets into special-interest groups and hence make the market less attractive for private labels. However, this fragmentation of markets not only helps innovation and new product developments, but also results in increased consumer expectations and disengagement and thus accelerates the product life cycle (Porter, 2000). This growing indifference and disengagement of consumers with brands has been one of the major challenges of marketers in recent years (McKenna, 1995). With regards to this new environment, developing and maintaining a new brand has become a difficult task.

When an organization extends its brand into a new market the organization has to carefully evaluate the fact that a new product in an existing market will always affect the established market structures. An increasing market share of a new product will inevitably have a negative effect on existing products in the market; hence decrease the market share of competitive products. As companies in B2B and B2C markets are more connected through business cooperations, networks, or joint ventures a new product can therefore have a direct impact on a business partner's product and consequently lead to conflicts within a business network. Thus, it is important for an organization to analyze, evaluate, and understand all aspects of the new product's environment as well as the organization's direct and indirect environment. Especially companies that extend from a B2B market into B2C markets the latter is of vital importance.

2.3.2. Licensing

Business relationships are regularly built upon a solid contractual basis in order to ensure a binding guarantee that goes beyond trust and goodwill. Often terms of sale and delivery arrangements are the focus of business negotiations of which a written note is made of. However, the licensing business is especially of high interest for this thesis as it is a vital part of the business relationships within the evaluation of the empirical data in chapter four. In times of often saturated or even shrinking sales markets in the Western society, brand managers depict licensing businesses as a strategic instrument to widen the own portfolio with external products under the existing brand name. In return, producers stuck in B2B-markets can obtain direct access to consumer markets through paying a license fee and using an already established brand. Nowadays, consumers are expecting a wide range of products of a popular brand which they can trust and rely on (Munich Business School, 2009.). Furthermore, companies increasingly internationalize in times of a globalized, close connected economy world caused by brand line extensions, production outsourcing or a country specific risk management by the implementation of license businesses (Marke41, n.d.).

Licensing is being utilized within the consumer goods industry as well as for industrial innovations that are mainly concerned with know-how and patent licensing. Within the consumer goods industry most common licensing acts are character, personality, brand and event licenses which represent a rather content than product dimension of licensing (Jahrmann, 2007; Böll, 1999). Here, we will draw our focus on brand licensing as this is of interest for the researched business cases within this thesis. Brand licensing includes the contractual award of well-known brands depicting a strategic horizontal alliance (Munich Business School, 2009). The licensor transfers its brand image and the connected target group to the licensee receiving a 'down payment' in the beginning and an ongoing fee depending on the economic success (European Patent Academy, 2007). A license business consists of the licensor, the right holder, and the licensee, which is most likely the producer; it appears that this license construction is being complemented by a licensing agency that mediates as an independent

conjunction between the participating companies and shall guarantee an optimal partnership (Böll, 2001). Moreover, this license and thus business network construction with a third party is especially in demand for international license businesses in order to assure a consistent quality level by the agency's selection of appropriate licensees. In opposite to the franchising business, it is crucial to consider that license businesses and their contracts do not involve standardized organizational, marketing and advertising concepts and thus depict a lower level of internationalization (Jahrmann, 2007).

Motive for licensors are the possibility to widen their existing brand line and passing over the financial risk to the licensee; however, the risk of damaging the established brand is exclusively being connected to the licensor (Munich Business School, 2009). For licensees this way of doing business offers the opportunity of a market entry strategy with a low capital risk which is significant when testing newly exploited market (Braitmayer, 1998). Furthermore, the direct access to an established brand is only sufficient if the brand is well-known, has a positive image and fits the license product in the consumer perception (Ruppert et al., n.d.). Ruppert et al. (n.d.) further state that licensee face the risk that the licensor changes its sales or marketing strategy which could lead to a brand's damage and that the entire licensor company and its corresponding brand rights are being sold in case of bankruptcy or external acquisition. However, the authors claim that the most crucial factor within a license business is the chemistry among the involved parties, which leads us back to the research target of this thesis. Although license businesses appear to be a dry, rather mechanical type of business that is strongly being regulated through mutual contracts, the soul of such a license business consists of the relationships of the participating parties. Their relationship and role within the business network are crucial for a promising development of such business cooperations. Finally, no license business is like the other and is being characterized by situational, individual allocation of roles within the newly developed business network. Every business network and thus the respective license businesses, needs to be regarded in context of the mutual business relations and not in total isolation.

2.4. Roles and Relationships in Business Cooperations

Every interaction between people is based on the relationship they have and each person has his/her role in these relationships. In social science there are different theories on relationships and relationship building. One of the most influential models of relationship development was proposed by psychologist George Levinger (1980). Levinger divides the relationship development process in five stages – Acquaintance, Build-up, Continuation, Deterioration, and Termination. This model can be transferred into a business context and relates to the discipline of business relationships. The defined steps by Levinger are often more complex in a business context and have become the focus of attention for many researchers. This complexity can be seen in the different aspects of such relationships, e.g. motivation, interaction, and responsibilities. Due to the fact that this thesis analyzes newly-established business relationships, the focus of attention is on the first two steps of the relationship development process and the opportunities and threats emerging from the relationships and role conflicts.

Firstly, the section on buyer-supplier relationships helps to understand the peculiarities of relationships in a business context as well as to elaborate on the similarities and differences between interpersonal relationships and business relationships. Secondly, this section focuses on the major themes in business relationships. The theoretical consideration on the themes of motivation, control,

trust, and knowledge in business relationships are essential to analyze the empirical data collected for this thesis.

2.4.1 Network Relationships

In business studies, the focus of organizational theory has extended from the perspective of a single firm to include the interaction between several firms (Hakansson/Ford, 2002). Business relations between organizations can be studied for a number of reasons: to increase the understanding of the type of market, industry, distribution channels, and transactions (Williamson, 1975). Business relationships not only consist of the inter-organizational ties, but also include an organization's external relationships with customers, consumers and suppliers. Whereas traditional models in business studies consider market transactions to be isolated events as an interaction between sellers and buyers, modern views on the same issue point towards long-term relationships between interdependent economic actors as described in the section about networks. This complexity can result in different a variety of relationships within a single project or business cooperation. As these relationships always involve at least two actors it is a matter of multilateral decision making when establishing such relationships. Thus, business relationships are rarely constructed, but have to evolve over time. The interaction between the involved actors shapes the character of each relationship, which means that relationships change in content and strength (Hakansson/Snehota, 1995). This links directly to the model of Levinger (1980) and provides a fruitful basis for analysis. By understanding the multi-dimensionality of modern business relationships, it helps to identify the areas of modern business relationships that are critical for the success of such relationships.

Especially, the early stages of relationships are highly critical as relationships are rather fragile and have high potential of failure due to the different participants, their motivation, and their tasks and responsibilities. As described earlier, relationships are defined by the level of involvement of each participant in the network. Especially, when developing long-term business relationships the level of involvement is high, because generally these relationships are established around a company's core activities and thus have high financial impact. Due to this fact, some inter-organizational ties are stronger than others within a business network. Going back to the traditional view on business relationships the most important one is the relationship between buyers and suppliers. The management of such relationships is called supplier relationship management (SRM) and customer relationship management (CRM). CRM and SRM manage all upstream and downstream relationships in a value chain to maximize profit and increase the competitive position in the marketplace (Christopher, 1998; Rinehart et al., 2004). SRM is defined as "the mirror image of Customer Relationship Management" (Croxtton et al., 2001, p. 24) and as highlighted by Barret and Barrett (2011) the integration of CRM and SRM is crucial for an organization's success. The successful development and management of business relationships, of internal or external nature, can result in improved responsiveness, improved planning and replenishment capabilities, and improved decision-making. These conjoint activities are especially important considering the modern market structures of high competitiveness, internationalization, rising costs, and shortened product life cycles. However, firms struggle to develop and sustain collaborative initiatives. This is often a result of buyers abusing their position of power and force suppliers to make short term, cost-driven decisions. This is phenomenon can be seen especially in retailer-supplier relationships (Spekman/Carraway, 2006; Rossetti/Choi, 2005; Corsten/Kumar, 2005). Therefore, effective collaboration requires more than just coordination at the operational level of the relationship, but also coordination on an interpersonal level. In academic theory there are different argues on what defines business

relationships on an interpersonal level. Despite the fact that there are different approaches to analyze the importance of interpersonal dynamics in the workplace, there is only a small amount of scientific evidence that focuses on how these aspects are correlated and influence the relationships in an actual business context.

As inter-organizational relationships are mainly hidden to outsiders it is extremely interesting to understand how companies are able to manage these relationships as they have such a high level of impact (Dwyer et al., 1987; Siguaw et al., 1998).

2.4.2. Motives and Motivation

Every actor in every business relationship has certain motives and a certain motivation to participate in a new business cooperation. In contrast to motivational theory in social science, motivational theory in business is rather simple. The basic motivation for conducting business is to make a profit. In a slightly broader view on the business environment, organizations want to maximize their profit and minimize their cost. Considering this to be common knowledge in business studies, the motivation for cooperating and establishing business relationships is of obvious nature. This basic approach does not hold true again reality as organizations can participate in business cooperations for non-monetary reasons, e.g. acquiring know-how, gaining prestige, gaining control. Thus, motivation in this specific context can rather be defined by means of value and what is gained from the relationship. This gain in value as a result of developing a certain business relationship derives from a specific set of motives. Therefore, validating the value for each participant is rather difficult and is perceptual. In academic theory, scholars have tried to define perceived value as “[...] a trade-off between product, service, know-how, time-to-market and social benefits, as well as price and process costs in a [supplier] relationship, as perceived by key decision-makers in the customer’s organization, and taking into consideration the available alternative [supplier] relationships (Ulaga/Eggert, 2005).” As indicated by Ulaga and Eggert the value gained of a business cooperation always results in a trade-off for the organizations involved. Trade-offs are a result of opportunity costs that are persistent in every activity – personal or organizational – and are factors that cannot be eliminated, e.g. time, resources, information (Ford et al., 2003). Another reason why trade-offs exist in every business relationship is the fact that each participant has different motives. For being able to synchronize the different motives with the general motivation for establishing a new business relationship, each actor is forced to make trade-offs. Motives can therefore be defined as the specific reasons of an individual actor to establish a business relationship that is motivated by a similar purpose (Doz/Hamel, 1998). For example, a newly-developed business network tries to establish a new brand in a market. The supplier might have the motive to establish a B2B brand in a B2C environment, whereas the buyer is trying to develop a competitive position by introducing a product not available at its competitors (Hakansson/Ford, 2002). The general motivation is to collaboratively establish a new product in the market with different individual motives.

In modern business relationships the idea of solution-based cooperation has grown increasingly over the past. New business relationships are established to solve two types of problems. Either it can solve a consumer’s problem or help the organization itself. The latter approach has been pursued by a great number of organizations and has been introduced to the supplier side of the value chain in recent history (Ford et al., 2003; Hakansson/Ford, 2002). The ‘solutions to problems’ – approach in industrial marketing consequently leads to developing new business relationships as it is a form of utilizing know-how and capabilities that are already existing instead of trying to invest individually

into developing these capabilities or know-how. Generally, this approach has three critical factors that influence the process of establishing new business relationships (Ford et al., 2003):

- Choice of partners
- Interdependence amongst actors
- Change in operations and organization

These factors are directly connected to the individual motives of each actor in participating in newly-developed business relationships. Only if the trade-off between the individual motives and the perceived value is low enough for each actor, while being harmonized with the critical factors defined above, effective business relationships can be established.

2.4.3. Control

Control is a fundamental process in all interactions and coordinating such activities involves a certain amount of negotiation, compromise, or mutual control (Goffman, 2008; Mead/Morris, 1934; McCall/Simmons, 1978). In every relationship there is a struggle for control. This struggle is inherent to personal relationships as well as business relationships. Companies constantly try to control their relationships to achieve their own goals and strengthen their position within the network. An organization will not only try to control the direct relationships but also influence and navigate the relationships between other network actors. This ambition is one of the key forces and critical factors when establishing a new business network. But, as discussed earlier, the more a company aims to control the network, the less effective and innovative will be the network (Ford et al., 2003; Child/Faulkner, 1998; Gulati, 1998). This results from the fact that the more unilateral decision-making is in a network the more it hinders initiative and input from other network actors (Ford et al., 2003).

This network paradox has great implications for newly-established business networks. The struggle for control in a network not only results in decreased effectiveness and innovativeness, but can result in irreconcilable differences between the network's participants. These differences can result from a predominantly self-centered view of one of the network actors and the primary goal of influencing the network for its own advantage. Modern business networks are increasingly established as cooperative networks instead of classic top-down hierarchical structures this self-centered approach of a single network actors can result in the entire network's failure (Ford et al., 2003). It is also counterproductive to the idea of a network's 'solutions to problems'-approach, because by trying to gain overall control over a network the individual know-how and expertise of each actor is not utilized to its full potential. To avoid this from happening, organizations have to understand who and how control is executed in a specific network and most-importantly understand what the underlying motives are for one participant to try to gain overall control over the network (Ford et al., 2003).

According to Dosi (1982) this struggle for control will always preside due to the fact that no single actor is able to gain complete control over a network, because all actors in the network are connected and interdependent. This can be a result of technological, informational, or resource exchange. Polanyi (1968) defines this interdependence as embeddedness. With regards to the issue of embeddedness companies need to consider how control is then distributed among the actors of a business network. In relationships this process of dividing control among the different parties is a very dynamic process that develops the same way the relationship itself develops. This balance of control in newly-established business networks is influenced by a variety of factors, e.g. financial capacity, brand recognition, and know-how (Ford et al., 2003).

As these influential factors and the level of impact of these factors vary from relationship to relationship it is nearly impossible to define a general strategic that defines a single strategic approach to managing relationships in new business cooperations. This links directly to the idea that the development of relationships is a dynamic process. With this in mind, companies have to reconsider the level of control they want and need to operate successfully in a business network. Laurids Hedaa (1996) states that: "Everyone in a network is not architect of his own fortune, but of each other's." Especially in newly-established business networks this consideration can have a tremendous impact on the direction and momentum of the relationships and hence the network.

2.4.4. Knowledge and Information Sharing

The multi-dimensionality of modern business relationships described earlier can result in a variety of conflicts that threaten the effectiveness of those relationships (Ford et al., 2003; Andersen/Kumar, 2006). Conflicts between participants can be of professional or personal nature. Personal conflicts are motivated by character and emotion of each individual. Different scholars have suggested including the impact of emotion into the field of business relationships and therefore new theories on business relationships need to be developed (Bagozzi, 2006; Kumar, 2008; Tähtinen/Blois, 2011). While critically acclaiming that emotions have an impact on business relationships this research considers business relationships as interactions between two or more companies that are performed by managers or employees representing the company and act as part of the organization and not as individuals (Blois, 1972; Ford et al., 2003). Nevertheless, conflicts cannot be avoided and under the right circumstances strengthen or improve a relationship (Ford et al., 2003). In the past, the issue of conflicts in business relationships has been elevated in the academic society to a level that it depicts developing new business networks as extremely difficult and negative (Alderson, 1965; Ford et al., 2003). Some of the major issues expressed with regards to business relationships are knowledge and information sharing (Andres/Zmud, 2002; Hackman, 1990).

The question of whether sharing information is a result of mutual trust or trust is the result of information sharing is as difficult to answer as the question about egg and hen. In business relationships it is of great importance to share information among the network's actors because profiting from specific know-how of an individual in a cooperation is the main driver for establishing new business cooperations (Ford et al., 2003; Doney/Cannon, 1997). At the same time, information sharing can lead to conflicts regarding the different actors' tasks and relationships. This phenomenon occurs primarily during an early stage of a business network. As this research is concerned with newly-established business networks the influence and implications of information sharing on a business network are highly relevant. Information sharing as a source of conflict in newly-developed business cooperations results from different viewpoints, beliefs, preferences, and opinions, regarding the responsibilities and tasks of each network actor. Thus, the potential for conflict in information sharing is likely to be high at an early stage of a business relationship. Such sources of conflict diminish over time as the different network participants perform various tasks, gains familiarity, build trust, and develop more effective decision making processes. As business relationships develop over time, participants understand and adapt to the different opinions and viewpoints, hence they can develop more effective decision making process. In the case of developed networks, information sharing is generally concerning implementation, coordination, and process instead of differences in opinion and argument (Andres/Zmud, 2002).

Generally, information sharing results in smoother implementation and accomplishment of tasks as well as reduction in disagreement or conflict about the tasks and responsibilities of the network

participants. Additionally to the conflict-generating potential of information sharing in business networks, it has the ability to reduce conflicts. Information sharing leads to better decision making and reduces the chances of mistakes, errors, and failures in a network (Hackman, 1990; Schwenk/Valacich, 1994; Stasser/Titus, 1987). Information sharing as a tool for improved decision making is especially relevant for newly-developed business network, because correct decisions have less potential for conflict in a later stage of the cooperation. Again, this is only possible if the network's participants have sufficient knowledge and expertise to contribute, hence creating a learning curve within the network. Consequently, the more actors have learned from the information provided and improve their performance, the less likely it is to result in task conflicts.

Information sharing can also have an impact relationship conflicts – positively or negatively. Relationship conflicts as defined earlier in this section are interpersonal incompatibility and are a result of interpersonal tension, annoyance, or animosity (Jehn, 1995; Simons/Peterson, 2000). The general believe is that increased information sharing reduces the chance of relationship conflict, and reciprocally, lower information sharing increases the chance of relationship conflicts. In contrast to conflicts concerning responsibilities and tasks, relationship conflicts are more complex and the effect of information sharing is indirect and subtle. Relationship conflicts result from perception of other actors as well as their motives and actions within a business network. Hence, relationship conflicts that result from information sharing are generally about interpersonal problems within a network, as opposed to organizational problems resulting from the content of the information shared (Simons/Peterson, 2000).

In the context of knowledge and information sharing within business networks, the growth matrix of Anshoff needs to be included into the discussion. By illustrating this matrix the mutual benefits of business partner's knowledge, which each of them brings into a business network, become obvious and understandable. The four strategies for companies to grow are market penetration, market development, product development and diversification (Anshoff, 1965). However, for this conducted thesis the potential risks of doing one or the other growth strategy lies not in the center of the research attention. The more appealing information deriving from this matrix is the fact that the companies of the researched business cases (chapter 4) either follow the product or market development growth strategy – depending on their business situation within the presented business networks. Consequently, by either pursuing to exploit new sales markets or to add new products to their portfolio, the participants already bring their respective, existing knowledge into the network. By distinguishing between product and market knowledge, the different motives and network dynamics influencing roles and relationships are being put into an embracing context.

2.4.5. Trust

In interpersonal relationships as in business relationships the issue of trust is always present (Gustafsson, 2005; Doney/Cannon, 1997). A commonly accepted theory about relationships is that the more people trust each other the closer they are and the more they share. This common knowledge can be transferred to modern business relationships in a similar matter and provides an understanding for the effect of trust on information sharing and business relationships. Over the past, different researchers have introduced the theme of trust to the field of business relationship studies (Baier, 1986, 1994; Young, 1997; Dwyer et al., 1987; Morgan/Hunt, 1994). Baier (1986) argues that trust is 'reliance on another's good will'. Additionally it is stated that trust is not only present in relationships that are equal, but trust plays an increasingly important role in relationships that are unequal (Baier, 1986). Other researchers argue that high levels of trust enable business cooperations

to increase competitiveness and reduce transaction costs which are the key factors for establishing successful long-term business relationships (Doney/Cannon, 1997; Ganesan, 1994; Noordewier et al., 1990). Due to the high level of interdependence and close cooperation in modern business networks the issue of trust has become increasingly important (Gustafsson, 2005; Lewis/Weigert, 1985; Morgan/Hunt, 1994).

With regards to the definitions defined in social psychology and marketing, trust is one party's perception about another party's credibility and benevolence (Larzelere/Huston 1980; Ganesan 1994; Kumar et al., 1995). Trust therefore consists of two dimensions that conjointly define the scope of trust in business relationships. The first dimension focuses on the objective credibility of a network's participant and the expectancy on how synchronized the participants' statements and actions are (Lindskold, 1978). The higher the level of synchronicity between statements and actions, the higher the level of credibility is. Benevolence, the second dimension of trust, is the extent to which the network participants are operating collaboratively for mutual benefit and the other participants' welfare (Doney/Cannon, 1997). Doney and Cannon (1997) defined these dimensions of trust to provide an accurate account of the term in an industrial marketing environment.

With regards to the fact that the issue of trust in business relationships and the reciprocal impact of information and trust is extensively discussed in numerous publications, its significance to newly-developed business networks is undeniable and helps to understand the complexity and interdependence of modern business networks.

3. Exploring New Business Cooperations

To successfully answer our central research question and explore the determining factors that influence the relationships role conflicts within newly-developed business networks, it is important to access relevant data and knowledge concerning this topic. There are different ways to access information, collect data, evaluate and analyze it according to the standards of academic research. This chapter focuses on the why, when, where, from whom, and how we collect our data and what analytical methods were used to derive the conclusions expressed at the end of this research. After reviewing the methodological considerations for this thesis, we will elaborate on our methodological approach and discuss it in order to give an understanding for our choice of method. After discussing the choice of method, we will define our methodological framework. Furthermore, we will describe the various methods of data collection and analysis used. To conclude this chapter, we provide an examination of the contributions and limitations of our research.

3.1. Methodological Approach

3.1.1. Research Consideration

Our initial point of interest was a new business network in a highly under-researched industry of the FMCG-sector. Regarding this starting point it is evident that our research has a high level of practical relevance. At the same time it is important when conducting academic research that the academic relevance is given. Therefore a balance between practical and theoretical contribution needs to be found. This issue is often debated by different research schools arguing for and against practical contribution of academic research (Gibbons et al., 1994; Tranfield/Starkey, 2002; Huff, 2000). Personally, we have the opinion that especially in management/business research not only academic relevance needs to be given, but at the same time practical relevance. This opinion derives from the

fact that academic theory often does not apply in every-day business and at the same time research does not focus on issues that are of practical relevance but on grand theories or a researcher's personal contribution to the academic world. Our motivation, by focusing our attention on this phenomenon, is to increase managerial, personal, and academic knowledge and thereby justify the relevance of our research.

A researcher's philosophical understanding of academic research clearly determines the philosophy, style, and direction of research and analysis considerably. As our incentive is to identify factors that influence newly-established business cooperations and their interdependencies, our aim is to explore further into existing knowledge and contribute additional knowledge. By initially exploring a new phenomenon it opens up the possibility of discovery (Easterby-Smith, 2008). Austin (1978) argues that there are four different factors that influence discoveries: blind luck, being in motion, having a prepared mind and individualized action. As one of the researchers had ties to the industry and one of the companies involved in the business cooperation, the research started with at prepared mind which is important to see what relationships, conflicts, and phenomena to investigate in our research. At the same time it is of great benefit to have a prepared mind, because it considers previous research in the area and adjacent areas but leaves the researcher with an open mind to see new concepts and connections. In addition to starting our research with a prepared mind we took the time before defining our topic to talk to a number of professors about the business model and the industry to identify a direction and areas of interest. This preliminary and very basic approach was extremely helpful to narrow down the topic. By taking the time to talk to professors of different disciplines we took 'individualized action' by 'being in motion' (Austin, 1978; Easterby-Smith, 2008). This approach is also closely linked to Weick's (2001) idea of 'disciplined imagination' and argues that a researcher needs to view a problem from different angles (imagination) to make the most-educated decision on the perspective of research and analysis (discipline) (Weick, 2001; Weick, 1995; Easterby-Smith et al., 2008).

Over the past there has been a heated debate about the categorization and conceptualization of different research approaches and the philosophies behind them (Easterby-Smith, 2008; Comte, 1853, Wittgenstein et al., 2009; Berger/Luckman, 1967; Watzlawick, 1984; Habermas, 1970). Due to the fact that different philosophical perspectives generally affect theoretical explanations, methodological reasoning, as well as data collection and analysis, researchers feel compelled to take a distinct position with regard to specific ontological and epistemological perspectives. This self-classification can be risky and counterproductive due to self-imposed limitations to one's research. Therefore, we are not trying to actively pick a certain epistemological stance but instead constantly monitor and understand the different stages of our research and the cohesive stance. This approach consequently leads back to Weick and the idea of constantly moving between micro- (case/thesis) and macro-level (theory/philosophy).

As stated by Burrell and Morgan (2008), to draw a clear distinction between paradigms is possible in theory but in practice these clear distinctions cannot be drawn anymore and become blurry (Punch, 1986; Bulmer, 1988). At the same time a combination of different philosophical perspectives and therefore different methods can be useful to create a holistic picture of the researched phenomenon. Easterby-Smith et al. (2008) state "that the relationship between theory and data needs to be an interactive process". Consequently, regarding these authors, we are avoiding to classify our epistemological stance and define a dominating philosophy for our research since researchers should be able conduct their research without constraints and independently.

Nevertheless, in retrospective and with regards to the chosen research design and data collection methods our research most likely has developed into relativist management research as our research has been highly dynamic and evolved throughout the research process. This is documented by the fact that by simply comparing the preliminary research question, design, and method with the current design and methodology, it becomes clear that it needed to be changed to fit the circumstances, our primary data, and the angle of analysis.

3.1.2. Contextualization of Research

To arrive at the final point of take-off for our research we needed to conduct a great amount of preceding research to contextualize our research and to create a holistic picture to validate our research. Designing a methodological framework and choosing the right methods and techniques to collect, evaluate, and analyze data is important to contextualize one's research according to the topic of interest, preferences in style and method, and the research questions. Nevertheless, these decisions are always influenced by the two issues that every research is limited by – time and resources. Therefore, every researcher has to make the choice about what will and will not be observed (Easterby-Smith et al., 2008). Even though this choice sounds rather simple it is manifold and involves a variety of choices to be made when designing one's research.

The described starting point for this research indicates that we follow an exploratory research approach as the direction and outcome are not clearly evident from the beginning but develop organically. Due to the fact that our research is located in an under-researched environment it left a wide space for potential areas of research. It can be compared to being positioned in country without a compass and two weeks to travel and 1000 Euros to spend. The area, the time, and the resources are defined but not the destination. With regards to this example it becomes clear that our research, as defined earlier, is heavily reliant on 'disciplined imagination'. Therefore it is essential, with regards to the lack of time and resources, to design a research approach that defines boundaries but at the same time leaves space for the researcher to move freely within that space. With this in mind, it becomes clear why we are avoiding categorizing our research according to a single philosophical stance. It leaves the possibility to discover, expose, or invent something while analyzing this phenomenon.

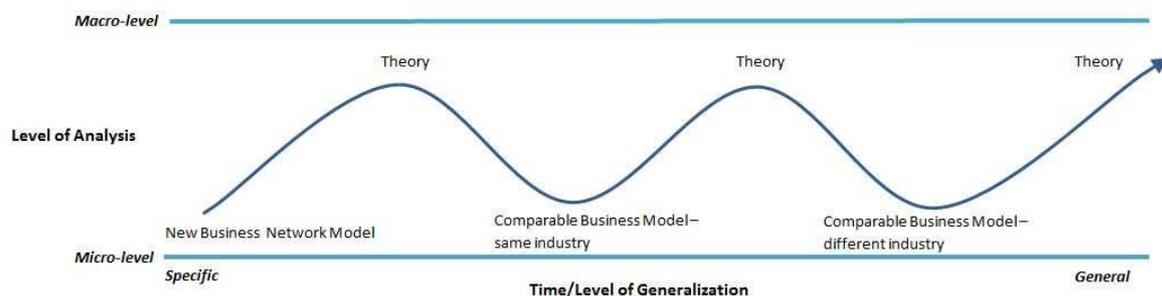


Figure 3: Research Approach (adapted from Urde, 1997)

With all these aspects in mind and the preliminary research conducted with academics from different areas of business studies we have defined a strategy for our research (see fig. 3). This research strategy is inspired by a similar research strategy defined by Mats Urde (1997, p.58). It consequently defines our way of thinking and reasoning. Scholars generally define two different ways of reasoning as when conducting management research, a deductive and an inductive approach. The two approaches can be differentiated in the simplest way by comparing the starting points. Where

deductive reasoning is a top-down approach which starts at a general level to define a specific event, inductive reasoning follows an opposite logic of starting at a specific example to draw general conclusions. A combination of both approaches is defined as an abductive approach (Bryman/Bell, 2011; Jacobson/Sandin, 2002). As a specific phenomenon serves as the starting point for this research paper, it indicates that we follow an inductive research approach. At the same time the research is set up to change perspective to a macro level to constantly reevaluate the information generated from the primary data. By using this technique of zooming in and out between micro and macro level the research approach can be classified as abductive. The abductive approach is used to regularly compare the findings from our research with relevant theory. The metaphor of a swimming pool can be used to illustrate this approach: By jumping into cold water we are seeking for information in deep water and dive into unknown areas; as soon as we get out of the water we can analysis and evaluate by looking down on our research findings and can jump back respectively. Working abductively is especially helpful when conducting case studies as this approach holds the risk to neglect theoretical considerations as researchers work closely to practice and disregard bird's eye view that shapes relevant research.

With regards to our preliminary research and previous academic knowledge and experience we were able to identify a topic of interest to further analyze. For every conducted research it is important to be of academic relevance. Academic relevance can be achieved by fulfilling the factors that define valuable management research (Easterby-Smith, 2008; Mason; 1996; Lincoln/Guba, 1985; Guba/Lincoln, 1994)

- Validity
- Reliability
- Generalizability

There are different methods and techniques that have been developed over the past and tested against reality to define a common ground for all researchers and provide the researcher with a toolbox to successfully collect, evaluate, and analyze data and produce valuable research. By elaborating on our research considerations and contextualizing our research we have set the boundaries for our research and by doing this we are able to define a methodological framework to answer the main research question.

3.1.3. Methodological Framework

The focus of this section is to define the methodological framework for this thesis and therefore will not further discuss the methods of our preliminary research that led to the area of research and the central research question of this thesis.

Our central research question focuses on the determining factors influencing relationships and role conflicts in new business networks. To successfully answer the developed research question the research for this thesis is designed along qualitative research methods and utilizes a number of different techniques to collect primary and secondary data. This thesis is designed as an explanatory case study to find underlying principles in the above-described phenomenon relevant to theory and practice (Yin, 2003; Thomas, 2011; Gering, 2007). Robert Stake (2006) describes this form of qualitative case study as an instrumental study. In our research design we also included ideas of longitudinal case studies by trying to incorporate data of different time periods and additionally different industries.

As described, our research focuses on a new phenomenon in an under-researched industry therefore the research relies heavily on primary data. At the same time it is important to consider the theoretical dimensions and therefore secondary data is needed to make sense of the primary data collected and make it accessible in an academic environment. One way of creating qualitative data is to use an action research approach which is a common method in post-graduate research as well as research that focuses on research that is both concerned with theory and practice. The ideas of Gummesson (2000) and Eden and Huxham (2002) are especially relevant to this thesis because they suggest that on the one side a researcher approaches a topic with a 'theoretical trajectory' which can result in bias but at the same time provides the researcher with a background that might help to develop new concepts or theories. As the intention of this research is to grasp a better understanding of the relationships and role conflicts within new business networks, a certain involvement in the organizations investigated is a useful method to analyze and answer the corresponding questions that arise from the research design (Easterby-Smith et al., 2008; Lewin, 1948; Yin, 1994; Thomas, 2011).

When conducting qualitative research a researcher needs to consider a number of factors that are important to be able to access the required information needed for the analysis. Firstly, the researcher needs to pick a sample that is representative. Secondly, the researcher needs to decide of the level of structure. Thirdly, a feasible method of data evaluation and interpretation needs to be chosen (Easterby-Smith et al., 2008; Jones, 1985; Burgess, 1991; King, 2004). The main focus of this particular research lies on the relationships and role conflicts of the participants within a business network. At the same time it is essential to define the business model and learn more about the participants and their responsibilities. Hence, using triangulation is a feasible method for an exploratory case study as it is extremely important to create a holistic, detailed picture of the cases used to analyze the phenomenon of interest. Triangulation is a research method especially attributed to relativist management research and hence qualitative research (Bryman/Bell, 2011). This approach is designed to study an object from different perspectives using different methods and various data. By using triangulation the research can try to compensate the weaknesses of one method by the strengths of another. The intended outcome should be have an increased validity and a decreased rate of systematic mistakes (Blaikie, 1991; Easterby-Smith et al., 2008).

The first step of our research is to conduct semi-structured focus interviews with management personal of each cooperation individually and in person. This qualitative approach leaves the researcher with enough freedom to identify different themes of interest and learn more about the phenomenon and its direct and indirect environment. This technique especially helps to identify the main themes for analysis (Easterby-Smith et al., 2008). According to Hofstede (1984) the combination of qualitative and quantitative methods should be used when possible to quantify qualitative research. Hence, as a second step we conduct follow-up quantitative interviews with regards to the identified themes from the first interviews.

In addition to conducting interviews we used different methods to create a holistic picture of the relationships. In our research we will change the perception from an internal view to an external view by using observation to compare the participant's perception to reality. Additionally documentation, such as contracts, press and marketing publications, and advertising, will be used to test it against the information generated from the interviews and observation. At the same time we

will constantly move from the micro level of analysis to the macro level to compare the primary data with existing theories and models relevant to this topic. To be able to compare the primary data with existing theories the analysis also relies on secondary data consisting of academic articles, books, and business reports.

With the rejection of ‘black or white thinking’ we intend to stay flexible to be able to change the research design if new, unforeseen insights might exert a big influence on the research’s development.

3.2. Data Collection and Analysis

3.2.1. Empirical Data

3.2.1.1. Sampling

Easterby-Smith et al. (2008) state that it is ‘vital’ for research to be relevant to value the criteria of validity, reliability, replication, and generalization of the phenomenon under investigation. The sample used should be representative of the environment from which it is taken and also be consistent with the characteristics of that environment in order for the sample to be valid and reliable. The collected data also needs to ensure a certain level of generalizability for the sample to be relevant (Easterby-Smith, 2008; Bryman/Bell, 2011). Every research sample has to be checked against these factors to not be considered biased. This is extremely difficult for researchers to ensure and completely remove bias from a selected sample. Thus, researchers have to carefully choose and design the appropriate sample to “ensure that steps are taken to keep bias to an absolute minimum” (Bryman/Bell, 2011, p.177). This is extremely important for this thesis because a bias in our sample, which is the main source of data used for the analysis, would lead to a complete lack of validity and reliability, which are two of the most important factors of good research, as defined in section 3.1.2.

As the sample for our research we interviewed five representatives of the companies essential to the business cases. The three main interviewees are managers from our focal case analyzed in section 4.1. By interviewing the manager of Agricola Management group, which started to work with the supplier of the focal case (chapter 4.1) on a similar project a year prior (see chapter 4.2), it provides an additional perspective from a different point in time to the phenomenon under investigation. To include an expert opinion from an adjacent industry and a comparable business network we interviewed the licensing manager of one of the major German publishing companies who manages the company’s non-media products. This chosen sample not only provides our research with exclusive inside knowledge from an adjacent environment, but widens the timeframe and therefore increases the level of generalizability.

The sample chosen has an additional advantage as the number of interviews is reduced to a minimum, but at the same time provides the best possible knowledge available about the three cases. Whereas interviewing Dümmer provides information from the supplier side of the cases in section 4.1. and 4.2., the interview with OBI helps to analyze the retailer’s point of view for the cases in section 4.1. and 4.3. Hence, by choosing this specific sample of experts from related, but not interdependent cases, it provides a data sample that is valuable to test it against our observations and secondary data.

3.2.1.2. Semi-structured Focus Interviews

When conducting qualitative interviews researchers need to make a decision with regards to the limitations of time and resources, which issues to explore further and which to reject. By using a semi structured interview form, the researcher is able to passively and actively guide the interviewee towards topics of interest and at the same time leaves the interviewee with the freedom to introduce new ideas, concepts and issues (Easterby-Smith et al., 2008). By decreasing the level of structure within an interview the researcher increases the level of chance of discovery but at the same time increases the level of 'noise' or unwanted information. One method of conducting qualitative interviews and balancing the chance of discovery and 'noise' is using guided, open interviews. Prior to the conducted interviews we developed an internal interview guide (see fig. 4) with a number of different questions for each area of interest. Developing such a guide is a helpful tool for inexperienced researchers to focus on the areas of interest, access questions when needed, and pre-categorize the answers according to the developed themes.

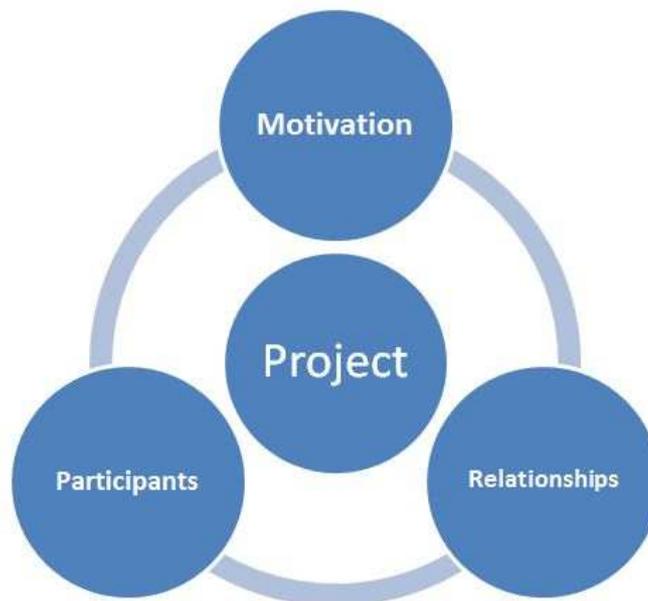


Figure 4: Themes for Semi-structured Focus Interviews

In-depth interviews offer a number of advantages when conducting qualitative research in comparison to impersonal interviews such as phone- or Internet-interviews. Burgess (1982) argues that interviews provide the researcher with the opportunity 'to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience' (1982, p.107). In-depth interviews are also an appropriate method to create a holistic picture of a phenomenon, scenario, or issue by including and trying to understand the respondents' point-of-view. Often the information needed to develop this picture is of a sensitive nature, because it is personal, commercial or confidential. The difficulty for researchers then is to access this personal knowledge and particular viewpoint of the interviewee. The research needs to develop a personal relationship with the respondent to reduce mistrust. Therefore, the researcher needs certain skills and a level of sensitivity (Easterby-Smith et al., 2008). Different experts argue that the best way of building a relationship and reducing mistrust is to conduct one-to-one personal interviews in an environment known to the respondent. By reducing the sources of irritation the

chances of accessing hidden information increases drastically (Easterby-Smith et al. 2008; Jones, 1985). One major advantage of our chosen interview method is the fact that we are able to conduct all our interviews in person. Due to the previous connection to one of the interviewees we can rely on an increased level of propositional trust as our research was advocated among the respondents.

The actual interview process was designed to give the interviewee control over the conversation which increased the level of comfort and therefore gave profound insights to the topic of discussion. All interviews started with the question: "Can you please describe the project from your perspective and identify the participants' responsibilities?" This is an effective way to give our research different perspectives on the same phenomenon but also helps the respondents to reflect on the topic. After this first interview section providing details about the network, tasks, and participants, the questions consequently move into the areas of motivation and relationships. The interviews do not follow a distinct structure to be able to focus on specific topics and statements in more detail and also to stay in the flow of conversation without abruptly interrupting the respondent's train of thought.

For our research we conducted five in-depth interviews which took between one and two hours. Four interviews were conducted in person at each respondent's office. Both researchers were present at all interviews. The interview with the manager from Agricola Management Group was conducted via Skype conference because the respondent is located in Nashville, Tennessee, United States. All interviews were recorded via voice-recording software and later transcribed. The transcripts were sent to all respondents for revision and approval. Due to the length of the transcripts they are not included as an appendix in this thesis, but can be accessed on demand.

The interviews are originally conducted in German. For the evaluation we translated the most relevant arguments into English. They are highlighted in respective chapters 4 and 5 by quotation marks. As these arguments are presented as direct quotes we made sure to confirm the validity with the respondents.

3.2.1.3. Questionnaires

Easterby-Smith et al. (2008) argue that people not necessarily say what their exact motives are as they often adapt their own ideas about reality and motives from commonly distributed half-truths. As we discussed in the previous section trust is a crucial factor when generating primary data because it enables the interviewee to talk openly and provide 'more truthful' information. Due to our belief that a 'universal and complete' truth can never be achieved, we follow the ideas of Hofstede (1984) to quantify our qualitative findings to maximize the reliability and validity of data.

As described in the next section, a researcher should never separate data collection and analysis but constantly reflect, re-evaluate, and confirm data (Easterby-Smith et al., 2008). This idea also links directly to the method of triangulation described earlier. In our research we are following these ideas meticulously to generate adequate and credible findings. Therefore, to evaluate and verify the identified themes and ideas from the semi-structured interviews, we designed quantitative follow-up interviews in the form of a questionnaire (Appendix 1). This questionnaire was sent to all respondents from the qualitative interviews via e-mail.

With regards to theory, these questionnaires cannot be classified as being purely quantitative, because the usual sample size of quantitative data is larger and serves the purpose of generating specific data (Easterby-Smith et al., 2008). Nevertheless, using the questionnaires to cross-check the

qualitative data is another way of triangulation (Deacon et al., 1998). For our research we use the questionnaire for the single purpose of verifying and conceptualizing our qualitative findings.

3.2.1.4. Interpretation of Data

“There are many ways in which data can be analyzed. What researchers need to bear in mind is that most methods of analysis can be used for a wide variety of data.” (Easterby-Smith et al., 2008) With regards to our research considerations, a qualitative analysis provides the necessary perspective and methods to systematically and effectively analyze the data and consequently challenge researchers to consider different research areas as well as providing new approaches to known phenomena. In the case of this thesis it is extremely important to have a prepared mind to find relevant information encrypted in the qualitative data (Austin, 1978). At the same time the outcome of this case study is difficult to anticipate as qualitative data leaves a wide space for interpretation. This research is designed as a strongly empirically-driven approach. Hence, the data collected will be analyzed according to principles found in grounded analysis because the thesis focuses on general themes rather than specific content. Even though, grounded analysis is closely associated with grounded theory and criticized for its lack of usability, it is most feasible and practicable for our analysis (Glaser/Strauss, 1999). As this analytical method is designed to identify themes and patterns, it is especially useful when analyzing semi-structured interviews that provide extensive qualitative data (Easterby-Smith et al., 2008). By pre-categorizing the interview structure we are able to effectively focus on the themes that are most relevant for our analysis.

When using semi-structured interviews with open-ended questions, familiarization is a very important part of the analysis (Glaser/Strauss, 1999). The first step to do this is to write transcripts of the recorded interviews. The transcripts not only serve as prove for the researcher when evaluated but also helps the researcher to focus and familiarize with the content by re-listening and writing. By re-writing, taking notes, and evaluating the transcripts the researcher is then able to structure and focus his/her attention themes relevant to the analysis (Glaser, 1978). The analyzed data also needs to be coded to be able to sort the material and create an overview of relevant themes (Lundahl/Skärvad, 1999).

As our research follows an abductive approach we are able to constantly compare our findings to our theoretical framework. In qualitative research the gathering, coding, evaluating, and analyzing of data should be conducted simultaneously. Easterby Smith et al. (2008) also propose that researchers should try to avoid distinguishing between data collection and analysis. Therefore, it becomes more difficult to clearly define which consecutive steps to take in such a dynamic approach because it should be seen as a circular motion of evaluation, conceptualizing, analyzing, and re-evaluating (Glaser/Strauss, 1999). With regards to Bryman and Bell (2011), research that is designed to generate qualitative data is usually iterative. As discussed before, in an abductive approach a researcher often needs to go back and forth between theory and data throughout the analytical process. In accordance with our research consideration and design we are following an iterative process and by doing that following the principle of ‘disciplined imagination’. Furthermore, this iterative approach provides our analysis with a greater level of flexibility and adaptability as well as self-control.

3.2.2. Literature

Each chapter of our thesis is designed in a funnel structure. Every part starts at a broad level and continues to become more specific or vice-versa. The theoretical framework is designed in the same

way and therefore it is important to have an extensive literature base to structure the top of the funnel which focuses more on secondary data and theoretical knowledge. To be able to build our theoretical framework we gathered a vast amount of research material. This research material consists of different primary sources, mainly academic journals and books.

The tools used to gather academic journals for our literature review were Summon (the Lund University electronic database) and additional academic databases, such as Emerald, Google Scholar, and JSTOR. The key words used for our literature review were: 'B2B marketing', 'branding', 'corporate branding', 'licensing', 'business relationships', 'buyer supplier relationships', 'role conflicts', 'business cooperation', 'trust', 'control', 'knowledge', and 'fast moving consumer goods'.

Our textbook sources were chosen based on their strong relevance to the area of research and their connection to our field of study as well as academic recommendation. The majority of the textbooks used was part of our academic program and thus, are academically validated and trustworthy sources.

Additionally, we used the Internet and online sources relevant to our research. When using websites and online sources it is always of essential importance to use sources that have a high level relevance and validity (Easterby et al., 2008). As defined by Selvin and Stuart (1966) we used the Internet for 'trawling' and 'fishing'. The 'trawling' method was used to develop a general and superficial understanding for the area of research and the topics within that area. On the other hand we used these sources primarily as a dictionary and to 'fish' for specific data, e.g. current market data, company profiles, etc.

3.3. Academic Delimitation

Academic research is always limited by its own requirements and therefore can never provide complete and unchallengeable truth (Bryman/Bell, 2011). The presiding limitation in all academic research is the scarcity of time and resources that a research has. With regards to the provided time limit for this thesis the amount of data collected has been reduced to match academic standards and at the same time be manageable. By analyzing three different cases we provide a rich context for our analysis (Yim, 1994). With regards to considerations about sample size and academic standards, additional cases could have provided this thesis with a greater level of generalizability and validity.

Another limitation that needs to be taken into consideration is the fact that the enormous amount of qualitative data can only be evaluated and analyzed with regards to the pre-developed themes. A further analysis might possibly lead to discovering new and valuable insights that provide information for further research (Easterby-Smith, 2008). Every qualitative research approach can be questioned with regards to validity and reliability (Bryman/Bell, 2011). When tested against our own benchmark, the level of validity is not as high as personally desired, due to the lack of time we are restricted in cross-examining and re-evaluating our primary data. Additionally we are not able to assess our research in retrospective to test it against our own ideas and therefore our research lacks the testing against its own claims.

4. Three Cases of Newly-Established Business Networks

In the following paragraph different business networks are being emphasized in order to answer the central research question. Hence, roles and role conflicts within business networks and the deriving

opportunities and threats for the participating companies represent the research focus. By using empirical data of qualitative research, insights of business motivation and perception shall be highlighted. Moreover, the interviewed employees of concerned companies were carefully selected with regard to their network's involvement and direct contact to the other participating companies. Therefore, statements and opinions of these people strongly portray their company's philosophy and strategy.

Within the conceptual framework of the researched business networks, an overview of the involved companies as well as their main roles is presented. The arrangement of the respective company's position within the network has been chosen coincidentally and does not reflect any power or control structures. The precise description of the listed companies' tasks, role within the network and their motivation takes place in the evaluation of the qualitative research, the personal interviews, in the following chapter.

The role of the consumers has not been respected within all researched business networks. Time and organizational limitations impede a profound analysis of the consumer's perception of the business models and the corresponding consumer products that go along with it. Therefore, a possible quantitative and qualitative consumer research is not part of this research. However, since one business network (case 1) is in its initial phase, a follow up study would be highly interesting in order to reconcile the corporate intentions of this project and the consumers' valuation of it.

Throughout the evaluation and analysis of this research, the terms project, business network, business model, business relationships and license business are used interchangeably. This circumstance does not intend to violate any theoretical and scientific standards and classifications, but rather aims to respect the individual view of the concerned companies on the business that is being researched in this report. Furthermore, it illustrates different modes of sensibilities for one and the same phenomenon – either expressed by persons representing the participating companies or the researchers themselves.

The evaluation is arranged the following topics: project, participants, relationships, motivation and outlook. First, the interviewee's assessment of the entire project into the context, position and strategy of the respective company is being depicted. Thus, the project can differ in perceived size, importance and direction. In the section participants the interviewee's subjective evaluation of the other participating companies and their tasks is being presented. Next, the paragraph relationships deals with how close and well the companies are related to each other. Possible conflicts or positive aspects are mentioned during this section. To sum the qualitative evaluation up, the individual motives for the project entrance as well as an outlook is being emphasized. Repetitions of project's stages, tasks and roles are non-avoidable, but necessary to assure a 360° perspective on the business model by taking all opinions and statements into consideration.

4.1. Business Networks – Case 1

4.1.1. Introduction

This is a case of a business network that is of high interest for the conducted research as well as for the involved companies themselves. The conceptual framework as it is illustrated on figure 5, is new within the green industry of the focal company, Dümme, and is in its initial phase. The outcome and success of this constellation is unknown and predominantly subject to the consumer's response.

Moreover, the following paragraph deals with the project scope, the participants’ tasks and their motivation for entering this business model. Research findings with regard to roles and role conflicts within this newly developed business network derive from the qualitative research of this paper, which had been discussed in chapter 3. The intensity and depth of the research distinguishes this business case from the other two, following cases since this first business case is of high relevance and importance for the research’ target to analyze roles and role conflicts within newly developed business networks. It is the focal case of this report.

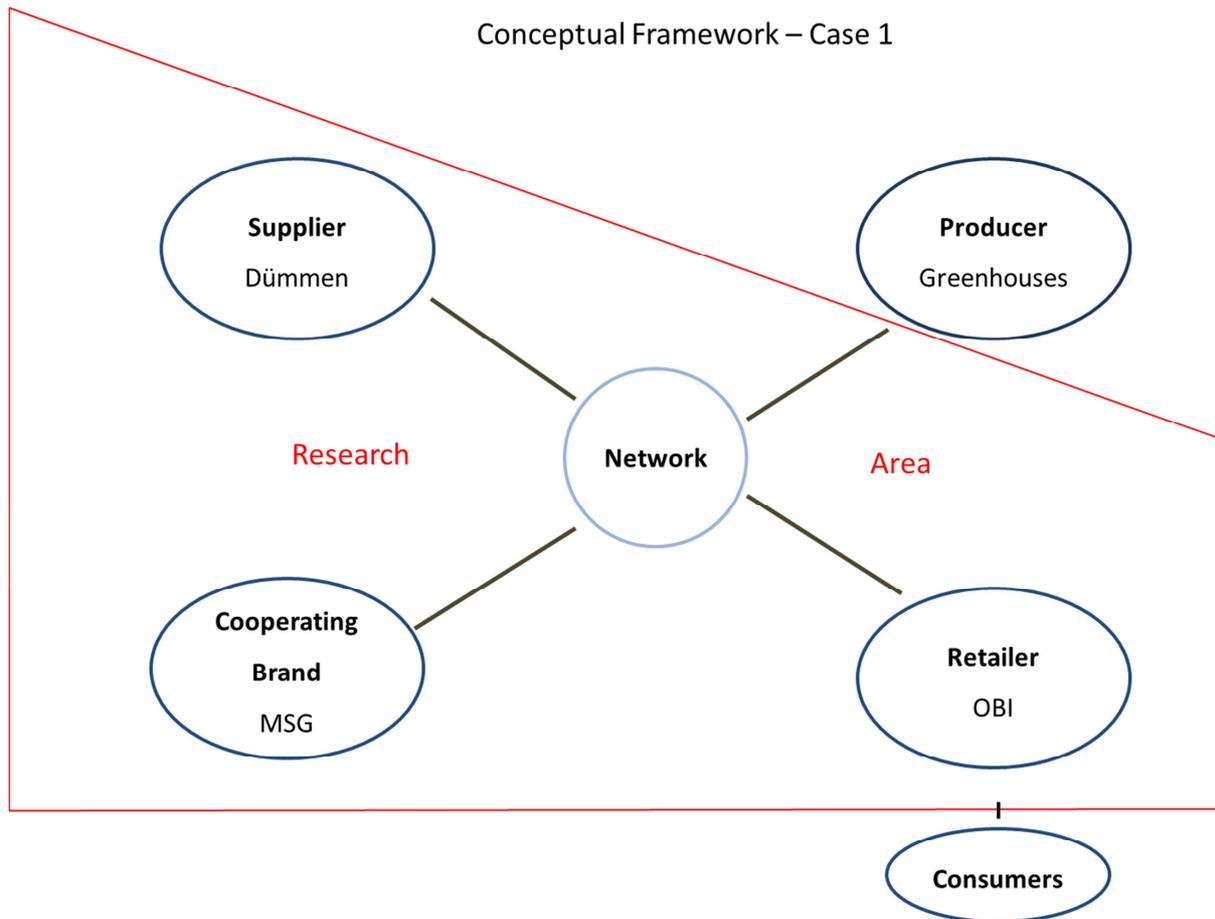


Figure 5: Conceptual Framework of Business Case 1

To begin with, a short description of the researched business network needs to be given in order to ensure a quick overview of the involved parties. Dümmer, as the supplier of young plants and flower cuttings, cooperates with the well-known brand ‘Mein schöner Garten’ (MSG), a special interest gardening magazine, to brand and market its final products under the name ‘Mein Schöner Garten Blütenpracht’ at Germany’s biggest DIY-retailer OBI.

As Dümmer is the supplier within this network, the greenhouses are the actual producers of the final product. Dümmer negotiated a certain guaranteed sales quantity with them and runs a quality management to assure the appropriate production of the flowers. The logistics of the transportation of the flowers from the greenhouses to the retailer OBI is being arranged among these two parties. Dümmer is not involved anymore.

As a retailing partner in this business network only OBI has been named. However, another 15, independent garden centers are participating as sales outlets for the consumers. Since they all have an individual characteristic they cannot be considered due to the time limitation of this research. Moreover, these garden centers do not represent the core retailing partner in this business network; they are not part of the inner, strategic business partnerships as presented in the conceptual framework. All of them have little influence and power within this business structure.

4.1.2. Background

For this case the participating companies are closer described in order to illustrate their business background and to put their later analyzed activities within this project into the context of their core business fields. The analysis of corporate strengths and weaknesses of these companies also supports the research by exploring the respective motivation and targets for entering the concerned project. Moreover, the short, but meaningful companies' profiles are of use for the upcoming second and third business case. This reflects the fact that the involved companies of the other analyzed cases are active in a similar industry and have the core business competence in common.

4.1.2.1. Dümmen

As a supplier of young plants and flower cuttings Dümmen has gained over 40 years of experience in their field of expertise within the green market. In an ever changing and increasingly globalized world market, the expansion of Dümmen's sales and production markets throughout the world depicts a strategic decision to invest and maintain a strong supply chain and customer service management on a global scale. However, CEO Tobias Dümmen recognizes a constant rising influence of the retail sector on the supplier within the green industry. This requires, in return, a high level of innovativeness and research investment of Dümmen and its competitors. Therefore, Dümmen emerged their business with the Dutch Agribio group in February 2013 in order to use synergy effects for efficiently investing into the research and development departments, which illustrates a crucial business factor in the quickly developing sector of flower cuttings of the green industry. The new enterprise is said to be one of the biggest gardening entities of the world employing 6,000 employees and generating €175 million sales revenue (Plien, 2013). Whereas the Dutch partner is responsible for cut flowers and pot greenery, Dümmen is keeping their core business segment of bedding and balcony plants and their Christmas stars. These are produced in the production El Salvador. The German news magazine 'DER SPIEGEL' and a TV station reported that Dümmen is violating human and labor rights at this production location (Glüsing et al., 2012). Dümmen, however, contradicted the critics by stating to have working standards above the national average and to act to the best of their knowledge and belief (Kaussen, 2012).

Dümmen has a global supply chain management at its disposal. The headquarter in Rheinberg/Germany manages the strategic direction and control of the production sites in Italy, El Salvador, Costa Rica, Ethiopia and China. The complementary sales offices are situated in the U.S., France, Italy and China. Since Dümmen is exporting its products to 48 countries all over the globe, the strategic distribution of production and sales representations contribute to an efficient supply chain management and local customer service. According to Dümmen, long-term business relationships, close cooperations and a strong combination of sellers, sales representatives and agencies are key characteristics for its strong sales network (Dümmen, 2013). Over 56% of all sales revenue is being generated in the home market Germany and in the U.S./Canada. Other crucial sales areas for Dümmen are Italy, the Netherlands and France. This illustrates the overwhelming impact of the entire European market as 66% of all sales derive from there (Dümmen, 2013). Dümmen is

currently holding a strong global market position. Its top ranks on geraniums, poinsettia and plant combinations represent a balanced market diversification of several products instead of an ultimate dependence on one product. Geraniums and poinsettia are balcony and pot plants, which have become a central field of Dümme's business activities.

As a consequence of the increased exploitation of international markets, Dümme decided to introduce a globally acceptable brand sign in 1995: 'RedFox'. According to Dümme, the brand name should depict its innovative and dynamic company approach. Although this brand name used for both the B2B and B2C markets, the penetration on the consumer market could have not been reached to a bigger extent with the brand RedFox (Dümme, 2013).

The Internal Factor Evaluation-Matrix (IFE) is a management tool that analyses internal strengths and weaknesses in the functional areas of the researched business by assigning respective weights and ratings to each individual factor. David (2011: 112) correctly states that the IFE "provides a basis for identifying and evaluating relationships among the [focused] areas." Limitations of this matrix are its subjective, intuitive judgement. Therefore, David adds the notion that this tool should rather focus on the factor analysis than on pure numbers. Thus, the IFE Matrix is a sound mean to initially classify a company's strengths and weaknesses and to gain an overview of the most crucial business characteristics. Since this research paper is of qualitative nature, the respective strength and weaknesses are only listed and not given correlating numbers and weights. This research approach shall weaken subjectivity and respects the different industry areas of the research companies.

Table 1: IFE-Matrix Dümme

Strengths	Weaknesses
supply chain management (global production and sales offices on four continents)	public reports about poor working conditions (in the production location El Salvador)
strong brand name in the B2B sector (RedFox)	weak B2C penetration (were not able to establish a brand name in the B2C sector)
High R&D investment (economy of scale with new partner Agribio)	

4.1.2.2. Burda

The Burda publishing and media concern was founded in 1903 in Offenburg. Starting as a printing house, the family-owned enterprise is nowadays led in the fourth generation. The over 8,000 employees of Burda generated a sales revenue of €2.175 billion in 2011. This depicts a growth of 26.5% in comparison to 2010 (€1.72 billion). According to the executive chairman, Dr. Paul-Bernhard Kallen, the corporate target is to continuously grow by two digits. Most famous publications are the German 'Playboy', 'Bunte' (celebrity, gossip and news) and 'TV Spielfilm'. Participations in TV and radio stations are rounding off the extensive media presence.

Although Burda is a classical publishing house having its core market in Germany, the company tries to compensate the decreasing sales revenue in the print media market, which consists of the published magazines, through extending the digital business (Sueddeutsche.de, 2013). Online

shareholdings in the animal food retailer 'Zooplus', the career platform 'Xing' (German equivalent to LinkedIn) and the online company 'Holidaycheck' prove the existing diversity of Burda's markets. With a growth of 37% in 2011 the digital market had been the strongest growth driver among the other growth areas foreign markets and gravure printing (Hubert Burda Media, 2013). The print media market accounted for 47.9% in 2011.

With regard to a thesis' focus of analyzing the business relationship of a Burda published magazine, Mein schöner Garten, it is important to illustrate the home and gardening area of Burda. According to Hubert Burda Media, there are 24 magazines in this segment. These are classified as special interest magazines. 'Mein schöner Garten' is a fundamental part of this special interest segment as it is Europe's biggest gardening magazine with an edition of 321,548 copies. Burda approaches their target group (readers of the age of 40 and more) with innovative tips and inspirations for the gardening area. The copy price of €3.80 and the monthly publication frequency are indicators for a high premium and expensive medium. The 'Arbeitsgemeinschaft Media-Analyse' (agma), a working group financed by the advertising industry, analyses and carries out market research among various titles in the print segment and other media. According to the agma (2013) the readers of 'Mein schöner Garten' can be characterized as primarily women (60%), between 30-69 years old (68%), head of the household (65%), married (77%) and by a net household income of €2.500 and more (52%). These results of market research illustrate the quality demand and social situation of the magazine's readers. The advertising revenues in the magazine are the main income source next to the copy sales to the consumers. Burda demands €23.900 in average for advertising one full page in color (agma, 2013). 'Mein schöner Garten' already tries to strengthen their brand on their online platform (mein-schoener-garten.de) and through own brand products like calendars and reader trips (Hubert Burda Media, 2013).

As the brand 'Mein schöner Garten' is central and more related to the thesis' topic, the IFE Matrix reflects the internal strengths and weaknesses of the magazine instead of the entire Burda house.

Table 2: IFE-Matrix Mein schöner Garten

Strengths	Weaknesses
Premium Product (is able to separate themselves from mass, low-priced magazines in the gardening segment)	Niche market (growth potential is limited due to the strongly framed audience)
Strong and solid publishing house behind it (Burda's strong position on the German market can compensate possible financial losses)	Core business of copy sales and advertising revenue is shrinking (other sales markets need to be exploited)
Market Leader (with regard to the edition quantity Europe's biggest gardening magazine)	

4.1.2.3. OBI

OBI was founded in 1970 in Hamburg by Manfred Maus and Emil Lux. The company's name OBI goes back to the French phonetic transcription of the word 'hobby' (OBI, 2013). The idea of the first do-it-yourself (DIY) stores in Germany are an adaption of the U.S. model that already established stores

that offered coating color, nails and special working tools under one roof which one would normally only get in a specialist store. Today OBI is the leading construction and DIY-store within Germany (OBI, 2013). The German DIY-market is being characterized as a saturated, displacement and highly competitive market in which companies are following aggressive advertising campaigns and price discounts to increase their market share (Handelsblatt.com, 2012). OBI, however, tries to differentiate itself from low-price competitors through quality and reliability (Henseler, 2013).

OBI is present through over 340 markets in Germany and 580 markets in 13 countries worldwide generating sales revenue of €6.9 billion in 2012, which depicts a 5.5% growth to the previous year; 44% of the sales revenue had been made in foreign markets (Handelsblatt.com, 2012). Currently, 43,100 employees are working for OBI. According to TNS Infratest (2013), a market research institute, OBI has a supported brand awareness of 97% in Germany belonging to the best known brands in this country.

OBI follows an 'intensive expansion strategy' within Europe; especially Eastern Europe depicts a potential growth market (OBI, 2013). The group structure of OBI is characterized by the fact that many OBI markets are franchising entities and do not directly belong to the concern (OBI, 2013). The Franchise-Journal (2009) quotes the executive chairman of OBI, Sergio Giroldi, who claims that franchising had been part of the corporate history and will be continued in the future. Moreover, as joint ventures play a more important role for OBI in foreign markets, franchising is mainly being executed in the home market and the German speaking countries Austria and Switzerland; 27% of all OBI stores worldwide are franchising entities (Franchise-Journal, 2009). The Austrian Wirtschaftsblatt (2013) names motives for following the franchise strategy. According to this business newspaper companies like OBI try to minimize their financial risk in times of economic crises by setting up and keeping this franchising model as a 'safety net'. In contrast, franchisor OBI faces the difficulty to control and ensure the application of corporate guidelines by the franchisee which can become a costly matter depending on the degree of control one aims to execute (Perspektive-Mittelstand.de, 2009). There are only 40 works councils in 340 OBI markets in Germany as the newspaper Stuttgarter Zeitung (2008) claims. Moreover, this medium reports that OBI systematically tries to avoid the establishment of those councils by impeding and influencing the concerned employees.

Each OBI market is in average 7,000 square meters big and offers 40,000 to 60,000 products in their sales area (OBI, 2013). All markets are clustered by purchasing power and potential. Moreover, every individual market type (mini, small, medium, large and extra-large) is assigned a customized concept and a floor plan that regulates the category management of all products (Henseler, 2013). This illustrates a strategic tool for OBI to ensure that all products are presented in the same way in its franchisees' stores. The concept gives information how the design and construction of the products and their POS advertising material needs to be managed (Henseler, 2013). The core competence of OBI lies in the product range of gardening, construction materials and elements, tool kits, sanitary accessories and interior decoration (OBI, 2013). With regard to the concerned product of the first thesis' case, flowers, it is necessary to mention that OBI sells 82 million pieces of bedding and balcony plants in Germany every year.

The target group incorporate families, semi-professional and professional craftsmen (OBI, 2013). OBI has established private labels within their markets which can be seen as useful tool for boosting the online retail segment, which many companies try to do in the DIY-sector at the moment, through a well-known brand (Meistertipp.de, 2013).

Table 3: IFE-Matrix OBI

Strengths	Weaknesses
market leader in the DIY-sector (over 340 markets in Germany)	few works councils (only 40 out of 340 markets)
high brand recognition (97% in 2011)	difficulties to execute control (franchising system)
extensive product portfolio (40,000 to 60,000 articles per market)	

4.1.3. Project Scope

The following section aims to classify the project with regard to the respective, corporate strategy of all involved companies. Therefore, a better understanding of the individual project's value and appreciation is given, which is likely to explain possible role differences within this business model.

Dümmen has been the initiator of the cooperation with 'Mein schöner Garten' (MSG) and OBI. The company actively searched for brand and retail partners in order to establish a new business model for branded flowers within the green industry. First of all, having the experience from a comparable project in the U.S. (see business network 2/chapter 4.2); Dümmen knew how the profile of potential business partners had to look like. Dümmen (2013) outlines that the decision to select and start negotiations with MSG in December 2011 was the fact that "the brand [MSG] is close to the bedding and balcony plants as well as to the consumers, who are willing to buy the product". Moreover, it had been taken into account that MSG has got the biggest magazine edition and the best image in Germany. Although Dümmen made a profound analysis of the choice to select MSG, Dümmen also has the feeling "that the right people were in the right place, at the right time". Next, having won MSG as a Partner, Dümmen looked for a well-known retail partner that could bring this "packet onto the market (Dümmen, 2013)." Without a strong partner behind, Dümmen claims not have convinced any retail partner at all since they are used to just recall the last year's order in case of successful sales revenues and won't strike new paths on own initiative. Dümmen contacted several potential retail partners at a flower trade in June 2012 and also met André Henseler, the product range manager of OBI, for the first time. Both parties quickly reached an agreement. Dümmen (2013) also added that only a "certain size" of the partnering company within the retail sector is able to handle the project. OBI started to sell the flowers at the end of April 2013 in their retail outlets. Hence, the entire lead time for this project had been one and a half years.

For MSG, in return, the project depicts a complementary part of its entire merchandising strategy. According to MSG (2013) the project's target is to increase the brand's presence at the point of sale (POS) through the flowers that are available at OBI and other gardening centers. Consequently, the awareness of the brand MSG shall be strengthened as Europe's biggest gardening magazine. Furthermore, MSG states that brand line extensions of MSG in the last few years like books and calendars "were closer to the brand" since these were print products as well. The publishing house is aware of the fact that the brand's core cannot be overstretched with products that hardly have any brand relation. However, flowers, as a non-media and print product, had been a corporate desire for a long time (Schmerbauch, 2013).

In the past, so OBI, bedding and balcony plants belonged to a standard assortment within the gardening division of DIY-stores and were subject to high price sensitivity. Moreover, other departments of OBI were profiting from this high sales frequency in the past and will do so in the future. OBI as a good and trusted brand, however, developed an own demand to offer more than just standard products (Henseler, 2013). The branded flower product 'Mein schöner Garten Blütenpracht' is a meaningful complementation of the existing flower assortment for OBI to differentiate itself from discounter-oriented competitors by offering best quality in a garden center of a DIY-store (Henseler, 2013). OBI emphasizes that the right mix is decisive for the consumer by neither having a 'stand-alone garden center quality' but neither be on the level of the competitors with low-priced products. This DIY-store appreciates that this marketing concept with its consumer oriented solution and collection approaches also younger people that do not have any clue about flowers at all (Henseler, 2013). OBI appreciates this project by claiming that "it's a dream to combine the problem solving product and its collection with the existing trust and reputation of the brand MSG".

4.1.4. Tasks

The graphical illustration of the conceptual framework shall be complemented by the allocation of all tasks that every network party is overtaking. Within the following paragraph these tasks are being described and assessed under the consideration of the qualitative research with all three members. Dümmer assesses the task it fulfills within this business network as complex and coordinative. To begin with, Dümmer was responsible for the contractual and organizational agreement with the producers of the flowers. As the imitator of this project, Dümmer had to find producers and to win partners, garden centers, in the retailing sector besides OBI (Dümmer, 2013). Dümmer looks back on difficulties of convincing the retail partner to participate in this project. The selection of producers went along with the determination of quantity terms and for which retail partner the flowers are being produced; the logistics between the producer and retail partner is out of Dümmer's responsibility (Dümmer, 2013). This also means that Dümmer, regardless of the sales revenue within the first project year, has already a secure purchase and passes over the financial risks to the retailing partner. Next, a central task of Dümmer is the choice and composition of the flower assortment that is being marketed in the OBI retail stores. Dümmer reports that there are three different flower assortments targeting different consumer groups: for do-it-yourselfers, decorators and epicures. Especially the flower product for the epicures, a potted and ready-to-use product, represents a solution driven product for the customers. Additionally, Dümmer emphasizes that the flower composition the company chose, shall reflect the MSG brand: "high quality, special and reliable". As MSG's readers and (online) users are ambitious and well-educated, the experience of Dümmer in balcony and pot plants for the composition decision is a critical success factor for MSG within this project. Another task Dümmer overtakes is the booking of advertisements in the trade press that approaches other garden centers. Dümmer states that "especially in Germany there is a strong structure of high quality retail outlets in the gardening market." Therefore, advertising can further support the image of this branded flower product and win more retail partners in the future. Moreover, Dümmer provide the basic layout for the advertising material like labels and banners, at the POS with their own picture data. OBI is said to adjust the delivered image material of Dümmer according to their corporate identity. Burda is willing to take their own pictures in the following project year with a professional photo team in order to present the advertising even more consumer oriented.

Besides the brand authorship, thus being a licensor for Dümmer, MSG is actively contributing to the project's performance. MSG is going to accompany the project's kick-off with editorial and commercial content in MSG as well as in related magazines of the Burda publishing company. Additionally, the new, branded product is being presented online on www.meinschoenergarten.de and on its Facebook page. MSG intends to use the cross-media teaser for creating awareness and interest: potential customers shall actively go into OBI and ask for the product. For Dümmer "the way to the consumer" of Burda via its different media is crucial for the future selection and composition of the flower offering within project. Dümmer support a down-top approach and recognizes its responsibility to consider the consumers' point of view. Sonja Dümmer adds: "Burda is giving the input with regard to future assortments and in which direction this is leading. For OBI (2013) "Burda is transporting the message to the consumers through their magazine." By giving a shortened evaluation on Burda's tasks within this project and reducing Burda to the medial presentation of the branded product in the magazine, OBI touches upon its demand that this participant has the least active role and should invest more into this project.

MSG regrets that it was not able to integrate the new product into their shop system which consists of independent gardening retailers who have online shops. Due to the short lead time of the project this additional sales channel could have not been activated. These partners, so MSG, are quite careful as they have no experience with branded flowers. Another missed opportunity for MSG depicts the possibility to sell its magazines at OBI, which is targeted by MSG for the future.

OBI is being responsible to actually bring the products into the market (Henseler, 2013). In case of the branded flowers within this project, OBI (Henseler, 2013) is sure that "they got the most prominent place in our garden section." In this particular case, the flowers are placed in the second row of OBI's garden area (Henseler, 2013). The interviewee explains that consumers walk in the garden hall and pass the first row, where all the convenience articles like presents or souvenirs are situated. Although this is the first contact, the consumer needs the time and place to find orientation in the hall and turns into the second row after passing the first row (Henseler, 2013). Therefore, this product placement is the most promising one according to OBI. The MSG flower stand itself differs from all other flower stands in the hall: a frame with the product logo, the writing and the banner (Henseler 2013). OBI emphasizes the fact that this concept is accessible for every employee at every OBI store in Germany in order to assure the correct implementation of the project. The floor plan itself and the graphical illustration of the described product position had been not allowed to be published within this report due to internal restrictions of OBI. On top of that, OBI also supported the project through three own advertisings in the OBI commercial supplements and in the internal company magazine in order "introduce the project to the own employees (Henseler, 2013)." Finally, on OBI's initiative an advertising banner on OBI's car parks had been created for this project and in order to boost the customer's recognition (Henseler, 2013).

From the detailed description and evaluation of the companies' tasks and duties, the conceptual framework can be adjusted to the research findings. Figure 6 emphasizes this and gives an overview of the line-up of the entire project scope.

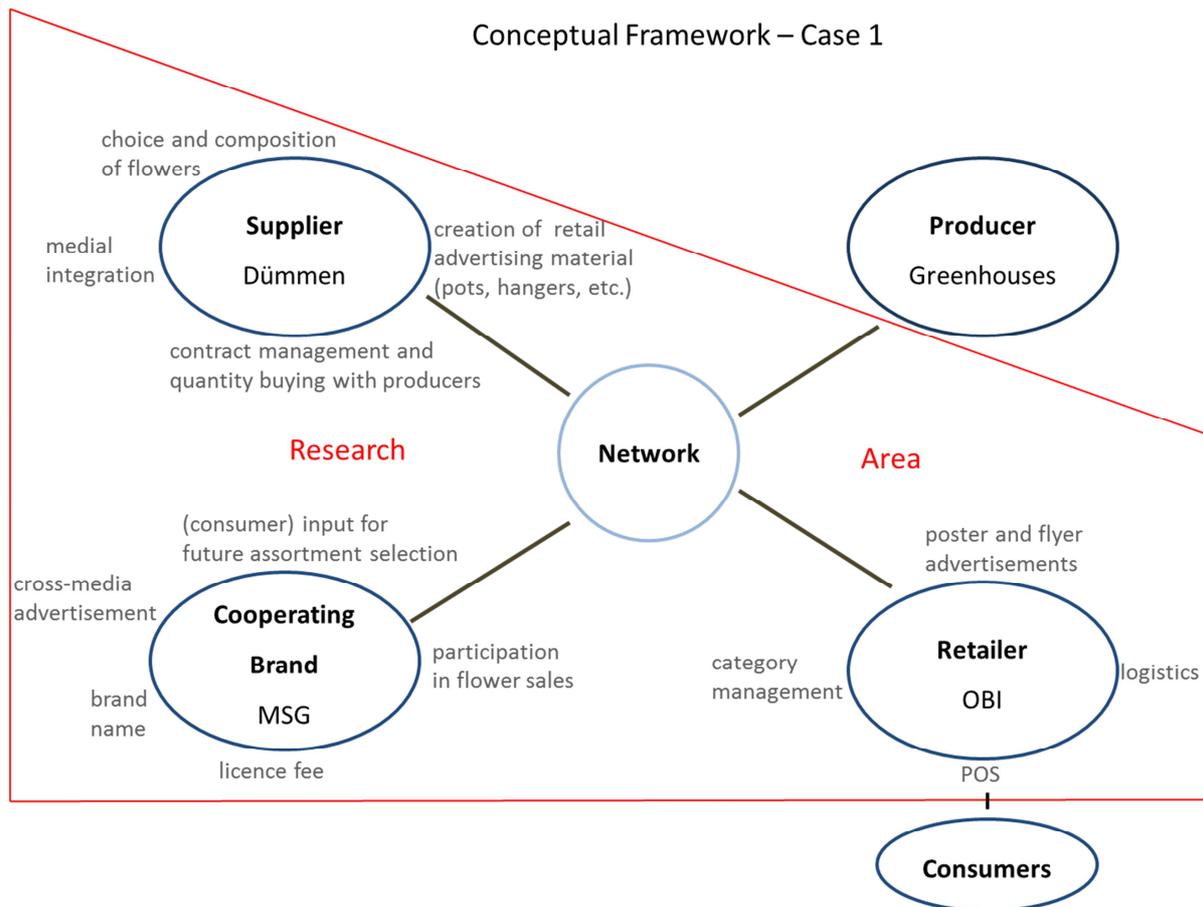


Figure 6: Allocation of Tasks within Business Case 1

4.1.5. Relationships

The different roles of the research companies within this network cause a dynamic interrelation among them. Each company regards the entire project from a different perspective and has an individual opinion on other's roles and their project's contribution.

Dümme regards itself as the mediating, organizing and active entity in this business network. Since Sonja Dümme herself, part of the head of management, is deeply involved into the project and the communication, trust between the partners grew quickly. Especially Burda appreciates the quick and personal communication with Sonja Dümme (Schmerbauch, 2013). Both Burda and Dümme are connected through the license which is a fixed, contractual agreement. As the brand licensor, MSG receives a basic amount at their disposal from the licensee Dümme and participates in sold flowers. Most communication between them circulates around the approval of advertising material that is being developed in close consultation (Dümme, 2013). Sonja Dümme, however, is disappointed that Burda was not able to realize the implementation of their online-shop system for this project. Although she takes the short project's lead time into consideration, the execution of the online offering failed in her opinion due to the inefficient organizational structure of Burda that needs a longer lead time to realize such demands.

OBI (Henseler, 2013) claims to have the strongest brand among all participating companies in this project: "The other brands benefit from being present at our stores and will not become stronger than the brand OBI." This statement underpins the self-conception of OBI's own role within this business network. OBI (2013) states that the reason it got the exclusivity of offering these branded product in its stores was the high sales volume that goes along with the project. Dümme (2012) in

return, argues that OBI'S the sales exclusivity in the DIY-market had been connected with the condition that OBI "in return, has to bring something into the project." This statement refers to the good positioning of the products within the OBI stores and adequate product markings. Although OBI developed such sales and marketing ideas in the past on its own, OBI had been convinced that the project under this condition perfectly fits to OBI and its demands (Henseler, 2013). OBI (Henseler, 2013) has a high appreciation for Sonja Dümmer by calling her "a pioneer in the green industry; nobody is stepping on the gas as she does and nobody has so full of ideas." However, the public search activities of Dümmer of finding a suitable retail partner caused serious irritations at OBI. The fact that Dümmer presented its concept to several competitors during the Flower Trials in June 2012 nearly scuppered the project: "Everyone in the industry knew the contractual details as they were more or less of public nature, it is a clubbing and stabbing world out there; the project stood on the brink (Henseler, 2013)!" This reflects the dissatisfaction of indiscretion of business information and has been perceived as an affront for OBI, which this company usually does not tolerate. Therefore, OBI is observing the project's development precisely in order to analyze a further, future participation. OBI (Henseler, 2013) concludes that this project only had been rescued as all partners were willing to make compromises, brought in their know-how and the entire idea of this new project for the green industry.

The relationship between OBI and MSG is more distanced. Both parties have only a few common points of intersection; mainly the creation of advertising material for the POS. Dümmer overtakes the connecting role in this context (Schmerbauch, 2013). OBI, however, suggests that Burda should invest more into the medial integration of the project in their magazine, through the internet and the e-commerce. Consequently, as Burda takes over more responsibility on the media site, OBI does not need to support the project through advertisings in their commercial supplements anymore; new advertising space could be sold to possible clients of OBI (Henseler, 2013).

All in all, a different, individual perception of the relationships can be recognized. Reciprocal demands are an indicator that all participants have a fundamental interest in the continuation and steady improvement of the begun project. The short lead time, however, impeded synergy effects as a wider and more efficient media presence and cross medial sales points.

4.1.6. Motivation

The illustration of the respective motivation of each party to enter this business network is of utmost importance in order to understand and weight the business actions and intentions of the participants.

As a reason for initiating this business model, Dümmer states that the sales of young plants shall be maintained and further increased on a reasonable price level. Dümmer admits that the company had not been successful in establishing a brand that sustainably reaches the end consumer in the B2C-markets: "I think the direct communication between Dümmer and the consumer is not of any value (Dümmer, 2013)." Hence, Dümmer would theoretically have to invest a lot of money over a longer period of time, e.g. through TV commercials, which does not reflect the profitability of the flower products. Therefore, the main reason to use an external brand was to rather invest money in a license fee than spending a huge budget on the establishment of an own brand which success is also not guaranteed. Another reason is the creation of a "protected area" by branding one's flowers and escaping the price sensitivity of this industry, as Dümmer adds. Furthermore, producers of flower

cuttings are normally easily exchangeable if they have to face cheaper competitors – even if they were able to build up a good reputation with regard to quality and know-how.

In the perception of MSG the 'Project Dümme' runs alongside its core business of producing Europe's biggest gardening magazine and developing the brand name. Moreover, the fact that Dümme proactively initiated this project, illustrates the different motivation aspects for executing the actual project. For MSG the offer of Dümme depicted a welcoming opportunity to work with a very active business partner that has fundamental interests in pushing forward this project.

MSG receives money for allowing Dümme to use its established, well-known brand name. Therefore, MSG 'only' takes the risk of losing reputation and image in case of a project's failure. MSG is financially not affected by the project's outcome.

Although OBI is already establishing an own, private label into their product assortment, the main motive for the project entrance is to differentiate OBI from its competitors through a "the best quality, the best price, innovative and new products, tested products and those products that solve problems (Henseler, 2013)." Otherwise, so OBI, quality is of secondary importance and the price is always going to win when it comes to the purchasing decision of the consumer.

Although none of the company addressed this target directly, the financial motivation by generating a constant sales revenue growth or the fixed license fee unavoidably applies when participating in such a project. In the end, all companies strive for maximizing their profit in order to maintain and expand their market position. Characteristic for the research companies in this business case is the fact that all of them are market leader in their field of expertise. Being chased by a highly competitive environment, these companies recognized the necessity to actively scan the periphery and look for new sales markets and to move first.

4.1.7. Outlook

As this business case is in its initial phase, a future outlook on the project's development is of high value for this research since the individual company's commitment and belief in this project can be monitored.

Dümme regards its role as subordinate within the business network. Deriving from the fact that Dümme has giving birth to this project, the company tries to keep control of the project's direction: "The aim is to hold the monopoly on equipping the bedding and balcony plants in the future of this project". Moreover, Dümme thinks about to found an independent umbrella organization that manages further brand line extensions of MSG in the future. This idea can follow two different targets. On the one side Dümme wants to outsource its current organizational work load, but on the other site Dümme obviously tries to keep the monopoly on providing its products for the respective MSG brand. According to Dümme, the all year round presence at the POS of the brand MSG is necessary in order to build up and maintain a high customer penetration. Offering bedding and balcony plant for a few weeks within a year depicts a too low frequency for her to penetrate the market constantly. OBI, moreover, exactly touches upon this and regards the year round presence as necessary to permanently win the consumer's trust by extending the product line. However, OBI talks in a very pragmatic way about the project's future. It demands a higher degree of commitment and professionalism of all involved parties for ensuring a successful continuation of the project. In his opinion, this project's year is a test. In the future the project, "which has so much potential and value, needs to be tackled in a more sensitive way; not spontaneously, but right (Henseler, 2013)."

For MSG, the participation in flower sales can be seen as a long term goal by significantly pushing forward this non-media sales market. As MSG states “paper is finite”, alluding on decreasing sales revenues of print products like MSG in the digital era. Therefore, the understatement that the project is just taking place alongside the core business is not necessarily valid anymore in a few years. Further line extensions of the MSG brand like perennials and bushes are intended if the current project succeeds (Schmerbauch, 2013). Branded plants, as MSG concludes, should be taken for granted in the future and a reason to immediately trust the product.

4.1.8. Conclusion

After evaluating the different angels and information about the project’s scope and its content, a profound picture of each participant’s role and potential fields of conflict can be identified. First of all, MSG has the least active role in this business network according to the other partners. As a licensor, MSG centrally contributes to the project by branding the actual products. However, MSG took the opportunity to participate within this new network as they got approached by Dümme and claims to cope incidentally with the project next to its core business. Although perceived as being the least active partner, MSG prominently accompanies the project’s kick-off in its print and online media. Thus, as a classic print product and being present on Facebook, MSG encourages consumer feedback which is of high value for assessing the market’s response. By simultaneously fulfilling the role as the brand licensor and print medium, the Burda publishing house needs to pay high attention to consider the existing separation rule within the German press law (Dr. Damm&Partner, 2008). This foresees a consequent separation between editorial and commercial content meaning. Publishers are not allowed to leave an objective, critical reporting unless they are not explicitly being identified as pure advertising brochures or magazines. This risk that goes along with the role ambiguity needs to be taken seriously unless MSG, and thus Burda, wants to avoid being sued by its competitors. Therefore, MSG needs to balance its medial integration of the new product. Besides this critical aspect for MSG, blocked advertising space through promoting the ‘own’ product cannot be sold to potential clients and, hence, generated additional sales revenue. Lastly, MSG takes the risk of putting its brand’s image and reputation on the line, which has been built up through years of media presence.

Dümme’s role within this business network is clearly of organizing, negotiating and connecting nature. As the initiator of this project, Dümme tries to overlook and communicate all responsibilities and duties of all participating companies. Furthermore, it formulates control claims through the plan of founding an umbrella organization for following projects that target at extending the existing brand line. Although the new organization is said to be neutral and independent, Dümme clearly positions itself as the present and future organizer. Deriving from Dümme, a chain of financial risk transfer from one partner to another can be observed within this project. Dümme pays a fixed license fee to Burda and lets this company participate in flower sales. In order to get financially compensated, Dümme concluded an agreement with the flower producers, the greenhouses. The contract contains a guaranteed order quantity of Dümme’s flower cuttings the greenhouses need to purchase. Consequently, the network’s participants Dümme and Burda are out of any financial risk regardless of the project’s success. The last link within this chain is OBI. When this retailer buys the finished products and organizes the logistics with the greenhouses, it made an advancement payment that needs to be re-financed through a sufficient sales quantity. Furthermore, OBI is able to even spread its financial risk further to its single, local franchisees.

Although OBI is not fully participating in net profits of the single franchisees, in return, it heavily reduces the financial risk. To sum this dynamic correlation up, the weakest link is OBI’s franchisees which have to accept the made product decision of its franchisor with Dümme and Burda. Otherwise, they sooner or later face to risk its belonging to the OBI group.

OBI, as mentioned before, serves as the POS within this network and is responsible to present and bring the products on the market. Especially for this partner, the short lead time of this project depicted a serious obstacle. The self-perception of OBI within this network is being characterized by the fact that it needed to take over other’s tasks, which refers to advertisings in its commercial brochures, due to the short preparation time. Also, OBI criticized the indiscretion during the selection process of Dümme and called for more professionalism, longer lead time and better coordination among all business members. This demand touches upon the analysis in the following chapter that will deal with the interdependencies of the variables knowledge, control and trust among companies in a business network. One reason the project could have been realized in this short time had been the fact that all involved parties are market leaders in their field of expertise and bring an extraordinary high level of knowledge into this network profiting from each other.

4.2. Business Networks – Case 2

4.2.1. Introduction

The second case of a business network has being chosen as it portrays an almost equivalent project structure and setting in comparison to the previous case. This business network is situated within the same industry, but already has moved away from the initial project’s phase after starting in mid-2011

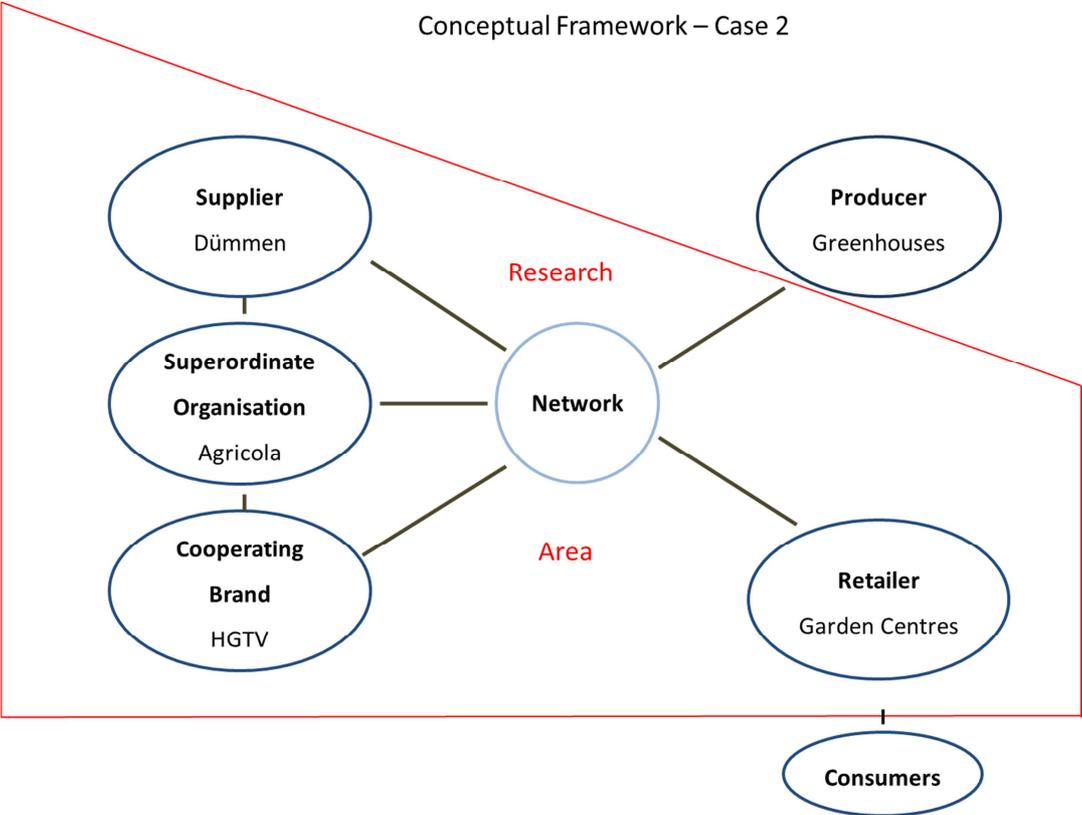


Figure 7: Conceptual Framework of Business Case 2

in the American market. Therefore, this model can be reconciled with the previous case and

contribute to research findings that illustrate role differences and similarities of the respective companies.

The conceptual framework of the second case (see graph X) emphasizes the fact that this case is the predecessor of the first case. It was the chief effort of Dümme to push forward into new consumer markets in cooperation with an established brand. Within this business model there is an additional party in between the cooperating brand HGTV and the supplier Dümme. Agricola takes over the responsibility of organizing the actively finding licensee partner on behalf of HGTV.

Agricola Management Group, HGTV's (Home and Gardening TV) licensing partner in the U.S. and Canada, started cooperating with Dümme in 2011 to establish the HGTV home plant collection. Agricola, representing HGTV, is comparable to MSG as part of the Burda publishing house as both organizations are media outlets that are market leaders in their segment with an extremely high level of consumer recognition. Dümme represents the supplier of young plants and flower cuttings in both business models. As a retailer independent garden centers are the channel of distribution. In the U.S., no major retailer, such as OBI in Germany, is involved in the cooperation. Additionally, in order to provide a perspective from a similar business model and hence to validate the findings from the analysis of the initial project, this perspective also helps to provide a different point in time for the development of such business models as HGTV started their brand line extension a few years ago (Hunter, 2013).

4.2.2. Project Scope

As a media outlet "HGTV is one of the most recognized home and garden brands in North America (Hunter, 2013)." Agricola Management Group was found in 2010 to assist HGTV in its brand extension process in the horticulture industry where HGTV was trying to expand to. In contrast to the first business case, where Dümme took over the organizing and supervising entity, HGTV realized that it would need a management team [Agricola] that targets the challenges of developing a brand in the home and garden market with a high level of efficiency (Hunter, 2013). Agricola explains that it is an independent company that major purpose is to develop and bring to market the HGTV home plant collection by having a licensing agreement with HGTV. Furthermore, Agricola has the exclusive right to bring to market a lot of products under the HGTV brand in the U.S., Canada and even outside the North American market (Hunter, 2013). Even though, Agricola did not approach a specific sourcing partner directly, they proactively selected the partners after a first assessment of the possibilities. Agricola describes how Dümme was chosen to be a partner in the project and provides insights in the decision-making process when setting up a new business cooperation: "So having seen that failure, we knew that we needed to have an independent company with the primary mission to focus on the brand and the development of the brand's products and partner strategically with partners that would help us really do that best. And that is how we ended up in that Dümme relationship. We put the whole HGTV deal together and [...] Dümme is our strategic partner in that (Hunter, 2013)."

Consequently, this case clarifies that Dümme is not in the role of an initiative, pro-active company within this business network as they got approached by Agricola. Having a sales office resident in the American market, Dümme had been in a good strategic position to serve as an appropriate candidate Agricola was looking for. For Dümme the project in the U.S. with Agricola and the HGTV brand had been used as a template for its German business model (see case 1) and depicted an important opportunity to gain useful insights and experience in these kinds of business models.

Within this business model no exclusive retail partner is being involved. Since the American market is of significantly bigger size, potential retail partners like Wal-Mart hesitate as long as the project has not been successfully established over a certain period of time (Dümmlen, 2013).

4.2.3. Tasks

In a business network model it is important to define the tasks and responsibilities for each participant in order to justify the existence of it. Agricola clearly defines the roles as well as the responsibilities and duties of each member of this strategic partnership. "Agricola's job is to create and develop a program and manage the development, execution, and oversight of the program." Hence, Agricola claims to be the face of the brand working closely together with HGTV. Moreover, Agricola's responsibilities differ from Dümmlen's and the independent garden centers' tasks, as stated by Agricola: "We are not the grower. So we have to make sure that we have partner growers that deliver quality products into the market place. We work with our sourcing partners like Dümmlen to develop a line of product and then we create, once we have a product developed, all the packaging and the communications and the knowhow of the brand elements that need to go into that to support that product."

"The growers on this program are there to grow the product and deliver it to the retailer. It is a very collaborative process between us and the grower and then we also support the triangle dynamic between the grower and the retailer. But in the end of the day that is more of a support function than a direct function (Hunter, 2013)." In a cooperation between a number of different partners, that all have different tasks, it is important to understand what each participant does and needs to do. As the influential force in this business model Agricola has the luxury to take the role as the mediator and manage the different interactions between all participants. "We bring growers in partnership and then we work closely with the growers to bring retailers into our program. We do quite a bit of what we call trade advertising and marketing by way of doing trade shows, e-blast, and advertising (Hunter, 2013)."

As the product is developed to suit the B2C environment, the distribution channel and POS are other important sections of this business model. At the moment the HGTV Home plant collection is sold through independent garden centers. "The independent garden center channel and some other mass merchant channels [are the distribution channels] where the product can fit long term. What we do is offer our really comprehensive program the garden centers to create a model that is a store within a store, so you can walk into a garden center and we want the consumer to have an experience were he can see the HGTV brand and products in that garden center that creates a store within a store set (Hunter, 2013)." The POS is the direct environment for the consumer to interact with the brand and therefore it is important to match retailers with the brand and what it stands for. Agricola defines it as "it gets down to what fits the brand's personality. There are a lot of stores that will not fit the brand perfectly. It is not a premium brand, it is an attainable brand, but it needs to be positioned properly. It needs to be a quality experience, if you will."

This close collaboration and interaction between all participants of the project leads to a high level of relation. Dümmlen, in this network, is being reduced to its core competence: the supply of flowers. This means that Dümmlen is part of this network as it has closely been selected by Agricola. The non-existence of one superordinate retailing chain, equivalent to OBI in case 1 that can multiply the product offer on the German market through its franchisees, encourages Dümmlen to invest more managerial effort for closing contractual agreements with many different producers and retailers.

4.2.4. Relationships

As Agricola is the superordinate organization within this business model, the stress of illustrating the relationships lies on its perspective. Again, the individual garden centers as retailing partner are excluded since they 'speak not with one voice' and cannot be generalized to one representing entity. Agricola has an own philosophy how to put its partners into action while keeping control of the partners' action: "We want the grower to go in and have that relationship with the retailer. But we want to make sure that the retailers follow a predetermined set of branding rules and branding guidelines, because it is our responsibility to maintain the HGTV brand in the marketplace at a certain level. So we develop a toolkit for the grower to promote it to the retailer. And for the box stores we create very specific toolkits to promote it to the customer, because they don't have the manpower for the merchandising and maintaining a really complex program. [...] You have to make it easy for the "weakest link" in the value chain (Hunter, 2013)." This extensive statement shows how Agricola intends to push and support the chosen business partner. Furthermore, this strategic approach aims at achieving a high commitment of the partners to the project, which can be a decisive key for a project's success (Hunter, 2013).

However, Agricola also reports that the relationship building, especially with the independent garden centers or retail partners from comparable projects for HGTV, is a time-consuming and expensive model. The biggest challenge for Agricola had been the independent retailers' demand to ask for product exclusivity as they recognized the immense and fast growing sales potential of the project (Hunter, 2013). Agricola explains this problematic as follows: "That is an inherent challenge and that is one of the reasons some of the people have been a little bit reluctant to get on board. They want to control what we give them and we want to bring a product line to market. What we are trying is a paradigm shift for some of the growers and retailers that are in the business." Agricola sees the difficulty of managing so many different retailers and growers in their exclusivity demands that cannot be fulfilled and put into reality. Therefore, this portrays an obstacle for many potential partners to enter the business relationship.

The relationship with Dümme, in particular, had been positive from the first meeting on (Hunter, 2013). Agricola appreciates the fact that Dümme understood the goal of accomplishing a solution-based product for consumers. This reflects Dümme statement of rather trying to incorporate consumer's needs into its product portfolio than just pushing products onto the market. This consumer-driven approach of Dümme and Agricola is central for this project and unifies the concerned parties.

4.2.5. Motivation

For HGTV the project with Dümme had been a strategic part of its brand line extensions in the marketplace through a licensing program (Hunter, 2013). Besides the branded flower products, HGTV's licensing initiative also involves flooring, furniture or decorating products. However, Agricola claims that it is very difficult to have a successful consumer brand in the U.S. with plants as many product launches failed so far. Therefore, the promising motivation for this project had been HGTV as the most recognized brand in the home and gardening markets (Hunter, 2013). Both Dümme and Agricola report that consumers are very connected with brand nowadays. Agricola adds: "By having it branded HGTV, consumers trust it. It is really all about trust." Moreover, HGTV aims to maintain and expand its leading market position while Dümme can take the opportunity to fall back on an established, successful brand instead of creating one from the ground up (Hunter, 2103). Agricola puts Dümme's motivation for this project in a nutshell: "We think Dümme also saw the

opportunity as a really better opportunity for them organizationally. It was just a synergistic fit [...]. It is right for them to get connected with a consumer brand and a retailer and a most powerful brand. The connection with the brand HGTV Home plant collection [...] creates another channel of opportunity to sell product and strengthen their position. “

4.2.6. Outlook

Agricola intends to follow a short-term and long-term strategy for this project. The short-term goal after a ‘soft-launch’ in 2012 is to test the project in multiple market areas which refers to the multiple channels including independent garden centers and regional chain retailers within the first full project year 2013 (Hunter, 2013). The long-term strategy can be classified as a logic consequence of the on-going problematic with so many, individual retailing partners: “So the ultimate goal is to pin down the number of merchants that we have and then strategically partner with one or two major mass retailers. This can really create a destination of a store for the brand (Hunter, 2013).”

Dümmen precisely names Wal-Mart and it’s over 1,000 markets in the U.S. as a future retail partner which high amount of markets and connected sales amount explains the difficulty to convince these partners from the project.

4.2.7. Conclusion

This business model exemplifies structural differences in comparison to business case 1. It serves as an example for Dümmen’s intention to install a superordinate umbrella organization in the German market in order to manage further brand line extension under one business. This facilitates the work and coordination effort of every involved supplier or producer like Dümmen and creates synergetic effects. Having Agricola as an additional partner within this model, both HGTV and Dümmen can work more efficient and concentrate on their core business. However, within the business case 2, there is not an exclusive, big retail partner as it is in the German project. With regard to this circumstance and the deriving complications from it, it becomes more obvious how crucial the participation of OBI in the first business case had been of crucial nature for the network existence. Furthermore, without having an umbrella organization and one retail partner with the size and reputation of OBI, the initiated project of Dümmen in Germany would have been put under a high risk of failure as Dümmen does not have sufficient human resources and the respective experience to handle such a complex business constellation.

4.3. Business Networks – Case 3

4.3.1. Introduction

The last business case differs from the previous models with regard to research focus and intended outcome. Since the German home improvement magazine ‘Schöner Wohnen’ (SW) has constantly extended their SW-collection as a licensor for producers of home design applications, the following research excerpt looks back to various stages of the strategic line extensions of SW and its rich experience in this business field. Therefore, the single relationships to all the individual producers and retailers SW has worked with are not center of the attention, but rather the selection criteria of these and how SW assesses the increasing non-medial sales products of classic media entities. The home improvement industry can be seen as a neighboring market to the discussed green market. Consequently, the relevance of this model and its respective industry shall give insights about possible future obstacles the first business cases have to face while extending the brand line.

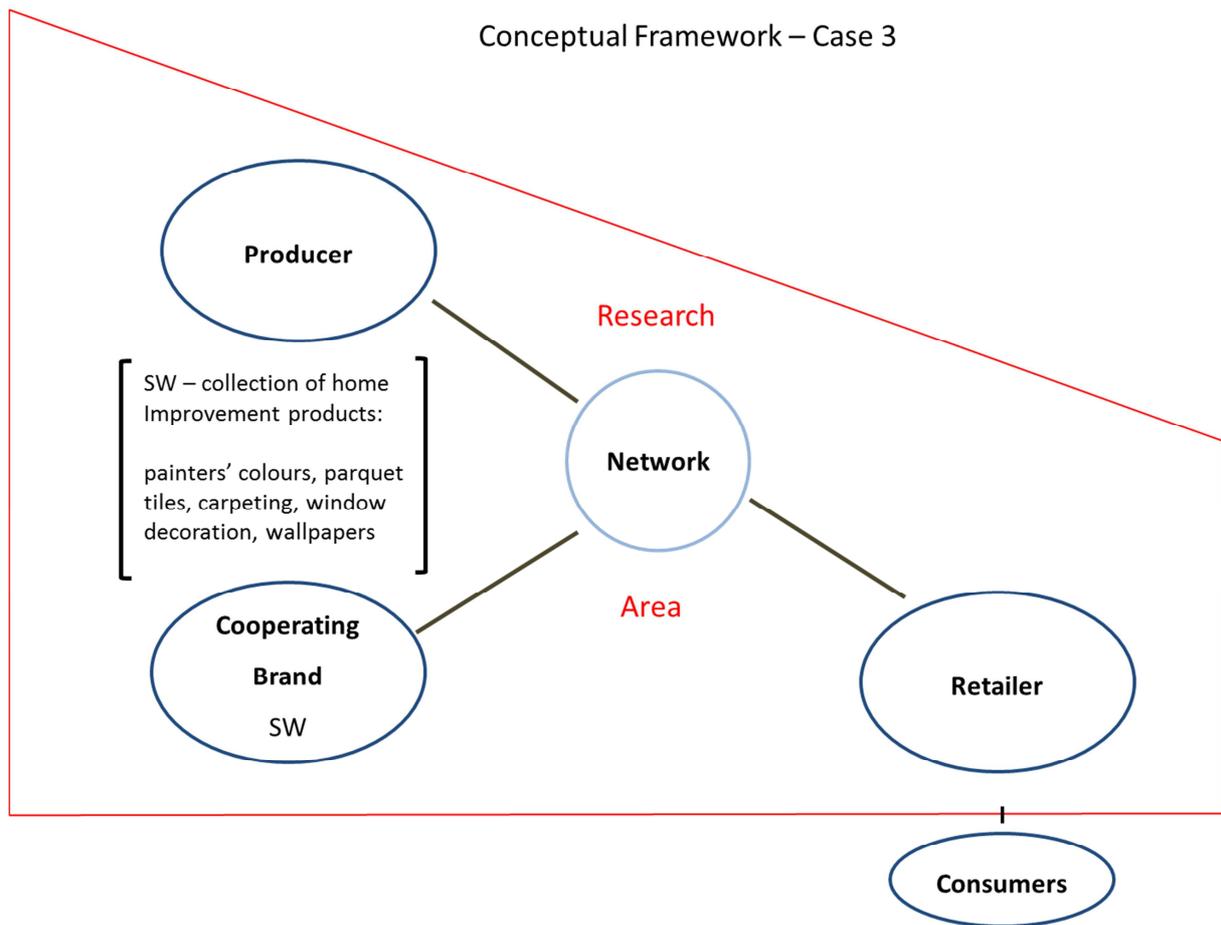


Figure 8: Conceptual Framework of Business Case 3

4.3.2. Project Scope

Christof Jünemann (2013), as SW's senior licensing manager, is an expert on brand extension and licensing. The discussed ideas and insights have great relevance to our topic due to the fact that the data collected helps to develop a more distinct picture of the phenomenon and at the same time adds a perspective from an adjacent industry and also from a different point in time. The business network is defined as licensing with regards to the legal and operational structure of this project. At the same time it is important to understand that licensing has changed from the traditional textbook definition. The responsibilities of the licensor have increased tremendously and involve activities such as brand management, operational marketing, relationship management, business development. On the one side, organizations are able to capitalize their brand in a controlled way. On the other side, licensors profit from the licensee's expertise and distribute operational risk. When establishing a business cooperation such as the one analyzed in our thesis "it needs to be a highly profitable business venture for the licensor, otherwise such a project is too much of a risk for because it can destroy the brand's reputation immediately (Jünemann, 2013)." One prerequisite when extending the brand into a different product category and different markets is to identify which markets you already involved in directly or indirectly. With regards to this project it is the extension of a media brand into new markets that have low investment costs for the consumer and therefore high turnover rates. According to Jünemann (2013) this is essential for strategically

extending a brand. After identifying the direct and indirect environments the extension process should start in a direct environment closest to the brand's core. These markets or brands can be identified and evaluated according to a tool used by Gruner & Jahr called 'brand core analysis'. At the same time it should be a product which is a low investment for the consumer and therefore has a high turnover rate. Starting in this category has two advantages: Firstly, one can quickly see the products success due to a high turnover rate of the product category. Secondly, an initially low investment for the consumer enables the brand to establish a high rate in the points of contact with the consumer (Jünemann, 2013). It is also stated in the interview, that this leads to vastly increasing brand awareness which is crucial in FMCGs markets.

At the same time, it is important for media companies to understand that this form of brand extension is solely "a way of capitalizing the brand and not a way to find new readers" or viewers; new consumers for the core product. Brand extension as a way of capitalizing the brand can additionally result in "overstretching the brand." This consequently will lead to irreparable damage to the trustworthiness of the brand and consumer-brand relationship.

4.3.3. Tasks

Throughout the interview different points are made about the participants when establishing a new business cooperation or maintaining an existing one. According to Jünemann (2013), the main criteria for selecting a business partner are "partnering with a business that fits the brand and causes no damage to the image" and "choosing a partner that is economically successful and profitable". Another important aspect that is mentioned is the fact "that a brand needs to be managed and developed strategically; hence the selection of partners should be a strategic decision about market relevance, market size, category of product, etc." As each participant provides a certain set of skills it is important not only to select the participants proactively but also maintain a relationship with them throughout the duration of the business cooperation. This task becomes more complex the bigger the business network grows. At the same time this increased network can lead to "synergistic effects when bringing all licensees together, because they talk to each other (Jünemann, 2013)."

Even though brand management is a strategic discipline and should be handled accordingly, the reality often looks significantly different from a strategic process. "First you are working out the details and make a project work. After you are successful a strategy is defined (Jünemann, 2013)." It is not always the 'licensor' that approaches a relevant producer/licensee but the other way around. "The initiative can come from both sides. And surely, when they both see profitability and success in a cooperation, they will do it (Jünemann, 2013)."

For the licensee/producer it is always a high financial risk to take part in such a project, because if the product does not suit the market or consumer acceptance is low they have "extremely expensive inventory" and due to the fact that they cannot simply sell it at a discount because this might damage the brand's reputation it can result in the producers insolvency because the producers in such business cooperations are small or medium-sized enterprises (Jünemann, 2013). For many businesses, however, cooperation in some form is the only possibility to develop a relationship with the consumer and also escape a futile situation of increasing competition and shrinking markets.

4.3.4. Relationships

Internal and external relationships are essential factors for the direction, the velocity, and the success or failure of a new business network model. Internal relationships are the first hurdle to jump

to kick-start such a project. “We are a business. And within a business relationships are most likely responsible for a great amount of the decisions made (Jünemann, 2013).” Different opinions about the development of the brand can lead to conflicting situations within an organization and therefore it is important, according to Jünemann (2013) to “convince the people involved about the success of a project. This can alter the strategic decision about a product to something else that people can identify with the most.” After managing the internal relationships to be able to start extending the brand into new products and services, it is important to manage the relationships with all partners. Establishing a new brand and finding thus finding the right partners to do so is the first step of establishing an external relationship. The second step is to manage the relationships to maintain the momentum in the existing cooperations. As licensors is extremely sensitive about corporate identity and brand identity they try to control the cooperation as much as possible. At the same time, producers, often being SMEs, do not have the necessary resources to conduct adequate consumer research to identify consumer needs, wants, and trends. Both aspects result in a situation beneficial for all partners. By providing the licensee/producer with consumer and market insights the licensor can extend the level of influence on the partnership and the licensee profits from extensive information.

4.3.5. Motivation

Each participant of a new business cooperation has different motives and a different motivation to partake in it. The licensor or provider of the brand name is interested in capitalizing the brand and establish new sources of income and new channels of communication with the consumer. The latter is also the main reason for the licensee or provider of the product to invest in new business networks. Other reasons for companies to use a different brand to sell their own product are low consumer involvement with their own brand or no existing brand (B2B marketer), accessing new markets and channels of distribution, gaining access to knowledge and know-how about markets, products, and consumers (Jünemann, 2013). The last is especially relevant with regards to the phenomenon relevant to our research. Another reason, especially for producers of low consumer-involvement products, is establishing a unique selling proposition by branding their product and thus creating a more stable environment in a highly competitive market because these products are easily exchangeable for the consumer.

4.3.6. Outlook

A project such as the one discussed will only be successful if it is done on a large scale and if the profit is significantly higher than the risk of such a business venture. At the same time, Burda needs to take control of the project and “strategically manage the brand and expand after evaluating all options, because extending the brand in form of licensing is extremely expensive and holds a lot of risk (Jünemann, 2013).”

Managing the extension of a brand is a strategic process that involves a great amount of preliminary research and needs to be handled carefully. For every business that thinks about this step it is important to be able to position the brand, define the potential markets, find the right partners, and manage the process from beginning to end.

4.3.7. Conclusion

As an uninvolved party of the first two business cases, the brand ‘Schöner Wohnen’, represented by Christof Jünemann, is able to provide a profound, helicopter view onto the previously analyzed projects. With the experience and knowledge of an already far proceeded brand line extension, the

selection criteria and potential risks for setting up new business networks are being highlighted. Moreover, the fact that 'Schöner Wohnen' is a licensor and media outlet such as MSG is in the first business case, it makes drawing conclusions more valuable and comparable. For licensors it is always a concern of how far they can stretch the core meaning of their brand without violating it. Consequently, business relationships with licensees, which do not match one's brand essence, do not have any reliable working basis further project related work can be built on. Extending one's brand core through a strategic partnership with a producer within the FMCG-industry, the potential licensee's need to be selected carefully and fulfill financial and production capacity related requirements. Moreover, the non-medial brand extension of media outlets is always subject to a high risk of destroying the established brand quickly by entering the wrong business cooperation. Jünemann, however, admitted that many decisions around a brand line extension through licensing can be strategically justified afterwards and not always thoughtfully planned. As 'Schöner Wohnen' first implemented a product that is very close to the brand core and has a high sales volume with a low price, paint color, the consecutive products of the brand line extension were initiated in a logical order. However, this chain can be easily disrupted if one brand line extension heavily fails and destroys the image of previous launched products or impedes additional, future launches. Finally, as a classic license business does not exist, each network arranged the license is unique and does not consist of a clear allocation of tasks among the participants.

5. Analyzing Interdependencies in New Business Relationships

To answer our central research questions of what are the determining factors influencing relationships and role conflicts in newly-developed business cooperations, we are aiming to identify general themes from the empirical data relevant to our research. Additionally, by linking the empirical data to the theoretical framework our intention is to derive at a generalized model.

The first step of our cross case analysis is to portray the prerequisites that exert a decisive impact on the respective, researched inner case relationships. Although our research focus aims at understanding roles and relationships it is *de rigueur* to include external factors, such as market, product, and consumers. These identified factors shape a holistic perspective on the prerequisites of the cases under investigation. After setting the stage, the second part of the cross case analysis focuses on analyzing the themes identified and investigating the interdependence and correlation between them. Finally, the correlating factors influencing relationships and role conflicts in newly-developed business relationships are visualized in a conceptual model.

5.1. Prerequisites

5.1.1. Market

One of the prerequisites helping to define the context for developing a general model of the determining factors influencing newly-developed business cooperations is the market in which the cooperation is established. For the cases analyzed in this research we have identified a number of similarities and distinctive factors. With regards to the characteristics of the FMCG-market and the modern retail environment, described in detail in chapters 2.2.1. and 2.2.2., the market in which all cases are set is highly competitive, has low entry barriers for competitors, and a low level of differentiation between the market actors. With regards to the cases it is important to mention that these characteristics have strong implications on the roles, tasks, and position of the network participants.

Another important characteristic of the market structure inherent to all three cases is the dominance of SMEs on the supplier side of the value chain. This attribute can be identified specifically in industries producing products for home-improvement, gardening, and crafting. With regards to the macro-economic characteristics of globalization, consolidation, and increased competitiveness it contributes to the conflicts between actors of the entire value chain. It also increases the motivation for cooperation among these actors, especially suppliers extending into the consumer market, and hence changes the structure of the market significantly.

In the markets relevant to our cases one predominate attribute is the lack of branded goods. This influences the motives and actions of the different network participants in a number of ways. For companies in a mature stage of the company life cycle brand extension is often a practical way to capitalize its brands and penetrate new markets. Unbranded markets are an easy target for this expansion strategy as it is less difficult to establish a brand with a high level of consumer recognition in an unbranded market. These unbranded markets are often a resulting from a lack of consumer involvement with the product (FMCG) and a domination of major retail chains that push backwards in the value chain.

The dominance of large retail outlets is not only a consequence of unbranded markets but also because these major distribution networks are necessary to successfully establish a product in the market. A distribution network does not necessarily have to be one major retailer but can consist of a number of smaller retailers that serve the same purpose. The major differences between the different types of distribution networks are the level of coordination between the networks participants and the level of dispersion of resources and knowledge in the distribution network.

5.1.2. Companies

The constellation and tasks of the involved companies across all researched businesses cases form the relationships and the connected role conflicts within newly developed business relationships. The core business activity and assigned responsibilities of each company create an individual role within a business network and position themselves in a specific interrelation to the other partners. Hence, the determining factor how businesses act within a business network and are able to contribute to it, exercises an influence on how interdependencies among network participants are constructed and related to each other. This is being conceptualized in chapter 5.2 as a network equilibrium model.

To begin with, for producers entering a business network as a licensee of a well-known consumer brand, the exploitation of yet untargeted markets within the B2C-sector is the primary strategy motivation. While producers' aims to expand within a saturated, displacement competition are characterized by high price sensitivity and low growth numbers, the access to B2C-markets puts themselves into a key strategic position with regard to their competitors that are still isolated on B2B-markets. By entering a license agreement with a popular consumer brand, producers are able to put distribute its products within a protected sales area. Moreover, the exceptional knowledge of many producers in their field of expertise is a crucial network accession criterion for the business partners that add other valuable features as media performance and direct sales channels into the business complex. The know-how and the production capacity of the producers play an important role for the licensor and other partnering companies. They are relying on the quality and reliability of the produced products and do not want to face the risk of violating their built corporate reputation on the market. The producers, in return, are not obliged to provide proof of their actual corporate

identity on the consumer market and can focus on serving the needs of a newly exploited target group.

The licensors presented in the three business cases are all media outlets; as those they can contribute to the product's advertising campaigns through the utilization of their own media channel. Their position of simultaneously being the licensor and media partner within this business network depicts the commissioning of an external media agency as being dispensable. It provides the opportunity to efficiently connect the role as a licensor with the external communication, which illustrates an additional possibility to retain a reasonable level of control for one's own brand reducing the scattering loss of advertising campaigns led by external partners.

Retailers within these business networks carry the financial risk as these have to sell the branded products at their POS. The level of control they can exert on their partners depends on the network's structure. Either they are one big, specifically selected retail partner having the exclusivity within one sales market or they are one of many individual retailers and cannot distinguish from each other. As an exclusive retail partner, these companies are certainly in a better position to formulate product and marketing related demands as they have the capacity to bring the concerned products onto a mass market. Although many retailers market their own product line within their markets, strong brand lines can complement and increase the value of their product portfolio leading to a market differentiation.

5.1.3. Product

By looking at the marketed products, around which all activities within the researched business networks are arranged, the relationships can be put in the appropriate context by identifying existing interdependencies among the involved parties. The concerned products of all three business cases are manufactured in a part of the FMCG-industry that serves practical, crafting home and gardening requirements of consumers. Therefore, they can be classified as low-involvement to medium-involvement products as these require a relatively low level of knowledge and financial means to buy them. Moreover, these products are subject to a high sales volume and had been unbranded yet. With the newly established business network and the coherent licensing business, the products are being labeled with a strong brand. Consequently, the products directly obtain a high level of brand recognition in the market place and are being trusted by the consumers. In conclusion, the core competence of these products like quality and price-performance ratio does not lie in the center of business attention of the involved participants. These product characteristics are rather being taken for granted and are not at the disposal of business relationships; they are without any alternative for being able to market these premium products distinguishing the participating companies from low-price discounters. Moreover, the brand image itself is central for the entire business models presented within this thesis as the licensing business is arranged around the established consumer brand image.

5.1.4. Consumer

In every business venture the consumer plays a central role in the decision making process. The parameter consumer is also becoming increasingly important for suppliers, producers, and B2B marketers. This change in perception influences the not only the role of these network actors, but also of all network participants with regards to roles and responsibilities.

As consumers become less involved with products of the industries specific to the cases and consumer knowledge decreases it is important that consumer needs have changed fundamentally. In all three cases consumers are interested in solution-oriented products that solve a specific problem. At the same time this solution needs to be convenient, attainable, and trustworthy. This detachment and lack of specific know-how of the consumer can be seen in a variety of industries and forces organizations to react to these challenges accordingly. A 'solution-to-problem' attitude of consumers requires organizations to attain extensive knowledge about consumer wants and needs which directly links to market knowledge. At the same time as consumers' brand loyalty decreases, providing a product that fulfills these wants and needs accordingly demands a high level of product knowledge. For companies to successfully combine these different types of knowledge to stay competitive often leads to developing new business cooperations.

Paradoxically, as consumers' brand loyalty is decreasing at the same time consumer engagement with specific brands is increasing. Today, due to better access of information via digital media and interconnectivity, consumers have increased their power position in the market and therefore companies are highly reliant on the consumers. Especially the industries of the three analyzed cases show high consumer engagement, which is a result of the specific target group of customers representing a similar structure in gender, age, class, etc. Consumer engagement manifests itself in a variety of ways such as co-authoring, blogging, and word-of-mouth. This results in a highly critical environment for companies and challenges the different network actors to adopt additional tasks and responsibilities to provide the entire network with relevant market and product knowledge.

5.2. Determining Factors

As we identified the four prerequisites that shape the determining factors influencing relationships and role conflicts, this section aims to conceptualize these variables. Interdependencies among the key factors of knowledge, trust and control are being analyzed by referring back to the researched empirical data and theory.

5.2.1. Knowledge

Information sharing is an important aspect that exercises influence on business relationships in newly developed business relationships. If companies share important information with each other, they can profit from the external knowledge of all involved members (Ford et al., 2003; Taliq, 2012; Doney/Cannon, 1997). The factor knowledge plays a decisive role within the process of business partner selection and thus network building. The predominant motivation of building and maintaining business relationships is financially driven by creating business synergies. The term knowledge can be divided into two subordinate categories: organizational and expert knowledge. Whereas organizational knowledge correlates with the corporate ability to manage project related work tasks and external business relationships, expert knowledge describes the company's know-how in its business core competence. The business expertise differs by the respective role of each company within a business network by either relating to product or market knowledge. Following the thesis' abductive research approach (Bryman/Bell, 2011; Jacobson, 2002; Sternberg, 1996), Anshoff's product-market matrix can be used to exemplify the analyzed business situation. Within this matrix (see fig. 9) four different growth strategies are being presented that derive from the market level and product stage of the concerned company.

The displayed suppliers and producer within the business cases illustrated in chapter four are being characterized by their high level of product knowledge as the first member of the product's value

chain. Therefore, their contribution to the network and coherent project tasks are focused on the

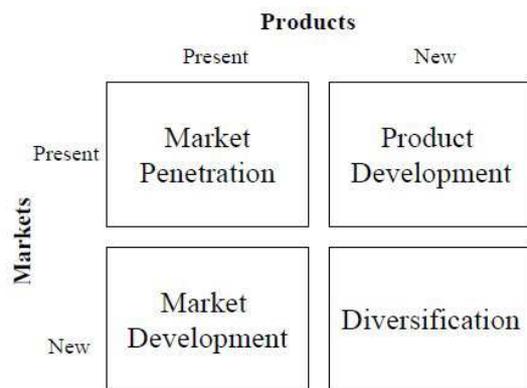


Figure 9: Growth Strategy Matrix (Ansoff, 1965)

quality assurance and appropriate delivery of the concerned products. The target of market development applies to the growth strategy of these producers as this is attainable through a licensing business with an established consumer brand. In opposite to this, the licensing and retailing partner have profound market knowledge at their disposal, which they use to successfully market the product. Therefore, by extending their brand line, respectively their product portfolio at the POS, both parties pursue the product development strategy as part of Anshoff's growth matrix.

Within the research of the empirical data it had been analyzed that the determining factor expert knowledge had been used as a key criterion for the companies to enter a business network. Although the project's lead time had been short with regard to industry standards, the qualitative research showed that companies prefer the short-term oriented expert knowledge over the long-term oriented organizational knowledge for making the positive decision of joining the business network. Especially the focal business case illustrates that all involved companies were market leaders in their field of expertise and thus had a high level of either product or market knowledge. This synergetic composition of knowledge distribution overcame an efficient creation of an organizational project structure. Lead by the individual motivation of extending the brand line or exploiting new markets, all companies saw their marketing and sales targets as being fulfilled with the actual project's composition.

5.2.2. Trust

Trust is an essential factor in establishing new business cooperations. The level of trust between the different network actors is an essential factor for the success of a newly-established business relationship. The quantitative data collected underlines this idea developed according to prior research on the topic of trust. It is also stated various times that one factor for the quick implementation was that "trust between the partners grew quickly (Schmerbauch, 2013)." Trust is also considered to be the determining factor in building partnerships and partnerships are then the basis for successful cooperation. This idea links directly to the dimension of trust in business relationships of benevolence (Larzelere/Huston 1980; Ganesan 1994; Kumar/Scheer/Steenkamp, 1995) which determines the level of commitment of each participant in a business network. The level of commitment is a strong indicator for the state of the network and the inter-relational tensions between the network's participants.

By defining modern business cooperations as highly complex networks in a highly complex environment it becomes difficult for the parties involved in such environments to grasp this complexity. When establishing new business relationships, it is impossible for the initiators to account for all eventualities beforehand. This is especially relevant with regards to developing contracts; as such legal documents can only cover a part of the complexity. The empirical data indicates that contractual agreements, defining the rights and responsibilities of the parties involved, are extremely important on the operational level of business relations. At the same time it is implied that such contractual agreements are often not representative of the reality in which the

cooperation exist and certain agreements cannot be defined in a contract. Hence, the different actors in newly-developed business cooperation rely 'on another's good will' (Baier, 1986) to not only perform against the written agreements but also oral and non-contractual commitments.

This high level of commitments is extremely important to build initial trust in new business networks which reduces the risk of role conflicts and, as seen in the cases analyzed, enables networks to create a fast momentum that is required to successfully operate in the market. On the other hand, it is indicated from the empirical data that trust is not only a driving factor for quickly realizing new business cooperations but also for the long-term success. In accordance with the argument of different researchers (Doney/Cannon, 1997; Ganesan, 1994; Noordewier/John/Nevin, 1990) all cases show that trust is an instigating force for a cooperation's success and also a determining factor for establishing successful long-term business relationships. Trust therefore is an underlying force in every stage of the development of business cooperations.

By defining the different tasks and responsibilities within the different cases it helps to identify the power structure within these types of business networks. These identified tasks lead to the conclusion that in every business network there is an existence of inequality regarding i.e. information, resources, responsibilities, and capabilities. This inequality in a business relationship directly affects the level of trust in such relationships. Especially in highly interdependent relationships it is important for each actor to be able to trust and be trusted to minimize conflict and maximize effectiveness (Gustafsson, 2005; Baier, 1986)

Modern business relationships follow a highly collaborative approach. Especially, traditional forms of business cooperations, i.e. licensing, that were highly focused on efficiency and the division of tasks have evolved into more cooperative and interdependent business cooperations. In the case of licensing, licensors have become highly interested in close cooperation with their licensees as it can lead to synergies between the participants and expand the level of trust along the entire value chain (Jünemann, 2013). All three cases show that these high-involvement relationships are a key to successful business cooperations. With regards to the issue on trust, close cooperation and high-involvement in business relationships directly affect the influence of trust as a determining factor in newly-developed business relationships (Lewis/Weigert, 1985; Morgan/Hunt, 1994).

5.2.3. Control

As companies try to exert control on the network's development and thus business partners, it is a determining factor influencing roles within a business network. The struggle for personal and corporate control over other members, however, tends to hinder the effectiveness and innovativeness of the entire business network (Ford et al., 2003; Child/Faulkner, 1998; Gulati, 1998). The chosen business cases for this research are of high relevance for analyzing the control demand among business partners. This especially applies for an initial stage of a business network represented by the first business case (chapter 4.1). All involved companies were driven by the same motivation of exploiting new sales markets and/or developing new products, which both depict a financial business motivation in the end, and were thus willing to reduce the level of control by focusing on contributing to an effective and innovative network. Otherwise, as retailer OBI correctly states, "the project would not have been successfully started with regard to the short lead time. All parties were willing to make compromises, lowered expectations and pursued a common target (Henseler, 2013)." Consequently, the partial isolation of the factor control is critical to the successful

establishment of a business network in the FMCG industry. This dynamic market requires timely and relevant responses of the marketers as being presented in the researched business cases.

As the research focus within the first two cases lies on newly developed business networks, there are logically no rigid and established control habits that have developed over years. Therefore, the dynamic relationships among the business partners are being characterized by scanning the opponents' ability and willingness to accept or reject own control demands. Furthermore, the division of tasks within a business network can provide information about the potential spread of control among the business partners. However, the allocation of different tasks is also subject to the project's stage as it can change over time. Again, the focal business case can serve here as an example. Being under the time pressure of a soon product launch, the involved media outlet Burda had been responsible for accompanying and integrating it appropriately within their media channels for creating awareness among the potential consumers. Nevertheless, retailer OBI decided to contribute to the product advertising strongly by publishing three additional advertisings within its commercial flyers. Due to the fact that an underwhelming consumer response, and hence a possible failure of the project, should be avoided by all means, OBI took over responsibilities away from its core business competence. Furthermore, OBI is not willing to take over this task in the future and demands "that Burda has not contributed too much except the brand name and should think of the advantages [of a more intense medial integration] of which they can strongly profit from (Henseler, 2103)." In this specific case, the concerned company was only willing to take over more project control, taking over tasks that do not depict the core business, in order to additionally push forward the project within its transition phase from newly developed to an established business network. Therefore, the division of tasks and the coherent project control is equilibrated over time.

Finally, as modern business relationships are mainly being set up as cooperative networks, single business entities are not keen on risking the entire network's existence through testing control boundaries by all means (Ford et al., 2003). This rather egocentric approach would harm the project scope of solution-based products which are managed within these dynamic business relationships where control is balanced with regard to a company's know-how and responsibilities. The collaborative approach of the newly developed business networks in the FMCG industry, exemplified by the business cases of this research, puts control demands in the moment of a project's starting phase into the background as "everyone in a network is not architect of his own fortune, but of each other's (Laurids Hedaa, 1997)." Having this attitude in mind, business networks portray dynamic and changing relationships among business partners in which, among other determining factors, control demands influence the role of each participant.

5.3. The Network Equilibrium

After defining the determining factors influencing the relationships and role conflicts in newly-established business networks it is highly interesting to analyze the correlation between those factors. As already defined, modern business relationships are highly interdependent and therefore everything within such networks is consequently connected and correlates in one way or another. With regards to this, it is evident that the identified determining factors correlate accordingly (see fig. 10). The interdependencies between knowledge, trust, and control in newly-established business relationships are of particular relevance as these factors determine the direction and velocity of business cooperations.

The empirical data clearly indicates that each determining factor influences a newly-established business cooperation and its participants significantly. The cases analyzed show that each factors has to be in balance between all network participants for a business network to operate effectively. For example, an imbalance in trust between the network participants will most likely result in conflicts and eventually in failure of the entire network. Therefore, each determining factor represents an equilibrium between all business network participants. The knowledge, trust, and control equilibria combined constituted a network equilibrium. An imbalance in one equilibrium has a direct impact on the others, resulting in a network disequilibrium.

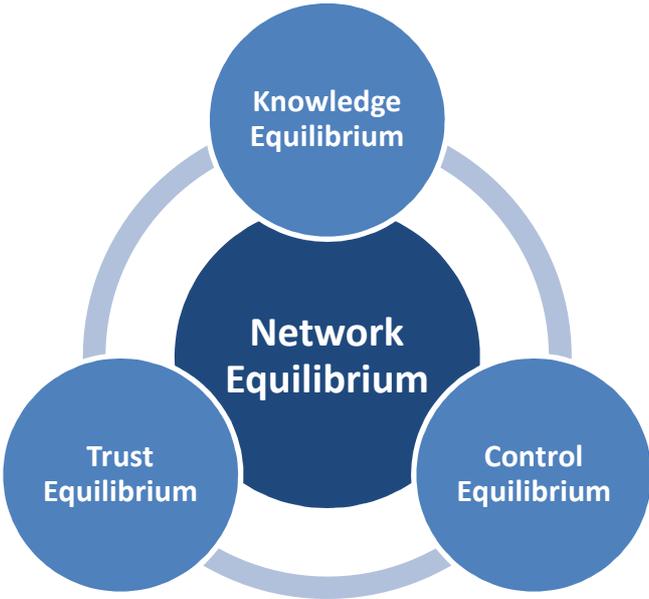


Figure 10: The Network Equilibrium Model

5.3.1. Knowledge Disequilibrium

In accordance with the empirical data and theoretical concepts, knowledge in business relationships can be divided into two dimensions. The first dimension is expert knowledge and the second

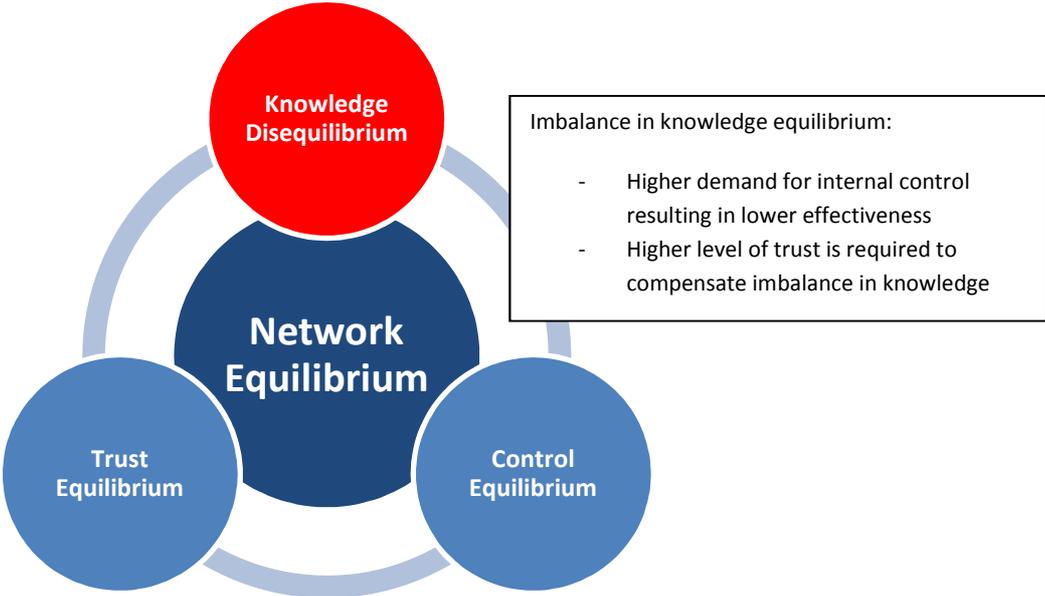


Figure 11: Knowledge Disequilibrium and Implications

dimension is organizational knowledge. As stated in the empirical data, the former dimension is pivotal for entering and cooperating in a new business network (Appendix 3; Schmerbauch, 2013; Hunter, 2013; Dümmer, 2013). Concurrently, the empirical data shows that expert knowledge is a highly influential force on trust (Appendix 3). Trust, at the same time, is a crucial aspect in establishing new business relationships (Lewis/Weigert, 1985; Morgan/Hunt, 1994). Consequently, expert knowledge directly correlates with trust in newly-developed business cooperations. Emanating from the fact that a higher level of trust reduces conflict in business relationships, it leads to an increased disposition of network actors to cooperate. At the same time a higher level of expert knowledge of the participants increases the willingness to cooperate. As Burda correctly states: “[A] lack of business competence [and thus expert knowledge] is an absolute no-go for starting a business cooperation with a potential partner (Schmerbauch, 2013).” Hence, it can be concluded that a higher level of expert knowledge increases trust in short-term for being able to start a business network.

Organizational knowledge, defined in section 5.2.1. as knowledge concerning the corporate ability to manage project related work tasks and external business relationships, has significant influence on the structural and organizational side of business networks (Henseler, 2013). As this dimension of knowledge is directly linked to the network it can only affect the relationships between the network participants at a later stage of the cooperation (Andres/Zmud, 2002). Nevertheless, the empirical data shows that only if the different participants have organizational knowledge or can increase it over time, business cooperations can sustain long-term. By already identifying that expert knowledge has an initializing and short-term effect on the level of trust in business relationships, the correlation between knowledge and trust is pointed out. Hence, organizational knowledge of the different network actors correlates with trust in the same way as expert knowledge.

As our quantitative data shows, knowledge is an essential factor in business networks (Henseler, 2013) but at the same time it is also indicated that a lack of knowledge is not necessarily a reason for failure of a cooperation (Schmerbauch, 2013). It is stated (Schmerbauch, 2013) that a low level of knowledge – expert and organizational – needs to be compensated by an increased level of control by the other network participants. An imbalance in the knowledge equilibrium consequently influences the trust and control equilibria. A lack of knowledge consequently leads to a shift in control between the network actors. Control is therefore executed internally in a business network and results in a shift in the power structure and the mutual level of control within such a network. As a result of such a shift one or more network actors have to compromise their position in the network and rely (trust) on the other parties (Cooley, 1909; Goffman, 1959; Mead, 1934; McCall/Simmons, 1978). Compensating this inequality in a business network is only possible in highly-professional or developed relationships that profit from an elevated level of initial trust due to expert knowledge (Baier, 1986). An additional aspect that influences the correlation between knowledge and trust in this specific case are the participants’ motives and the level of information sharing between the network actors. Only if the participants’ motives are driven by benevolence (Doney/Cannon, 1997; Kumar/Scheer/Steenkamp, 1995) and the level of information sharing is high to reduce task and relationship conflicts (Hackman, 1990; Schwenk/Valacich, 1994; Stasser/Titus, 1987), control and trust correlate in a positive fashion to compensate the knowledge disequilibrium in within a newly-established business network.

5.3.2. Control Disequilibrium

Establishing control is a fundamental process in all newly-developed business cooperations as part of defining structure within the network. This process, defined in 2.3.3., involves negotiation,

compromise, or establishing mutual control to define the frame in which (Cooley, 1909; Goffman, 1959; Mead, 1934; McCall/Simmons, 1978). In every relationship there is a struggle for control. This struggle is inherent to personal relationships as well as business relationships. Control in a business network can either be internal or external. Internal control describes an actor’s effort to gain control over the other network participants. External control is directed towards controlling the network in the environment in which the network is located. Internal and external control can generally be achieved by an increased expert and organizational knowledge. This struggle for control inevitably results in a control disequilibrium. This change in the relationship between the network actors changes the power position within the network. Newly-established business relationships, by nature, are more fragile than well-established cooperations and therefore it is unusual at an early stage of cooperation to try to execute a high level of control.

Regarding Ford et al. (2003) a low level of control is beneficial to any business relationship because control reduces the level of effectiveness and innovativeness. Generally this is true, but control can never be fully disregarded and needs to be balanced between the network actors, because a control disequilibrium can result in a participant’s violation of trust. With regards to idea that every business operates to maximize their profit, it can be assumed that eventually one or more actors within a newly-developed business cooperation will try to direct the all activities within the network towards their personal goals (Ford et al., 2003). This is only possible if control is distributed unevenly with the network. This alteration of direction is one reason for the high rates of failure in modern business relationships (Ford et al., 2003; Child/Faulkner, 1998; Gulati, 1998) and thus makes it inevitable to install different control mechanisms to guarantee effective operation. The effect of a disequilibrium in control on trust is extremely sensitive due to the fact that trust can easily be destroyed by a participant’s desire for control.

A lack in control in highly-complex business relationships can also lead to a mismanagement of knowledge within the network. As each network actor inherits a certain amount of knowledge it can most likely be regarded as an underlying factor in every business network. This knowledge needs to

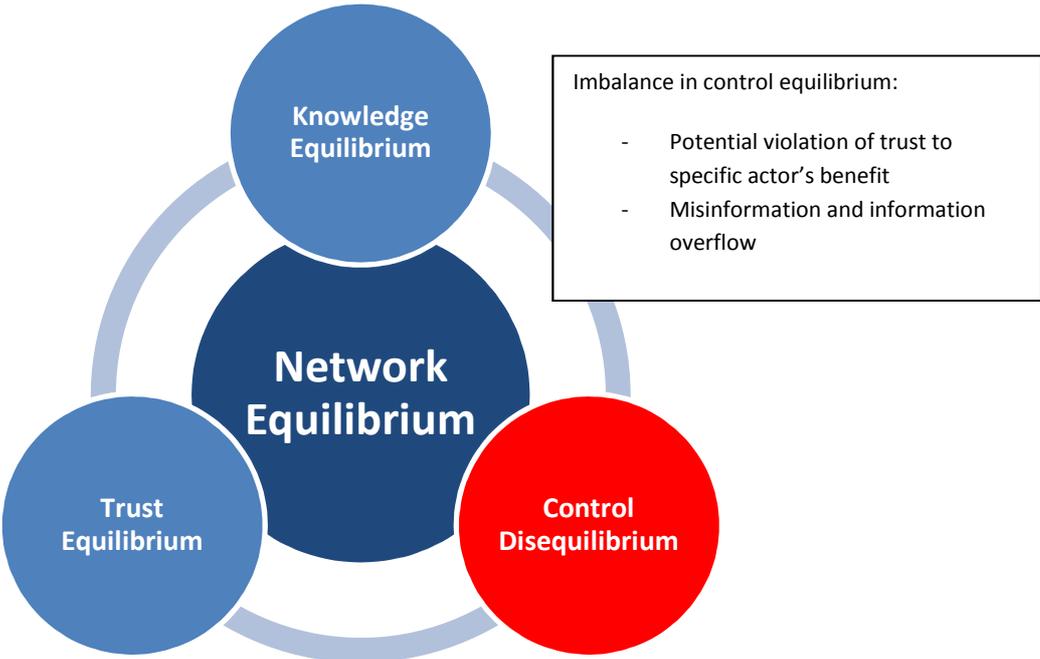


Figure 12: Control Disequilibrium and Implications

be managed and shared within a network for every participant to profit from the cooperation. As modern business networks grow increasingly more complex in size and interdependence, the level of existing knowledge brought into a network is consequently more complex in size and variation. As information sharing is a key concept in business networks, it has become more important to distribute the right streams of information to the right receivers. Ineffective distribution of large amounts of data will result in 'noise', defined as information that is neither needed nor wanted (Marti, 1996). Knowledge needs to be controlled to avoid a decrease in the momentum of operation. A transparent working principle is needed to avoid any ambiguity about any potentially hidden control demands of each participant. OBI, as the retailer of the focal business case, refers to this claim by stressing the importance that "business relationships need a high degree of professionalism so that all partners are well interlocked and work according to accurately timed intervals (Henseler, 2013)." Therefore, the higher the level of knowledge within a network, the more information needs to be distributed effectively to avoid misinformation and distraction.

5.3.3. Trust Disequilibrium

As defined in section 5.2.2., trust is an essential factor in modern business relationships and influences not only the professional side of business relationships but also the interpersonal relationships. Due to this fact, trust is an extremely sensitive issue in business networks and needs to be handled appropriately. In accordance with different researchers (Baier, 1986, 1994; Young, 1997; Dwyer/ Schurr/Oh, 1987; Morgan/Hunt, 1994), the issue of trust is the basis for establishing new business networks. Especially in the early stages of a business network "contractual agreements among the partners are essential [and do regulate a lot], but if everyone would absolutely accurately look into the contracts, the project would not work (Dümmen, 2013)." Consequently, trust is an indispensable factor in the newly developed business networks as it signifies the willingness of the respective partners to cooperate and develop a common project. As business networks are based on the concept of information sharing to create synergies and a mutually beneficial cooperation, trust is the basis for network actors to share information with others. As stated by Baier (1986), trust is the 'reliance on another's good will'; information is only shared if trust is mutual within the business network. Information sharing as a result of a high level of trust enables business cooperations to increase competitiveness and reduce transaction costs. At the same time information sharing leads to the creation of new knowledge which is relevant for establishing successful long-term business relationships (Doney/Cannon, 1997; Ganesan, 1994; Noordewier/John/Nevin, 1990). Benevolence, the second dimension of trust, is the extent to which the network participants are operating collaboratively for mutual benefit and the other participants' welfare (Doney/Cannon, 1997). Especially benevolence, defined by Doney and Cannon (1997) as the extent to which the network participants are operating collaboratively for mutual benefit and the other participants' welfare, influences the willingness to share knowledge.

An imbalance in a network's trust equilibrium, on the other hand, can have a significant impact on the other determining factors and therefore on the network equilibrium. This imbalance in the trust equilibrium can be a result of one participant's obstinacy to use the network to its own advantage. Mistrust is especially present in newly-developed business relationships as no one within the network has the chance to prove their trustworthiness to the other network participants (Hunter, 2013). Often, by comparing the motives of the other network actors with one's own motives is used to develop an initial level of trust that provides a common basis of trust to establish a new business cooperation (Hunter, 2013). A difference in motives as well as unclear motives usually results in a

trust disequilibrium in newly-established business cooperations. This disequilibrium consequently affects the control and knowledge equilibrium.

In any type of relationship, trust and control are highly interlinked and generally correlate. An imbalance in the trust equilibrium within a network often results in a higher demand for control as our empirical data shows. All interviewees stated that only if all network participants operate collaboratively it is possible to establish a successful business network (Hunter, 2013; Schmerbauch, 2013; Dümmer, 2013). This connectedness can only be achieved by a high level of benevolence of each network participant (Doney/Cannon, 1997). A lack of benevolence is a strong indicator for a self-centered view of a network actor (Ford et al., 2003) and requires a higher level of control within the network. To counteract self-centeredness different control mechanisms can be installed in the form of legal contracts or other written documents defining the tasks and responsibilities of each network participant. The smaller the level of trust within the network the larger the need for control as the different actors' motives and intentions are unclear to the other parties. This increased level of control consequently leads to decreased effectiveness and innovativeness in the network (Ford et al., 2003; Child/Faulkner, 1998; Gulati, 1998).

One of the major purposes of business networks is to share information and profit from the different participants' expert knowledge (Ford et al., 2003; Taliq, 2012; Doney/Cannon, 1997). The empirical data shows that trust is one of the important drivers for network actors to share their knowledge with other parties in the network (see fig. 13). Logically, a trust disequilibrium decreases the

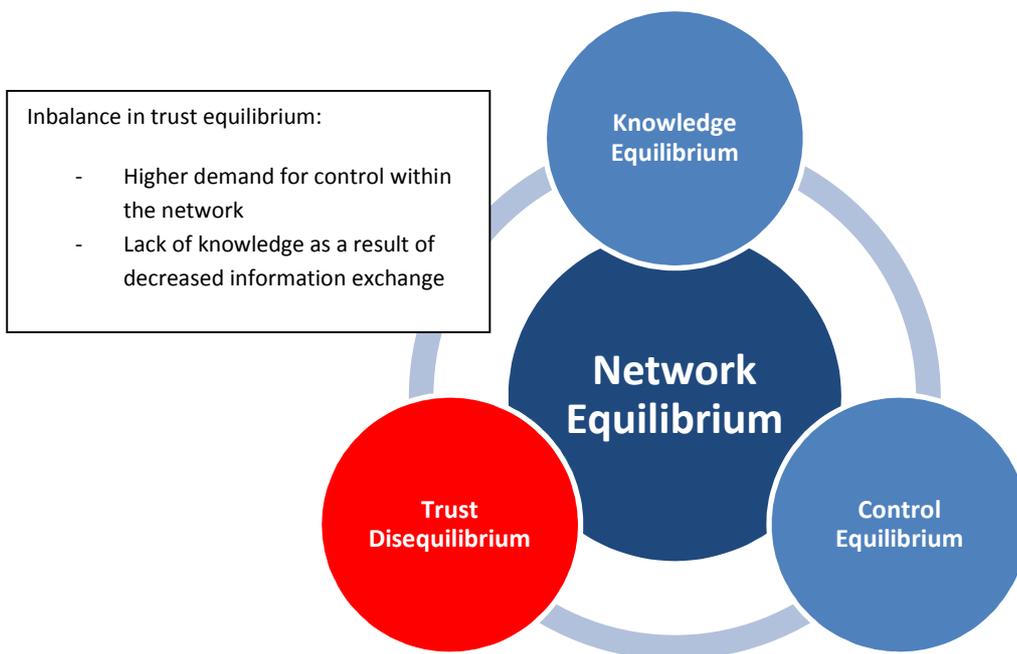


Figure 13: Trust Disequilibrium and Implications

willingness to share information within the network. Especially newly-established business relationships rely heavily on the exchange of expert knowledge between the different participants to increase effectiveness in the decision making process (Andres/Zmud, 2002). Not sharing certain information with other network actors hinders the potential for knowledge creation within the network. This is due to the fact that information sharing is the source of new knowledge by recombining existing knowledge. Recombining knowledge as a source for generating new knowledge is crucial in business networks as it results in network-specific knowledge that potentially increases

effectiveness and innovativeness and at the same time helps to advance a newly-established business network's competitive position in the market (Hackman, 1990; Schwenk & Valacich, 1994; Stasser & Titus, 1987).

5.3.4. Network Equilibrium Model

In newly-established business networks the three determining factors influencing the relationships and role conflicts are knowledge, trust, and control. Due to the high level of interdependence of modern business relationships it is extremely important for every network actor to understand the interdependence and the influence of each of the determining factors on the network and on the other determining factors. Only if managed accordingly is it possible to find the right balance within the network. This balance leads to a network equilibrium that is dependent on the determining factors defined in 5.2. An imbalance in one of the determining factors will lead to an imbalance in the entire network as they influence each other. Therefore knowledge, trust, and control need to be in balance to develop a success business cooperation and profit from establishing a new business network. In our research we define this balance of the determining factors knowledge equilibrium, trust equilibrium, and control equilibrium. To achieve an equilibrium in all determining factors, each network actor has to manage its relationships within a newly-developed business network with great care and accuracy to avoid a disequilibrium in one of the determining factors and hence a network disequilibrium.

In accordance with Ford et al. (2003), there is no one correct strategy to manage relationships within business relationships as business networks are not only influenced by the relationships but by

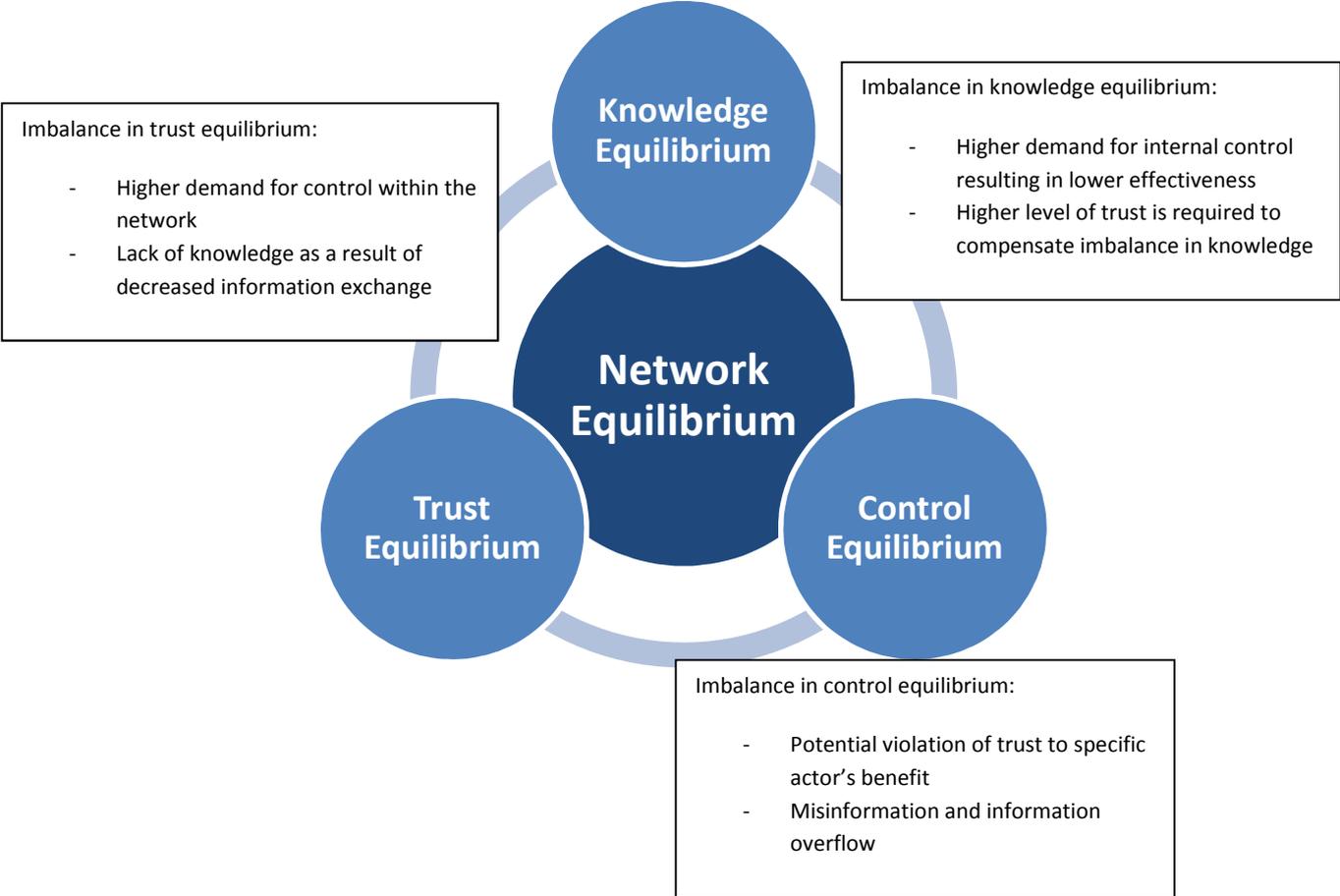


Figure 14: Understanding the Network Equilibrium

additional internal and external factors, described in chapter 5.1. By understanding the interdependencies and the effect that one disequilibrium in a determining factor has on the others helps, the different parties can identify the potential role conflicts and issues within a network. These effects can be specified according to the circumstances of a specific network and provide the basis to develop a specific strategy to reduce or avoid role conflicts and problems within such a newly-developed business network.

6. The Network Equilibrium in Theory and Practice

The paper and its research outcome are able to provide accurate information for small and medium-sized entities in the FMCG-industry that are close to entering or recently established a new business network. The central research question intends to lead the research into the direction of how influential forces can be identified that direct roles and role conflicts of business relationships within newly developed business networks. Therefore, it is not only meaningful as a complementary contribution to the existing research literature on roles and role conflicts within business relationships, but is also practically useful depicting a manual for businesses which can reflect on their position within current and/or future networks. Moreover, the case empirical research focus aims to provide a holistic picture of business relationships. This refers to the fact that all relevant external and internal prerequisites prior to the predetermining factors that influence roles and role conflicts within newly developed business networks have been illustrated in order to analyze the mutual interdependencies that exist among business partners.

6.1. Theoretical Contribution

The conceptualization of the network equilibrium enriched existing theory about how inner-network relationships and roles are being influenced and shaped. By strengthening the research focus on interdependencies among identified determining variables, the network's actual performance on the market with regard to sales revenue had been receded into the background. The theoretical contribution focuses on how networks work on the inside, by exploring the inner-network dynamics. Analyzing the determining factors knowledge, trust and control, exemplified within the network equilibrium model, a comprehensive and wide picture of an internal business environment among the involved parties is being portrayed. Furthermore, the network equilibrium enables to monitor potential conflicts harming the efficiency and innovativeness of a business networks. Consequently, companies are able to reconcile their currently-developed business network in order to potentially set up a new strategy or adjust the current strategy, to sustainably improve the network's performance. The researched business cases demonstrate different time and industry angels of business networks. As the abductive research method allowed a constant and flexible swift between theory and practice, an articulated guide of how companies are being put into the context of professional relationships with other business partners has been created. Dynamic interdependencies among business roles are characteristic for newly-established business networks. With regard to the conducted research, it is questionable whether the roles tend to adopt a permanent, non-flexible position within the network as time cements the developed relationships or whether the discovered predetermining factors that influence roles and relationships are constantly evolving within a business network. As the external and internal prerequisites used in this research, namely markets, consumers, companies and products, are subject to a constant change depicting an ever varying environment for businesses, networks can either evolve along moving conditions or stay as an isolated vacuum trying to conserve their inner-organizational line-up. Possible consequences of

changing prerequisites strongly depend on the extent of change while the predetermining factors of knowledge, control and trust can also be violated through inner-network actions only. Therefore, the holistic surrounding of business relationships encourages the need for never analyzing single relationships and thus networks in total isolation.

6.2. Practical Contribution

Furthermore, the research business cases have proven to have a strong relevance to the current situation of business relationships within the FMCG-industry. Imbalances in the equilibria of the identified factors have a direct impact on a business network's set up. This research finding raises the question whether there are business networks out there, in which all participants accept and appreciate an imbalanced positioning of all members – right from the beginning of the network. However, this belief counters the research outcome that partnerships at eye level are crucial for encouraging an efficient and innovative performance of the newly developed business network. A transparent and team-oriented working procedure is of utmost importance if the control demands, breaches of trust and hidden knowledge transfer should be avoided in the beginning of a business project. As a logical consequence of the fact that business networks are finite, imbalances of the relationship forming factors can, of course, occur. Hence, without taking actions of correcting interventions, business networks that are in their mature stage and are characterized by a violation of at least one equilibrium have a higher tendency to finally collapse. If they won't break down, one of the participating companies tolerates a massive suppression expressed in a financial or reputational loss.

6.3. Recommendations

What does this all mean to the marketing manager, who still lies awake, while the clock has long past midnight. She is full of doubts concerning a business cooperation she has to sign tomorrow morning. By signing the contract, the product her company produces will be sold under the label of the country's biggest home and garden magazine, and distributed by a major retailer, the national market leader in the home improvement sector. The preparation time for setting up this network has been tremendously short. To put it briefly: With regards to the considered timeframe, she doubts whether this network and thus this large project will work according to the plan. It is up to her to take the (financial) risk on behalf of the family enterprise in the fourth generation being responsible for over 60 employees. Having this business guide at her disposal, the business woman would properly have a peaceful night as our work leads to the following recommendations:

- Select your business partners carefully: They have to match your financial scope and production capability!
- Allocate business tasks: Every network member should not be restricted within its field of expertise in order to contribute to an innovative business cooperation!
- Act consistent and transparent: Let your future partners know what you are striving for and expect from them; exchange information openly!
- Reconcile your network role: Check whether you still in control of a justifiable business risk and are not determined by other's actions!

By taking these steps into account, the concerned business woman should be able to successfully manage the network equilibrium within a newly established network.

6.4. Implications

Implications for future research derive from the set conceptual framework of the focal business cases and the respective, used theory. The focal business case had been analyzed in its initial stage leaving the project's success or failure open to the reader as it had not been an important issue for the research' outcome. A critical measurement tool for a network's success is sales revenue and the coherent consumer perception of the final product that had being managed by the business network. Therefore, a connecting, quantitative research on how consumers estimate the role of different companies, if known that they participate in marketing the specific product, is of interest for the project's external representation. Another, internal research deepening is being illustrated by potential horizontal and vertical integration of businesses within existing networks. This would highly aim at focusing on control attempts of network participants by taking over tasks or entire companies of their partners. The time horizon of an entire project from its initial to ending phase could give a valuable insight on whether, and how, business network's life is ultimate. As the research frame excluded business relationships besides the FMCG-industry, it can be argued whether the research findings are transferable to other industries. However, generalizations to this extent are difficult to achieve since the industry specific compositions highly differ, e g from service to product emphasized industry sectors. Therefore, the research frame has thoughtfully chosen in order to research, analyze and conclude the most important and relevant outcomes related to the research field of B2B-relationships within the FMCG-industry.

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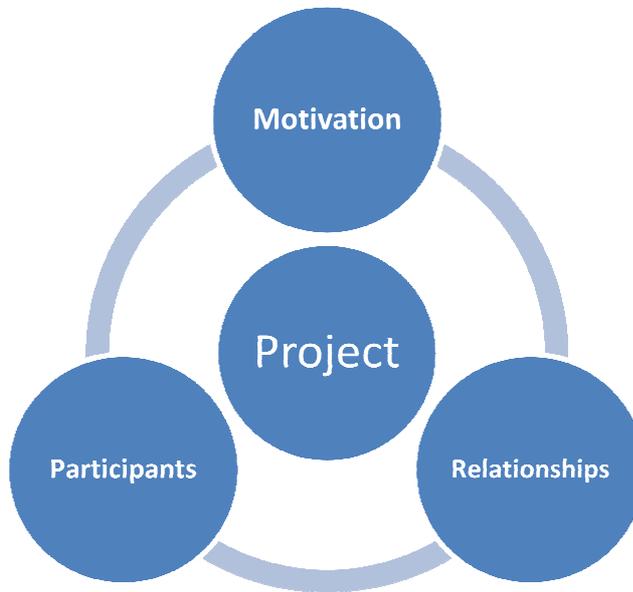
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Appendices

Appendix 1 – Semi-structured Interview Guide

Semi-structured focus interview – Topics of interest



Project

Please describe the project to us?
How is this project set up?
What are the roles of each participant?
How important is the marketing aspect in this project?
When did this project start?
Why did you instigate this project?

Motivation

What are your motives for this project?
Why did you set up this cooperation?
Where do you see this project in 5 years?
Why (exactly) this project?
How do you see the market development?

Participants

What do you do in this project?
What are your responsibilities?

Relationships

What are the other participants responsibilities?
What would you do in case of an unsuccessful project?
Have you encountered any issues so far?

Appendix 2 – Quantitative Data – Questionnaire

Fragebogen

Anmerkungen können Sie bei Bedarf gerne unter die jeweilige Frage hinzufügen.

Auf einer Skala von 1 – 10 (1 = unwichtig, 10 = sehr wichtig) bewerten Sie

1. Wie wichtig ist Ihnen die Fachkompetenz Ihrer Geschäftspartner?

1	2	3	4	5	6	7	8	9	10

2. Wie wichtig ist Ihnen Vertrauen als Grundlage für eine erfolgreiche Zusammenarbeit?

1	2	3	4	5	6	7	8	9	10

3. Wie wichtig ist es Ihnen, dass Aufgabenbereiche einzelner Geschäftspartner klar getrennt werden?

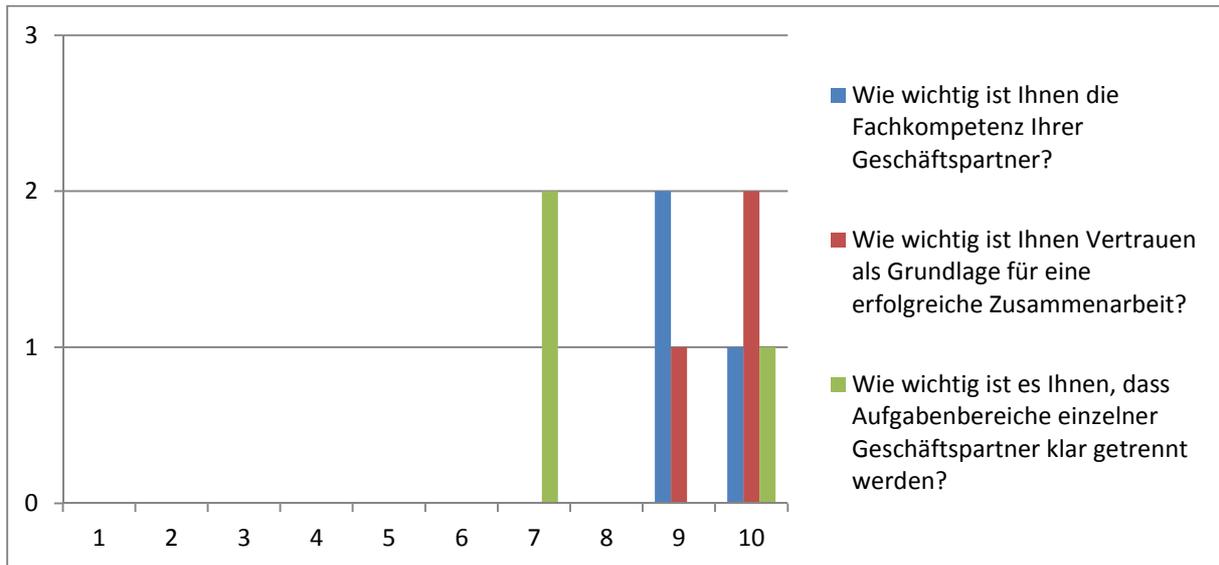
1	2	3	4	5	6	7	8	9	10

Bitte beantworten Sie folgende Aussagen mit „Ich stimme zu“, „Neutral“, „Ich stimme nicht zu“

1. Eine hohe Fachkompetenz steigert mein Vertrauen in meine Geschäftspartner.
2. Großes Vertrauen in einer Geschäftsbeziehung ist der Schlüssel zum Erfolg von Gemeinschaftsprojekten.
3. Ein Mangel an Fachkompetenz einzelner Geschäftspartner sorgt für den Misserfolg eines Projekts.
4. Wem ich nicht vertraue, mit dem teile ich ungerne Informationen.
5. Eine offene Kommunikation ist wichtig für das Vertrauen zwischen Geschäftspartnern.
6. Vertrauen ist gut, Kontrolle ist besser!
7. Hohe Fachkompetenz ist die Voraussetzung für ein erfolgreiches Geschäftsmodell

Vielen Dank!

Appendix 3 – Quantitative Data – Graphs



Bitte beantworten Sie folgende Aussagen mit „Ich stimme zu“, „Neutral“, „Ich stimme nicht zu“

1. Eine hohe Fachkompetenz steigert mein Vertrauen in meine Geschäftspartner.

Stimme zu 3 Neutral Stimme nicht zu

2. Großes Vertrauen in einer Geschäftsbeziehung ist der Schlüssel zum Erfolg von Gemeinschaftsprojekten.

Stimme zu 2 Neutral 1 Stimme nicht zu

3. Ein Mangel an Fachkompetenz einzelner Geschäftspartner sorgt für den Misserfolg eines Projekts.

Stimme zu 1 Neutral 1 Stimme nicht zu 1

4. Wem ich nicht vertraue, mit dem teile ich ungerne Informationen.

Stimme zu 2 Neutral 1 Stimme nicht zu

5. Eine offene Kommunikation ist wichtig für das Vertrauen zwischen Geschäftspartnern.

Stimme zu 2 Neutral 1 Stimme nicht zu

6. Vertrauen ist gut, Kontrolle ist besser!

Stimme zu 1 Neutral 2 Stimme nicht zu

7. Hohe Fachkompetenz ist die Voraussetzung für ein erfolgreiches Geschäftsmodell.

Stimme zu 3 Neutral Stimme nicht zu

Appendix 4 – Images

Business Case 1 – Mein schöner Garten Blütenpracht (Source: Own)

OBI und mein schöner Garten machen Blumenträume wahr:
Jetzt lustvoll selbst gestalten oder perfekt kombinierte Harmonie genießen!

mein schöner Garten
BLÜTEN PRACHT

Weitere abgestimmte Farbkombinationen in Ihrem OBI Markt.

Top-Preis 249 Stück
Einzelpflanzen für Selbstgestalter
Einfach nach Herzenslust kreativ sein. Gestalten Sie aus Einzelpflanzen im 12-cm-Topf Ihre eigene Lieblingskombi. Art.-Nr. 139456 8

Top-Preis 799 Stück
Arrangements für Dekofreunde
Einfach harmonisch für Sie zusammengestellt: fertige Kombinationen aus 3 bis 4 Pflanzen im 19-cm-Topf. Art.-Nr. 139434 5

Top-Preis 1299 Stück
Kombi in Blumenampel für große Genießer
Einfach großartig als Geschenk – auch für Sie selbst: 4 geschmackvoll abgestimmte Pflanzen in passender Blumenampel. Art.-Nr. 139433 7

Business Case 2 – HGTV Home Plant Collection (Source: <http://api.ning.com/>)



Business Case 3 – Schöner Wohnen Trendfarben (Source: Own)

