

BUSINESS-TO-BUSINESS MARKETING

A BUSINESS NETWORK RELATIONSHIP APPROACH

A case study of biotechnology company Novozymes

Author: Deniz Can Boysan

Copenhagen Business School

MSc in International Marketing and Management

Master's Thesis

Course Code: CIMMO1034E

Examiner: Sudhanshu Rai

Word Count: 28,458

ABSTRACT

This paper is about B2B Marketing company Novozymes and takes to analyze its business network relationship to explain how does the company conducts its business and dealing with challenges on the way. Therefore, we have created two research questions to analyze and answer the question from a B2B company's point of view. Our research questions are; How does a company like Novozymes which operates in several complex industries got its business strategy affected by the changes in market place? and What strategies does Novozymes create to deal with industry problems in B2B marketing context?

Our purpose of writing this thesis is to see how much a big B2B multinational got affected by the actors around their business network such as their suppliers, consumers and competitors. Furthermore, we want to analyze and explain what does a B2B company do when they face challenges and downturns in their business. In this study, we have used mostly the qualitative data to explain our points while proving them with some quantitative data as well. This paper, structured as a case study and both primary and secondary data methods have been used throughout the data collection process. Primary data were acquired from semi-structured interviews while secondary data were collected from electronic sources.

Throughout our analysis in this paper, we have concluded that Novozymes affects and get affected by the actors surrounding their business network. In the analysis section, we have shown the clear connections between the B2B marketing theories in the case of Novozymes and its activities. There are several drivers that company should think about before expanding into new markets where their collaborations with Unilever is exemplified this process of localizing into new emerging markets. The profound analysis of Novozymes showed that concentrating on emerging markets have brought more opportunities than company has anticipated and became a good example for other B2B companies which are and could experience similar types of challenges throughout their business life.

TABLE OF CONTENTS

Chapter 1 – Introduction	4
1.1. Background of the research problem	4
1.2. Problem Discussion	8
1.3. Purpose of Research	9
1.4. Research Questions	10
1.5. Delimitations	10
1.6. Target Group	11
1.7. Thesis Disposition	12
Chapter 2 – Company background	12
2.1. Historical background of Novozymes	13
2.2. Novozymes' business industries	15
2.3. Novozymes' sales network	18
2.4. Novozymes' governance structure	20
Chapter 3 – Definitions	22
3.1. Business partnerships	22
3.2. Cultural boundaries in business context	22
3.3. Mutual beneficial business methods	23
3.4. Interaction oriented businesses	24
Chapter 4 – Theoretical Background	24
4.1. B2B Marketing theory	25
4.2. Inter-organizational relations theory (IOR)	27
4.3. CAGE Framework and Psychic Distance	29
4.4. B2B Marketing Network	32
4.5. IMP Network approach and ARA Model	33
4.6. The concept of a Strategic Network and the comparison with IMP Network approach	36
4.7. Managing business networks	37
4.8. Buyer-seller relationships in business markets	40
Chapter 5 – Methodology	44
5.1. Research topic selection	44
5.2. Research approach	46
5.3. Research design	47
5.4. Analysis strategy	48
5.5. Empirical data collection	48
5.5.1. Primary data	49
5.5.2. Secondary data	51
5.6. Reliability and Validity	53
Chapter 6 – Empirical Data Findings	54
6.1. Collaborations with Unilever: Case Example	62
Chapter 7 – Analysis	66
7.1. CAGE Framework and Psychic Distance	67
7.2. B2B Marketing and IMP Network approach	72
7.2.1. Relationship with suppliers	72
7.2.2. Relationship with customers	73
7.2.3. Relationship with competitors and opponents	74
7.3. ARA Model	75
7.4. The concept of a Strategic Network and the comparison with IMP Network approach	75
7.5. Managing business networks	76
7.6. Buyer-seller relationships in business markets	77
Chapter 8 – Conclusion	79
8.1. Suggestions for further research	81
References	82

1.Introduction

In this chapter, background of the research problem and problem discussion will be presented. It will be followed by the purpose of our research, delimitations, target group and disposition of the thesis structure. We will end this chapter with explicating our research questions.

1.1.Background of the research problem

In my opinion, a company could only consider itself a successful one whether it satisfies its customers with their final product or service. According to Kumar (1999), the most natural way of obtaining extraordinary returns on investment (ROI) for companies is to create and retain long-term client relationships with their consumers. Therefore, companies should try to generate products or services that could last and benefit longer to their consumers than their competitors. According to Bowman (2012, p.277), the current contemporary companies are constantly in activities of seeking and approaching new consumers instead of concentrating on keeping their current customers. However, it is also the part of fundamentals of economics, it is believed that the sustainable growth through sales could only be achieved through preserving the existing customers of companies (Bowman, 2012, p.277). Nevertheless, due to increase in competitions among companies in every market, companies are desperately trying to survive in the market by delivering superior value to their current customers and in this way, try to expand and retain their target market rather than exploiting them for a short-term profit (Ellis, 2011, p.19).

As it is vital for businesses to obtain customer loyalty and retention, it is also proved with numbers that it could be up to 20 times more expansive for companies to find new customers than retaining the existing ones (B2B International, 2013). Nowadays, when we consider successful businesses, we will see that these companies have loyal customers and this gives them competitive advantage in the marketplace. As mentioned before, this consumer behavior is highly related with how much companies satisfy their consumers so that customers do not even think of shifting to alternatives. When we investigate B2B environment we can see that companies are doing business with other companies, where it encompasses all the product and service deals that two parties conduct. Compared with the traditional B2C market, B2B activities are higher in economic values and consist higher risk and complexity. Therefore, we can say that cost of switching to other supplier for a company is much tougher than a customer

switching to another brand. In an aggressive economic environment, companies are obliged to consider cost effectiveness and stable profitability therefore, it is indispensable for companies to obtain strong and long-term relationships with their suppliers and buyers (Naghbi & Sadeghi, 2011, p.902).

In this paper, we will analyze relationship and network marketing for industrial companies where they achieve competitive advantage through these areas of inter-organizational relations. It is crucial for decision makers to improve in relationship and network marketing where it is believed that the successful businesses could only be made when there is a sophisticated interpersonal communication between buyers and sellers in the industry (Oliva, 2012, p.30). This trend shifted the purpose of marketing where companies in efforts of generating long-term and profitable relationship with their targeted customers (Bridgewater & Egan, 2002, p.6).

In B2B markets, buyer-seller relationships are usually consisting of multiple contexts and rather long-term interactions between companies (Håkansson, 1982, p.25). These networks help companies to obtain relationships that gives mutual benefits to both parties (Hart, 2003). Inside a network, interactions between sellers and buyers could bring up several problems as well as could lead to further opportunities in the future as well (Håkansson & Waluszewski, 2013, p.441). These interactions between both supplying and buying parties will start with adaptation process where two parties get to know each other better and then followed by business effectiveness of both parties which will consequently result in stabilizing and generating the network relationship (Mohamed, 1989, p.2). As a result, this successful relationship where the interactions are made through creation, utilization, adaptation and idea exchange, efficiency and innovation would be the inevitable consequences of these interactions (Håkansson & Waluszewski, 2013, p.445). These interactions are highly affected by the characteristics of each actor in the industry where it strongly influences processes, cooperation and coordination between buyers and sellers (Ellis, 2011, p.126). Such characteristics could have different effects on different networks where it could either improve or prevent the efficiency and innovation.

Recent economic globalization and advancement in technology has led to growing opportunities for people and businesses as well as to a complex, dynamic and an uncertain business environment (Tåg, 2008). Local businesses which are aiming to expand in overseas have experienced severe challenges from different environments when creating and managing

customer and business relationships. Therefore, it is crucial for businesses to consider the differences among the characteristics of networks in different international industries at the global business scale (Bridgewater & Egan, 2002, p.33). This has caused local businesses to differentiate their attitude towards their network actors in different contexts and markets where it is believed that these cooperation and collaboration in these business networks are crucial for each company that want to be successful overseas.

Managing a company is a challenging task, where in big multinationals it is made by group of people and yet a final decision about a company's future could still turn out to be a mistake even though there are dozens of decision makers in the company. These managers could easily choose their own good rather than company's or simply not being good enough for the job. Nevertheless, these managers are in the end the ones whom are key for conducting the B2B relationship between companies. These managers should respond to changes in the market environment, endorse the ongoing B2B agreements and should concentrate on value creation from these agreements (Bradford & Weitz, 2012, p.417). Successful firm strategy creates superior value for consumers and help company to improve in the areas of marketing, engineering, finance or production. Inter-organizational marketing activities could be advanced if only decision makers seek to improve their business and the future of their fellow companies.

This research revolved around the case of biotech company Novozymes, which is acknowledged as a leading global company engages in the research, development and provision of biotechnology solutions (Schaefer, 2017). The company has listed number 20 in Forbes' Top Multinational Performers list reaching to \$12.2 billion market cap as of May 2017. Moreover, company is listed in top 1000 highest market value companies in the world and by 2016 is listed on 82nd place in the most innovative companies list (Schaefer, 2017). Novozymes holds an estimated 48% share of the global enzyme market which puts them as a market leader in the industry (Novozymes, 2017). Furthermore, Novozymes named 2017 as their most innovative year ever. Sales numbers have increased immensely compared to the year before where they have recorded 9% which is again one of the highest in company's history (Novozymes, 2017).

The significant advancements and improvements in technology has led biotechnology market to grow more than 7% annually and expected to reach to market worth of \$727.1 Billion by 2025 (GVR, 2017). Biotechnology uses biological systems or living organisms for the

development of its products mostly biopharmaceutical drugs. The leading regions for the global biotech industry are the United States and Europe. There are more than 650 companies and over 200 thousand employees settled mostly in the United States and Europe generate more than \$130 billion biotech revenue as of 2015 (Statista, 2018). The United States is the main hub for biotech companies where more than \$100 billion revenue solely generated in this country. San Francisco Bay Area is the highest concentrated place where biotech companies are located and revenues generated, and more than 100 thousand people are in this sector in the US (Statista, 2018). There are key themes in the industry where it helped this growth become this significant. Advancements in regenerative medicine and genetics in diagnostics and the fact that companies are focusing on these issues has led the growth in sector and is expected to continue through 2025 (GVR, 2017). Biotech is crucial for the research and development process for finding cure for cancer where multiple drugs have been made throughout the century (Statista, 2018). Moreover, it is also used in agriculture, beverages, bakery, textile and so many more industries that is why it is still considered as a very broad and growing industry for new companies as well.

The recent technological improvements in the biotechnology market has led to an increased competition in the market. This ever-growing intensity in the market has increased the importance of companies' activities of strategic networking, coordination and cooperation with their business partners and at their supply chain activities as well. As a company like Novozymes, it is crucial for their business to maintain and strengthen these relationships with their business partners, buyers and end-users operating in several different fields. When doing business internationally there are several factors that multinationals should consider in order to establish strong ties with their foreign business partners. Factors such as culture, languages, economic variables, attitudes and political stability among the countries have a crucial importance for multinationals (Turnbull P.W., 1979). Therefore, decision makers should analyze all these variables and create strategies for each market and its different conditions. This changing environment around the company sphere creates interesting topics to write about in an academic paper where it will be investigated that how these knowledge is transferred to company database and its relationship with the company strategy in different markets around the globe. For this reason, we will dig into Novozymes' strategies of doing business in different regions and how company perceives arising challenges from these markets and reduces the potential pitfalls.

1.2.Problem Discussion

In B2B environment, industry is mostly shaped by the complexity of the products, availability of buyers and the value of the orders among the organizations in the market. Since generating sales and eventually revenues are crucial for every organization for survival in the market, it is important for companies to reach out to the available information, privileged knowledge about both the market and competitors in the industry. Therefore, in order for companies to generate strategic plans about which product to provide in which way, it is essential for decision makers to know what are the competitive advantages as well as weaknesses at the targeted market (Pitt & Nel, 1988). Moreover, inter-organizational relationships are almost important as considering changes in the market outside the organizational relationship level. As B2B markets growing rapidly every year it is not enough for company managers to rely solely on factors in the market but also should concentrating on improving the quality of relationship with its buyer companies which are their consumers, opponents and suppliers in our context.

In a highly competitive B2B market, it is essential for company managers to realize the importance of recruiting and retaining long-term customer relationships for company's sake (Ellis, 2011, p.320). In B2B marketing context, this is considered as the strongest source of competitive strength (Weitz & Bradford, 1999). Companies generate these relationships by applying B2B marketing communications strategies which is by far the costliest department for companies such as Novozymes in terms of business benefits. At the industry that Novozymes operates in which is being a solution provider for other big companies in the market, complex demands from the company makes it costly on time and resources in order to finalize their deals to conduct their business. For this reason, Novozymes now has more subdivisions in company to bring more managers in specific markets than before to concentrate more and show that they care all about their regions operating in. Recent analysis showed that this new arrangement in corporate structure brought significant benefits to the company which proved how important managers are dealing with consumers in Novozymes' business (Novozyms, 2016). Increased careful planning and clear guidance from the company managers have advanced the effectiveness of the company in most markets and resulted in positively consequently.

Novozyms is one of the oldest companies in the biotechnology industry that operates more than 70 years as of 2018. Even though their first mover situation in the market, it is still crucial

and sometimes challenging for their business to attract new business partners and expand into new markets (Novozymes, 2018). In biotechnology industry B2B marketing is a crucial tool for companies where they market their products and services to other businesses. Therefore, technological innovation, reaching to new and valuable information are crucial for companies to develop and secure their position in the industry. As we look to successful companies in the industry, we could easily conclude that the successful companies are the ones that are constantly seeking and trying to improve in these areas such as Novozymes. As the company earns the 48% of the market share in industrial enzymes market, Novozymes operates in 130 countries and manufacture across three continents (Novozymes, 2018).

For a multinational company as Novozymes, where the purpose of the company is to work with innovative customers across the globe, providing products to these customers to help them produce more from less and make their products stand out and reduce costs in the end (Novozymes, 2018). As a company which delivers biological solutions to its consumers, Novozymes supplies innovations to the world's leading companies across 40 markets. The company believes they improve the sustainability performance of their consumers and their partners (Novozymes, 2018). Since 2000, the company has brought more than 100 new molecules to market to address specific industry and customer challenges. Moreover, company has the largest technical service team in the biotechnology industry to ensure that their experts are on the ground to provide successful solutions for their consumers (Novozymes, 2018). We believe that this is an important point to mention about since the relationship that Novozymes has with its buying actors is crucial for B2B markets as well as its relationship with its competitors and opponents. Hence, all the data that is related with the relationship strategy of Novozymes will be in our interest throughout this paper.

1.3.Purpose of research

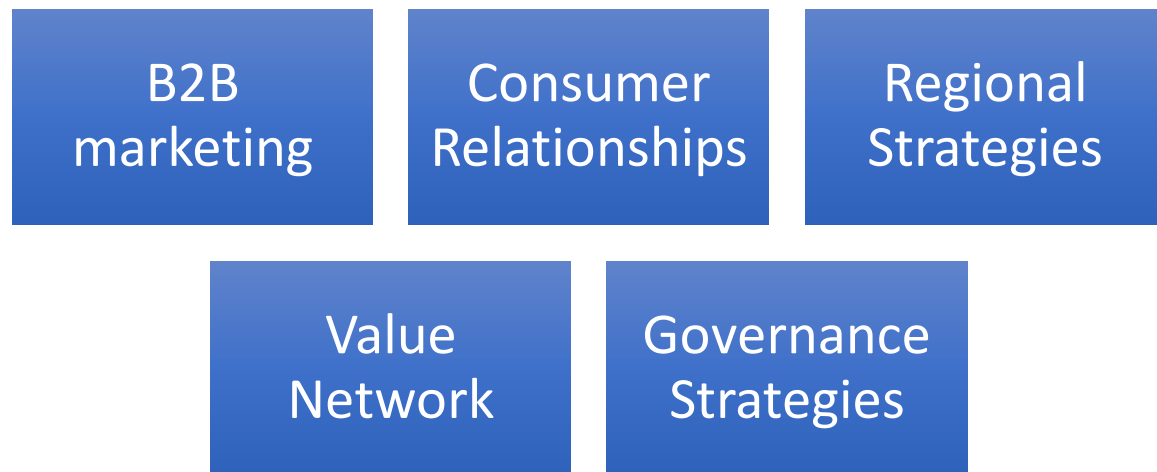
The main scope that this master's thesis paper will be on examining and describing the role of relationships that a multinational company Novozymes has with its business actors in B2B marketing context. We will investigate the broad network that company has and how does company deals with different problems in several markets that they operate in. We are aiming to understand how multinationals such as Novozymes which are present in several markets around the globe got affected from factors such as customer relationship and partnership management in B2B marketing. This paper is hoping to become a guidance tool for other

multinationals that are conducting B2B business activities while explaining the complex marketing management and relationship strategies of Novozymes.

1.4. Research questions

The research questions in this paper are based on our own analysis of the company in B2B relationship marketing aspect.

The activities of Novozymes in:



have helped us creating our RESEARCH QUESTIONS.

- How does a company like Novozymes which operates in several complex industries got its business strategy affected by the changes in market place?
- What strategies does Novozymes create to deal with industry problems in B2B marketing context?

1.5. Delimitations

Within the scope of this thesis, we have mostly focused on the activities that company has in different situations in several markets. Novozymes is operating in five industries and each industry has its specific problems whereas in this paper we have only mentioned about the two

most important ones. Novozymes was chosen to be the case company in this paper both because the company is the market leader in its market nevertheless still trying to expand into new markets and strong connections that the author has with the company professionals to obtain primary data.

Novozymes had a recent change in their corporate governance structure where they increased the allocation of vice presidents in a more responsive way, where they shifted their focus from solely concentrating on regions to concentrating both industries and regions in the same time. This changed has happened on February 2016 and has become a basis for this thesis paper where significant amount of problems were believed to be happening before this new allocation (Novozymes, 2017). Therefore, since this is a very recent change from the time that this paper has been written, the collected data would be both new, not completely reliable and does not mean that it will not change in different direction in the future.

In big multinationals such as Novozymes, business decision making relies on several factors starting from financial reasons to supply chain management, research and development of technology, logistics, country political factors and many more. However, in this paper, we will analyze only the sales network activities of Novozymes in B2B context due to the length of our paper and the scarcity of research time that we have during the preparation of this thesis.

1.6.Target group

This paper is not solely based on the case of Novozymes' business success but also it is also approached its way of company's dealing with its business problems in both critical and consulting point of view. Therefore, we believe that this thesis could be beneficial to not only Novozymes' management team but also other companies that are operating in similar business way in B2B Marketing. Thus, this paper could help other companies' sales network managers to develop solutions by analyzing the similar cases where Novozymes saved and enhanced its business in numerous markets. B2B Marketing is a growing and a wide scale activity for companies therefore we think that this paper could help more and more companies in the future.

1.7. Thesis Disposition

- *Chapter 1 – Introduction* provides the background of the topic studied. The purpose, research questions and delimitations are included as well.
- *Chapter 2 – Company Background* presents the information about the chosen firm, Novozymes. The company's business, different industry units, sales and partnership network will be introduced.
- *Chapter 3 – Definitions* introduces the concepts that have been mentioned in the thesis.
- *Chapter 4 – Theoretical Background* consists of the relevant theories, concepts and models used in B2B Marketing analysis, network relationships and intra-organizational solutions. Further researches that are related with the subject of this thesis will also be presented.
- *Chapter 5 – Methodology* introduces the way we construct this paper from the beginning. The method of doing this and choices of data collection will also be determined and demonstrated.
- *Chapter 6 – Empirical Data Findings* is the part where all the primary data collected from the interviews and the secondary data from the internet and company internal database are presented.
- *Chapter 7 – Analysis* is where the study is deeply analyzed and explained with the collected data and theories chosen.
- *Chapter 8 – Conclusion* provides results and presents the conclusion we made from the analysis in order to answer our research questions of this research. The section of suggestions for further research is also specified.

2. Company Background

In this chapter, our case company Novozymes will be presented starting from its historical background. Furthermore, it will be followed by the information about their business industries, their sales network and their recently changed corporate governance structure will be presented. This data is gathered from both primary resources such as interviews and secondary resources from the internet.

2.1. Historical background of Novozymes

Novozymes A/S is a global biotechnology company headquartered in Bagsværd outside of Copenhagen, Denmark. The company has exactly 6485 employees by the end of 2015. Novozymes is a multinational where it has operations in a number of countries around the world including China, India, Brazil, Argentina, United Kingdom, the United States and



Canada (Novozymes, 2015).

The company is aiming to be successful in the areas of research & development and production of industrial enzymes, microorganisms and biopharmaceutical ingredients. Novozymes was found by the brothers Harald and Thorvald Pedersen in 1925 as Novo Terapeutisk Laboratorium and Nordisk Insulinlaboratorium with the aim of producing insulin (Novozymes, 2018). In 1941, the company's predecessor launched its first enzyme, trypsin, extracted from the pancreas of animals and used to soften leather which put Novozymes as the first one to produce enzymes by fermentation using bacteria in 1950s (Parameswaran, B. et.al., 2013). Furthermore, in the late 1980s Novozymes presented the world's first fat-splitting enzyme for detergents manufactured with genetically engineered microorganisms, called Lipolase to increase further of its range of business operations (Watts, 1989).

However, the current Novozymes with the name, strategy and as a different identity company was founded in 2000 as a spinout from pharmaceutical company Novo Nordisk (Novozymes, 2018). In the 2000s Novozymes has aimed to reach the most markets possible and expanded through acquisition of several companies focusing on business outside the core enzyme business. Amongst these companies were the Brazilian bio-agricultural company Turfal and German pharmaceutical, chemical and life science company EMD/Merck Crop BioScience Inc. (Bloomberg, 2010). These acquisitions helped Novozymes to develop and improve its business, and let them become the leader in sustainable solutions for the agricultural biological industry (Vinluan, 2014).

As a company mission, Novozymes wants to continue its unique position towards the dedication to enzymes and microbes. For more than 70 years, company is constantly putting

their efforts to collaborate with the biological problem solvers where in the end they believe, Novozymes is creating difference to the world that we share (Novozymes, 2018). More than 6000 employees of the company whom they called Zymers are trying to find ideas to make a difference which is the foundation behind the company philosophy. Therefore, we can say that the company's purpose is deeply rooted in their heritage which is achieving to solutions with their sales network that are their customers, consumers, governments, academia and others around them in terms of finding the sustainable answers that our world needs (Novozymes, 2018).

Sustainability is a key word for Novozymes' business activities that it drives the company's approach to decision making and is reflected in their purpose, strategy and long-term targets. For Novozymes sustainability means adding economic, environmental and social value to its sales network (Novozymes, 2018). The company's long-term targets are inspired and motivated by real and positive impact on the world that the biological solutions that they offer. Novozymes is trying to reach 6 billion people with their biological solutions by the year 2020. In this way 6 billion people worldwide will be using products made by their solutions at least once a week. In order to obtain this goal, company needs to be closely connected to their sales performance. Successful execution of the company strategy will help them to increase their reach to multiple industries in both emerging and developing markets where they believe they have the greatest potential. Furthermore, company is aiming to educate more than 1 million people about the potential of biology to attract more consumers in the future by injecting knowledge about science and sustainability to their consumers through reaching out to schools, universities and communities (Novozymes, 2018).

Moreover, company is aiming to catalyze 5 global partnerships for driving change in order to make the necessary impact on the world. By 2020, company is aiming to form five high-impact partnerships dedicating on solving key global issues with public and private organizations. Novozymes also wants to deliver 10 transformative innovations that has an impact on transforming markets in an innovative way which will create significant impact for customers and make the world more sustainable. In this way, another goal for company is to save 100 million tons of CO₂ in 2020 by helping their customers to improve their environmental performance and will help company to fight against the climate change. This will happen by reducing their consumption of energy, raw materials and chemicals (Novozymes, 2018).

2.2. Novozymes' business industries

Novozymes is following the triple bottom line strategy on delivering value to its consumers and partners. The company believes that sustainability means adding economic, environmental and social value. These three values are the core ones for Novozymes' way of conducting business activities. Integrating sustainability is the core of the company's business and it is a key component of business strategies and management processes. Novozymes is always trying to ensure that they add value to their network and deliver sustainable solutions (Novozymes, 2018). Sustainability is governed by all the company decision makers where the company's long-term targets are shaped by the UN Sustainable Development Goals criterion. Furthermore, company managers are always measuring the environmental impact of their solutions on a life cycle assessment basis where they identify and focus on the issues most relevant to their triple bottom line strategy. Company has several checking mechanisms which allows them to continually track and improve their environmental, social and governance performance (Novozymes, 2018).

Novozymes believes that their sales network more generally their stakeholders are crucial for their business success. As a B2B Marketing based company, they are aware that engagement with their stakeholders is essential part of their current and future success. In the end, company creates value for their customers and bring solutions in order for them to cut costs and reduce their environmental impact. For instance, fluctuating raw material prices and volatile markets are an everyday reality for many of Novozymes' customers where the company help them use raw materials more efficiently to reduce, or substitute, use of traditional chemicals with more sustainable alternatives. Another example is where the company could help their customers to develop Life Cycle Assessment where they get informed about the areas of a product life cycle that represent the biggest cost saving opportunities. Lastly, with climate change high on the agenda, Novozymes think that they could use sustainability as an advantage to attract customers where the long-term company target about increasing global CO2 savings will affect other companies in a more environmentally friendly way (Novozymes, 2018).

Novozymes currently has five industries that they currently operate:

- Household care
- Food & Beverages
- Bioenergy

- Agriculture & Feed
- Technical & Pharma

In 2017, company had the highest returns than ever where 65% of this growth obtained from developed markets and the rest 35% was from emerging markets. We will start with Household care industry which generates the highest rate of 32% of sales to the company. This is the section where the company provides enzymes to laundry detergents, textiles & leather and pharma. In this industry, company had a 1% sales growth compared to last year even though sales were flat in Europe, the Middle East and Africa. Good sales performance in North American, Asia Pacific and especially China helped company to have increased returns. Latin America was the only market where sales went down due to continued weak market conditions. Company is expecting a further growth in Household care industry in the second half of 2018 by increased penetration in emerging markets where constant increased demand is recorded while continued focus on developed markets (Novozymes, 2018).

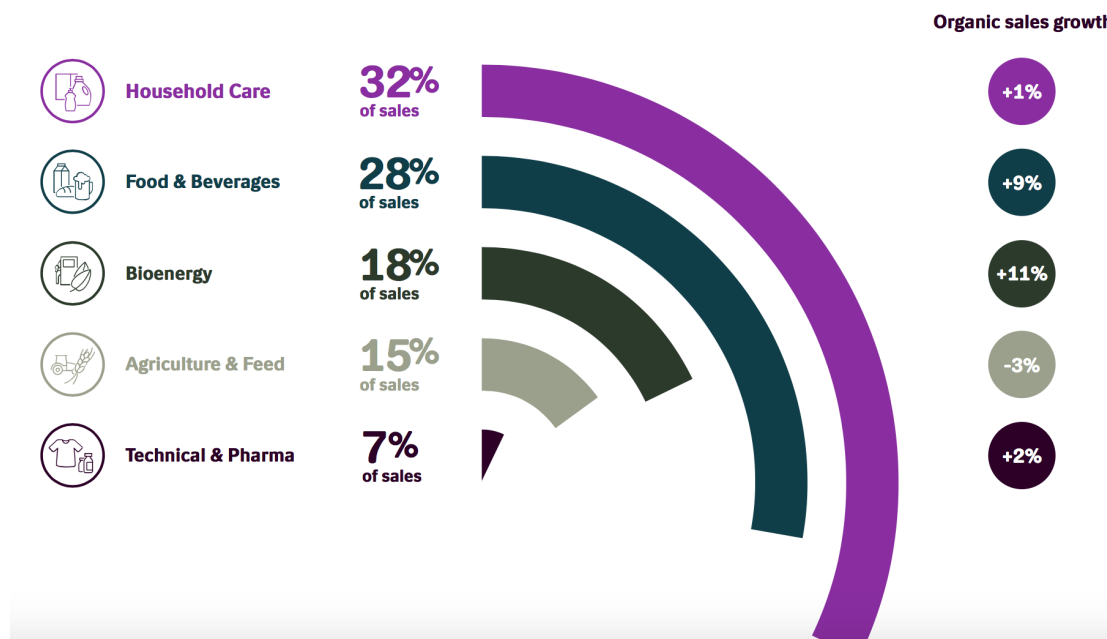
Food & Beverages industry is the second area that the company is focusing on where it accounts to 28% of total sales of the company by 2017. This is the section where the company provides enzymes to baking and beverage companies, grains, oils and fats, and some food and nutrition companies. In this industry, company had a record of 9% organic sales growth compared to last year and kept its dominant position in the market. Even though price reductions in North American market affected company in a negative way, the strong performances in European, the Middle Eastern and African markets have more than offset this downturn in the end. Innovations in the market such as demand for lactose reduction have helped company to explore new opportunities in the industry. In 2018, company is expecting to have continued increase in growth in sales where again the emerging markets are a vital hope for the company in the future despite the expected poor performance of the industry in North American market due to abovementioned circumstances (Novozymes, 2018).

The third industry that Novozymes operates in is Bioenergy which has generated 18% of total sales for the company in 2017. This is the section where the company provides enzymes specifically to biotechnology and bio-agriculture field where it strongly ties up with the company philosophy. In this industry, company had a record of 11% sales growth compared to last year and pioneered the market with its sustainable solutions. The growth mainly was driven by the broader product portfolio and stronger focus of the company to this industry compared

to previous years and the growing conventional biofuel market in the United States. Even though there were general growth in almost every region for this industry, American market was the primary reason for this record growth. Continued innovation and technological improvements in the biotechnology field helps Novozymes to grow in a faster pace each year where the company expects that this trend to go further in 2018 as well. Growing calls for CO2 reduction in the transportation sector and the political incentives are helping the company to exploit the opportunities in the market even more for the future (Novozymes, 2018).

Agriculture & Feed is the fourth industry that the company is focusing on which accounts to 15% of total sales for the company in 2017. This is the section where company provides enzymes dedicated to animal health and nutrition. With the 3% decrease in the sales growth in this industry, this is the only declining one among the company industries by 2017. Decreasing demand to company products has led Novozymes to collaborate with some other companies to focus on a long-term growth in this industry. New product developments after this collaboration is expected to deliver Novozymes a slight growth starting from the second half of 2018. Nevertheless, uncertainty in global farm economics and consolidation of other big companies in the industry is not expected to help Novozymes in the short-term (Novozymes, 2018).

Technical & Pharma is the fifth and last industry that the company is operating in which accounted to 7% of total sales for the company in 2017. This is the section where company provides enzymes to pharmaceutical companies and focuses on reducing water consumption, improve water quality and clean wastewater. In this industry company has recorded a 2% sales growth compared to last year which was mainly came from the Pharma part. Company has divested its long-time entity where they believe that it is not providing any benefits for Novozymes anymore. For this reason, company is expecting a higher rate of growth in 2018 with the continuous focus on process optimization and cost reduction (Novozymes, 2018).



Novozymes had recorded 4% organic sales and 2% net profit growth overall in its business in 2018. Increased growth in especially emerging markets such as the Middle Eastern and African markets where the company recorded most of the 4% growth helped Novozymes to return on growing in double digits in financial table after a break of almost a decade (Novozymes, 2018). This positive impact on company performance will be the foundation for our paper to be able to explain how this growth trend was the opposite in previous years.

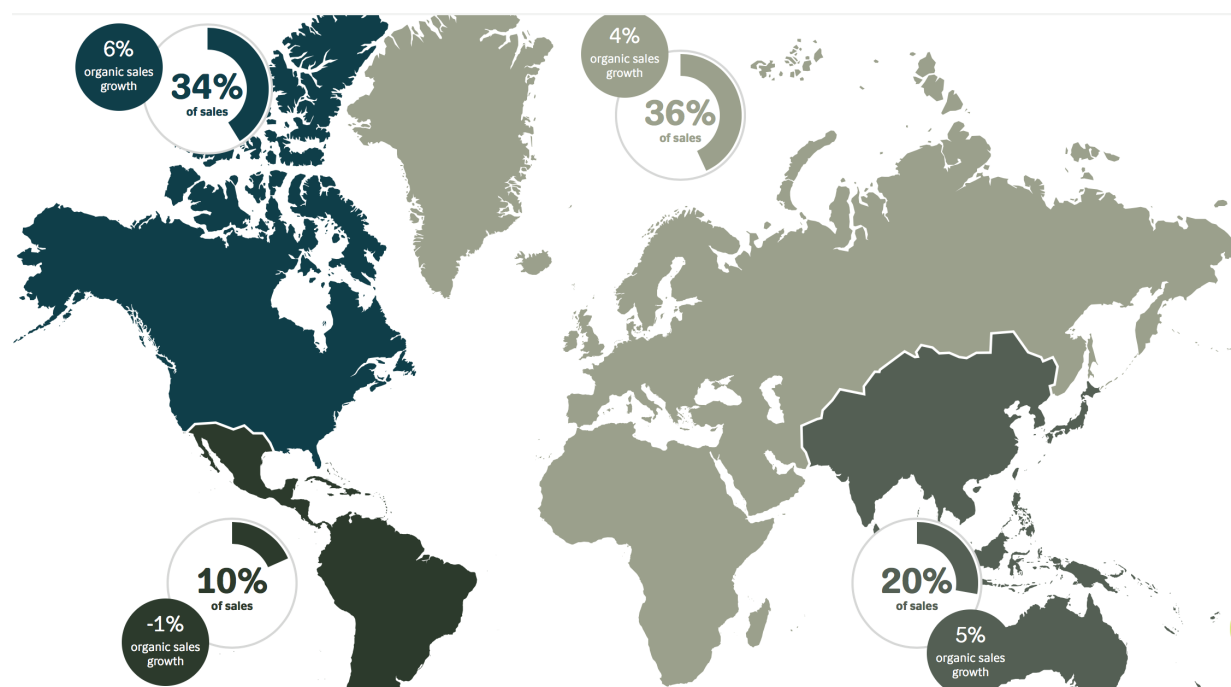
2.3. Novozymes' Sales Network

Novozymes has operations in 6 continents where company chooses its partners to make a positive impact on their business. The company is solely producing end products to other companies therefore the strategies and partnerships among Novozymes and its consumer companies need to have common focus areas of doing business. The company has two production facilities in the United States, three in Denmark, one in South Africa, one in China, one in India and one in Brazil. Furthermore, the company has several subsidiaries dispersed all over the world (Novozymes, 2018).

As of 2016, Novozymes is dividing its sales network into two broad markets which are namely: developed and emerging markets. In developed markets, company is focusing on the markets where their business is mature and gained a remarkable market share such as in North American

and European regions. Emerging markets however, are the regions where company is still considered as a new entrant to the sector where they are expecting higher growth rates than the developed markets. Middle Eastern, African, Asian and Latin American markets are considered as emerging markets in Novozymes' business portfolio that these markets are expected to act like in abovementioned factors.

If we look at sales by geography of Novozymes in 2017 regardless of mentioning this two separation as developed and emerging markets, we can say that in North American market the company had 6% increase in sales derived from its Bioenergy industry despite the poor performance of Agriculture & Feed industry. North America makes 34% of total sales of Novozymes and it is always considered as a vital market for the company. In Europe, the Middle East & Africa region sales increased by 4% in 2017. The company industries such as Food & Beverages and Bioenergy have contributed this growth whereas Agriculture & Feed and Technical & Pharma industries have decreased the growth rate of sales in this region. Europe, the Middle East & Africa accounts to 36% of Novozymes' business which is the most compared to any other region is expected to increase even more with the company's recent successful performance in the Middle Eastern and African markets (Novozymes, 2018).



In Asia-Pacific region Novozymes' sales have increased by 5% in 2017 where all industries except Technical & Pharma one have contributed this growth rate. This region accounts to 20%

of total sales for the company and is constantly growing every year with the increased focus on the headquarters to this region on sales performance. Lastly, Latin American region was the only one that Novozymes failed to increase its sales where they declined in sales by 1% in 2017. Since company is still a new entrant in this market with some of its industries, the weak consumer confidence on Novozymes' products thought to be the main reason for this downturn. Even though company did good in Bioenergy and Technical & Pharma industries, it was more than offset by a decline in Food & Beverages, Household Care and Agriculture & Feed industries. Latin American region accounts to 10% of total sales of the company where Novozymes believe that they will increase their sales in this area by focusing more on the local characteristics and being more responsive to the different market needs (Novozymes, 2018).

2.4. Novozymes' Governance Structure

Until the year 2016, Novozymes had an operations structure where they split into two divisions: Emerged markets and Developed markets. As we explained in the previous chapter, these markets were determined by the market position of the company in these regions where they expect constant positive returns and less risk or higher returns in a riskier environment due to position of the company. However, this separation has not been yielding positive returns for the company and the growth rates have started to decrease from 8% approximately to 1,5% by the end of year 2015 (Novozymes. 2018). The company was having problems in especially at the emerging markets where they could not approach the right businesses and their problems. Furthermore, the company managers were in struggle to capture the new market opportunities in these markets due to the amount of workload that they have as solely dividing their business focus to developed and emerging markets rather than approaching and offering solutions in product oriented.

Because of all these reasons, in February 2016 Novozymes has decided to change its governance structure into a completely new approach where they introduced the abovementioned industries in their products. Basically, the idea was to split the company product portfolio into five different parts in order to be more responsive and offering solutions in different areas. Therefore, the company has allocated vice presidents whom will be in control and seeking for opportunities in each industry where they will be focusing on delivering the company products to their customers faster and more agile way (Lundberg, 2016). In this way, Novozymes aimed that instead of having a broad scale of solely targeting consumers towards

the market standards, this time they will be looking for what their consumer really demand from them and then having the regional focus on the market.

All in all, Novozymes now has a governance structure where they believe that it strengthens their technology and market leadership through the establishment of a central Research, Innovation & Supply organization spanning the value chain from discovery to market (Novozymes, 2016). This split of five industries was aiming to enhance Novozymes' ability to deliver more innovation to customers with more speed and commercial impact. Furthermore, recent problems that the company was facing such as problems with delivering companies innovative products to their consumers would be served in faster way and be more agile towards the market needs all the way from research to sales (Novozymes, 2016). This has led already a stronger alignment for Novozymes different departments such as sales, marketing, technical services and application research which ended up affecting stronger customer offerings and increased activities of innovation since 2016.

Operating in more than a hundred countries, Novozymes is in strong collaboration with their production facilities and their suppliers in order to deliver superior solutions to their consumers. These strategic planning executes a crucial part for Novozymes' business development and technical innovation. The company has subsidiaries in more than 30 countries which are assigned separately to different tasks such as production, sales and marketing, research and development (Novozymes, 2017). Moreover, company is also making strategic partnerships and joint ventures with local companies to overcome the obstacles could arise from changing customer needs, changing political conditions and cultural differences.

The increased focus on emerging markets with product classification approach conceived as a key factor which led Novozymes to grow in faster pace again after 2016. As an innovative company, Novozymes' research and development centers have a crucial role on the company strategy and their relationship with their suppliers. Therefore, the business approach that Novozymes have is now shaped differently for each market needs and characteristics that is encouraged by the research and development department, suppliers and with their local partners in the market.

3. Definitions

In this chapter, some business concepts that we will use throughout this thesis will be presented. Business partnerships such as joint ventures, cultural boundaries in business context, mutual beneficial business methods and interaction oriented organizations will be explained.

3.1. Business partnerships

The business partnerships are the arrangements where two or more companies are agreeing on cooperating in order to advance their mutual interests and to amplify their reach (Bamford, 2004). The joint ventures and consortiums are the most common ways of business partnerships where it arises from the situations such as when a work or a project is too heavy or too risky for a single entity to conduct, when two companies want to strengthen their position in their market or to overcome specific regulations such as for instance in some emerging countries foreign companies could only do investments through partnerships with local experts where Novozymes had to do it as well in some markets (Coispeau, 2015). To be able to conduct strong and successful business partnerships both parties should negotiate all terms and conditions before starting their business in order to prevent future misunderstandings. Nevertheless, trust and pragmatism is also an essential part of business partnerships that it cannot be expected that everything could be written on the initial agreement therefore clear communication throughout the partnership is also as much important as negotiations in successful partnerships (Zadek, 2006).

3.2. Cultural boundaries in business context

Multinational companies such as Novozymes are operating in 6 different continents and more than 100 countries. This means company is doing business with people coming from different backgrounds, upbringings, cultures, values and norms. Even inside the company where it has offices and therefore employees all over the world, has hundreds of different cultures and different way of doing businesses. Therefore, the company always must be careful and respective to these cultural differences and should be aware of them in beforehand. That is the reason why these multinational companies are opening branches all over the world and leaving the local business decisions to the respective decision makers in countries. It is also a good indicator that the company really cares about all of its markets and has an eye on each market

need and characteristic. For instance, Food & Beverages industry of Novozymes should be aware of peoples' preferences towards religion where it should provide enzymes which are halal for Muslims and kosher for Jewish people in order to enter and do business in those markets.

3.3.Mutual beneficial business methods

Companies sometimes make agreements with other companies where it will result in benefits for both parties. Especially in B2B companies such as Novozymes, it is inevitable for their business to obtain these relationships with their consumers in order to continue their business. Achieving mutual benefits is usually done by making agreements with another company to advance its operations. These beneficial agreements could be for goods, services or resources agreements to enhance both parties' strategies. Mutual benefits would only occur when both parties in an agreement or situation gain value. Companies may need to use a contract to maintain their mutual benefit where it outlines the specific goals and objectives for both businesses (Vitez, 2017).

In B2B marketing context, companies are consumers of B2B companies therefore, the strategic alliances and mutual benefits from both sides are even more common and important. In order to ensure strong relationships and consistent revenues, each company must have something unique to offer (Toledo, 2013). When we consider the supply chain of Novozymes which is starting from the raw material supplier companies to Novozymes, to the end-product user client companies that are smaller or bigger than Novozymes we can say that all these businesses rely on each other and their range of services. If Novozymes could not get the raw materials from its suppliers they could not deliver the final product to its consumers and consequently for instance, juice companies cannot produce juice because they do not have all the ingredients to produce it.

Long-term success could only be obtained through these mutual beneficial relationships in B2B context where one part is obtaining data about their consumers' desires, understanding and enhancing their values and entering to newer markets where the other part is simply acquiring the most innovative and practical products to maintain their business in a more efficient and contemporary way. These broad successful networks would benefit both the development of societies and strategic partnerships in the international business field. Growing through

partnerships with suppliers and consumers will help companies to obtain sustainable business development in different markets and put company into a valuable place in international business network (de Waal, 2012, p.20).

3.4.Interaction oriented businesses

Interaction oriented businesses are the companies where their primary focus is their buyers and customer relationships. These interactions between company and its consumers are crucial for their business success and its sustainability. In these type of organizations, the consumers are considered as a source of the business and a potential business resources for the future. Therefore, companies should always try to be innovative and capable of finding sustainable solutions for their consumers' problems in order to strengthen their position and value for their consumers. Evolution of technology would help these organizations to maintain their product innovation process and their services to keep up and offer the newest solutions for their consumers in the market (Venkatesan, Kumar & Reinartz, 2012, p.326).

The benefits of fostering an interaction oriented business are examined as followed by the authors:

- The firm would be able to attract and retain the most valuable customers
- Its customers develop into a skilled resource for the firm
- The firm inoculates its customers from competitors by giving them a sense of owning the firm
- The firm develops a dynamically shifting portfolio of products and services
- The firm develops the ability to foresee customer responses and plan marketing activities for the long term
- The firm improves its performance by maximizing profits at every stage

(Ramani & Kumar, 2008)

4. Theoretical Background

In this section, the introduction to B2B Marketing theories will be made and the supporting sufficient theories that are backing up our empirical data will be presented. The key concepts and models will also be defined.

4.1.B2B Marketing theory

Since organizations were first developed, commerce and co-operations between organizations has been present since the earliest days. In other words, even though B2B Marketing has been considered as a relatively new approach in business, it has been existed for millennia. Nevertheless, even though we can find evidences about B2B marketing since 1890s, significant contributions to the theory have only been made during the last three decades (Hadijkhani & LaPlaca, 2012). Even though trade has been made for several centuries now, the business relationships gained a specific focus of scientific inquiry only has 30 years of history (Carratu, 1987; Sheth, Gardner & Garrett, 1988). Today, the increasing research attention towards B2B has attracted several scholars to analyze how we think of B2B Marketing and have enabled us to apply marketing theory to an ever-increasing variety of inter-organizational buying situations.

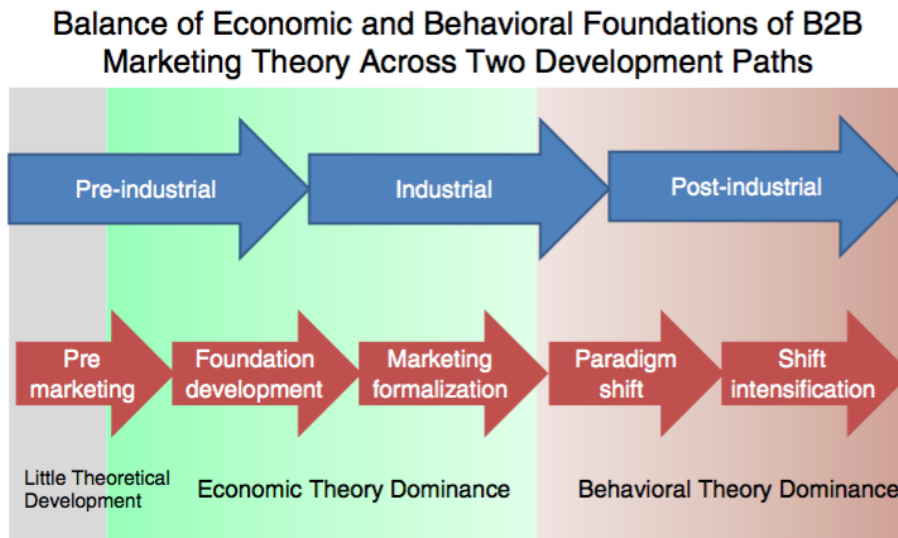
Wannamaker (1899) was one of the first scholars whom have considered the initial stage of business and discussed the customers' relationships in his work where his business philosophy transformed both his retail organization and its customers' and suppliers' behavior (Tadajewski, 2008). Despite these early works and different perspectives between scholars in the beginning of 20th century, B2B research had a troublesome journey. As Wannamaker is considered as one of the fathers of relationship marketing that he clearly understood the roles of customers, retailers and producers one century ago, he was not favored the principals of business that is profit maximization unlike the other company managers of his time (p.7, cf; Tadajewski, 2008). He rather was emphasizing the importance of the close contact which will bring benefit to all parties involved in business system such as customers, retailers and producers (p.33; Tadajewski, 2008). In this way, he believed that the long-term success in organizations would be only possible if he fosters repeat purchases, establish mutuality and reciprocity in the exchange between stores and customers. These beyond his time views of Wanamaker has captured the attention and became a foundation study for many recent B2B researchers (cf. Bagozzi, 1995).

Wanamaker always believed that one could not talk about a relationship between companies if there is no expectation of mutuality from both sides of the bargain. *Mutuality*, for Wanamaker in this case as Tadajewski (2008) explains, refers to the idea that merchants, customers and producers should find the resulting exchange both satisfying and profitable (e.g., Appel, 1911:

48). Moreover, he continued that trust is an inevitable condition for connecting customers to each other. These interactions in the supply chain of the companies therefore, always be aiming for long-term ties which will bound the actors to each other. The scholars believed that the strong ties between companies will bring competitive advantage to the companies and will play an important role for deciding the strength of network position and ability to adapt and compete in changing market conditions. These behavioral and social approaches to business have become a necessity to study for company managers in order to understand the economic behavior of B2B aspects of business in 21st century. Nevertheless, it took more than 80 years for company managers to realize how important B2B Marketing concept and views are which have presented in the 1890s.

Several researchers after Wannamaker have worked on social and organizational behavior theories. Some of them recognized this development as a paradigm shift from a transaction to a behavioral and relationship focus (cf. Achrol, 1997; Dwyer, Schurr, & Oh, 1987; LaPlaca, 2009; Sheth & Parvatiyar, 1995b). Various research camps focused on direct consumer marketing (cf. Fournier, 1998; Hadjikhani & Seyed-Mohammad, 1998) while other were concerned with ideas on industrial and business to business exchanges (cf. Corey, 1976; Håkansson, 1982; Hill, 1975).

B2B Marketing has undergone significant changes over a century that it got richer and more scholar in today's marketing literature. The B2B Marketing Theory has two paths now where Sheth and Parvatiyar (1995a) identify the three stages of market development as; a) pre-industrial, b) industrial and c) post-industrial eras and explain the development of B2B by connecting these stages of market development. On the other hand, Wilkie and Moore (2003), describe marketing thought as developing along five stages of: a) pre-marketing (before 1900), b) founding the field (1900-1920), c) formalizing the field (1920-1950), d) paradigm shift (1950-1980), and e) intensification of shift (1980-present). In the figure below, we can see that these two types of categorization of B2B development, the foundation of marketing behavior before and during industrialization, the theory of exchange dominated marketing research until the 1980s. Whereas during the post-industrial or post-paradigm shift stages, researchers increasingly applied behavioral theories to further B2B marketing theory.



Even though B2B Marketing has been around for more than a century now, it is still an evolutionary theory since there are a lot of counter opinions of several scholars about forming an overall B2B Marketing theory, therefore this turbulent environment in the theory will make it evolve and more studied throughout the years.

4.2. Inter-organizational relations theory (IOR)

According to Glanz, Rimer, Viswanath (2002), Inter-organizational Relations Theory (IOR) addresses changes across organizations. The theory focuses on how organizations work together where its foundations is based on the premise that collaboration among organizations leads to a more comprehensive coordinated approach to a complex issue that can be achieved by one organization. It encompasses all the complex networks of organizations where all B2B Marketing companies would have around their business cycle. Furthermore, it also explains that how much the companies in a network are connected to each other that they got affected from changes in each organization. Buyer – supplier relationship is crucial for organizations' units where the increasing amount of complexity could easily terminate long-term relationships in company networks. Since the beginning of the 1960s, researchers had a growing interest on how the changing conditions in business environment affects organizational behavior, more specifically the collaboration activities of organizations to decrease uncertainty in the business environment. The similarities between the needs of companies and interdependence, the available resources, clear and mutually shared goals, values, interests and norms, and the

degree of complexity in the market place are all critical factors for inter-organizational relationships (Glanz, Rimer, Viswanath, 2002).

Benefits of inter-organizational relations could be named as: increasing opportunities of accessing to new ideas, materials and resources, reduced duplication of services, more efficient use of resources, increased power and influence, ability to address issues beyond a single organization could handle and eventually sharing the responsibility for complex or controversial issues. Conversely, the costs of inter-organizational relations could be named as: diversion of organizational resources or mission, incompatibility with partner organizations' policies or positions and delays from each part on taking action due to consensus building (Glanz, Rimer, Viswanath, 2002).

The success of inter-organizational relations (IOR) depends on several factors among companies where we can measure how beneficial is this kind of partnership for the companies. Age of inter-organizational relationship is the first factor we can talk about. Obviously, experience in its specific field, habitual behavior of both sides and knowing your business partner for a long time is an advantage for IOR. It is believed that this will bring trust in IOR which is a crucial element in not only in business but in every context about relationships. The commitment that both parties put on the table is another factor that when both companies are willing to work together in a constructive way will bring benefits to IOR to businesses (Khuong, 2012).

Interdependence however, has an uncertain effect on IOR that when companies are too much dependent or when not that dependent on each other could rise problems on both sides when unpredicted events happen in the marketplace. Furthermore, coordination and communication are crucial for companies in IOR context where both parties should know whether everything is going well for both companies in changing market situations. Participation of both sides when there is a problem is indispensable for crisis management for companies and in for the efforts of preventing future liabilities. In this way, there would be a sufficient conflict resolution generated in IOR network which will last the partnership longer and healthier for both sides (Khuong, 2012).

Before forming an IOR with another company, both sides should agree and discuss about expectations, requirements and responsibilities in order to conduct a long-lasting partnership.

The companies which are failed in the foundation process would be in danger of being not on the same page in opinions. Furthermore, determination of how formal and how flexible will both sides be during the partnership is another important element that companies should consider while forming an IOR. These factors will also determine how important and serious the formed IOR would be for companies (Khuong, 2012).

As like all partnerships, the success of Inter-organizational relationships is also dependent on frequency of interaction from both parties involved. When all these above-mentioned conditions are nearly present in inter-organizational relationships companies could experience financial benefits and marketing support from each other. Companies then could talk about relationship performance satisfaction and eventually business success after having the benefits of IOR. Consequently, overall IOR success could be achieved through following steps and when they bring positive returns for both sides in the end (Khuong, 2012).

4.3.CAGE Framework and Psychic Distance

In his work “The Forgotten Strategy” Pankaj Ghemawat introduced the international business strategy called CAGE Framework to offer businesses a way to evaluate countries in terms of the “distance” between them. According to him, differences between countries when multinationals do business abroad is much more than only physical geographic distance. He believes that companies should also consider the cultural, administrative (currencies, trade agreements), and economic differences between them as well in order to perfectly adapt their strategy to different countries. Therefore, CAGE (cultural, administrative, geographic and economic) framework offers a broader view of distance and provides another way of thinking about location and the opportunities and concomitant risks associated with global arbitrage (Ghemawat, 2003).

The impacts of distances and differences which result in from CAGE Framework have been demonstrated quantitatively via gravity models. Such models “resemble Newton’s law of gravitation in linking interactions between countries to the product of their sizes (usually their gross domestic products) divided by some composite measure of distance (Ghemawat, 2011). This framework offers managers some advantages in the process of developing international strategies that it makes distance visible for managers, it helps to pinpoint the differences across countries that might handicap multinational companies relative to local competitors.

Furthermore, it can shed light on the relative position of multinationals from different countries like for instance the strength of Spanish firms in many industries across Latin America. Finally, it can be used to compare markets from the perspective of a particular company (Ghemawat & Siegel, 2011).

Ghemawat emphasizes that different types of distance matter to different extents depending on the industry. For instance, geographic distance is more important for companies which are dealing with high amounts of transportation of heavy or bulky products whereas, for cultural distance it is more related with the consumer behavior which is important for consumer goods company but not for company in steel business (Ghemawat & Siegel, 2011). Below, we will explain CAGE categories in more detail.

Cultural distance: This category focuses on differences in languages, ethnicities such as investigating the connectivity between ethnic or social networks in different country pairs. Furthermore, it also considers the differences in religion, trust issues and peoples' perception of values, norms and disposition in societies. If one wants to look at one country in isolation, this category focuses on insularity and traditionalism of conducting business in that country (Ghemawat, 2007).

Administrative distance: This category focuses on whether there is a lack in colonial ties, shared regional trading bloc and common currency when comparing a pair of countries. Furthermore, it also considers the political hostility between countries as well. If one wants to look at one country in isolation, this category focuses on whether the economy is nonmarket/closed economy or not in order to compare home versus foreign bias in that country. Moreover, it analyses if there is a lack of membership in international organizations in that country and whether the institutions are weak and corrupted in that country (Ghemawat, 2007).

Geographic distance: This category focuses on differences in physical distance, in time zones and climates/disease environments in different country pairs. Furthermore, it also considers whether there is a land border between countries or not. If one wants to look at one country in isolation, this category focuses on landlockedness of that country, geographic size, and geographic remoteness. Moreover, it also analyses whether there is a lack of internal navigability in the country and if the transportation or communication links are weak or not (Ghemawat, 2007).

Economic distance: This category focuses on the differences of rich and poor ratio between countries. Furthermore, other differences that this category considers are differences in cost or quality of natural resources, financial resources, human resources, infrastructure, information or knowledge. If one wants to look at one country in isolation, this category focuses on economic size and whether per capita income in that country is low or not (Ghemawat, 2007).

Psychic distance is the fifth factor that we will use when analyzing distances between countries. In International business and marketing settings, psychic distance is based on perceived differences between a home country and a “foreign” country regardless of physical time and space factors which differ across diverse countries (Usunier & Lee, 2005). The slight difference of psychic distance from the other measures from CAGE Framework is that, psychic distance is a subjective type of distance which has stated in definition as well as “perceived differences” between countries (Ghemawat, 2001). Therefore, different scholars had different opinions of measuring psychic distance such as Kogut & Singh (1988) index using Hofstede’s (1980) cultural dimensions. Hence, it is stated that the accurate approach of measuring psychic distance is left on perceptions of decision makers of different host countries and their estimations (Hakanson & Ambos, 2010; Dow & Karunaratna, 2006).

The first term “psychic distance” has been mentioned back in researches conducted by Beckerman (1956) and Linnemann (1966). Subsequently, Vahlne and Wiedersheim-Paul (1973) described psychic distance as “factors preventing or disturbing the flow of information between potential or actual suppliers and customers”. These factors are associated with country-based diversities and dissimilarities and can be grouped into four clear areas:

1. Linguistic differences and translation difficulty.
2. Cultural factors – societal norms, level of individualism or collectivism, values and customs.
3. Economic situation – existing trading links, infrastructure, local conditions, competition and investor confidence.
4. Political and legal system – government stability and risk of instability, import tariffs, legal protection and taxation levels.

Even though when these four concepts were introduced in early 1970s as a foundation of Johanson and Vahlne (1977)’s theory, they are still generally accepted as the concept’s real genesis (Sousa & Bradley, 2005b). The study also concludes that expansion activities of

companies internationally are directly related with psychic distance where further international market expansion means greater successively psychic distance. Therefore, the study suggests that companies should first export into countries that they understand before expanding into several markets simultaneously. Companies should first acquire experiences in that specific country and then explore opportunities further in different countries. For instance, companies should start expanding into countries where there is a political stability and low market uncertainty and then try to expand into greater psychic distance countries after succeeding in the initial country (Johanson & Vahlne, 1990). Hence, we can conclude that psychic distance is a very important tool on analyzing the internationalization processes of companies into foreign markets.

4.4.B2B Marketing network

A business network consists of several other companies in a complex environment, working together to accomplish certain goals (Ford & David, 2003). Several descriptions have been made about business networks which all of them could have different types of characteristics. In one definition, it says “A business network is far more than the business itself. As we have seen, it incorporates suppliers, customers, third-party developers, distributors and others. These outsiders must have a reason to support your network and remain active in it.” (Word, 2009). Nevertheless, in another definition it explained as “A business network is generic and includes both smart and not-so-smart business networks.” (Vervest, 2005). In the final definition, we will give states that “A business network is owned by the business enterprise, where the scope of the network is to support the informational and operational requirements of the business such as marketing, sales, accounting and manufacturing departments.” (Lewis, 2001).

As we can see from the definitions above, several scholars have made works and analysis about business networks which has gained importance in recent years. Since it has increased its meaning in business environment, researchers in the field of business-to-business marketing were interested in the notion of how business network is a significant tool in strategy developing where it pictures subjective mental representations of what is relevant for their company around their business environment from the decision makers’ perspectives (Naude, 2006).

In industrial markets, business networks have emerged into a significant importance for companies where researchers started to concentrate on other side of the business methods that companies have such as “what is happening underneath the visible flows of products, enquiries, sales visits and negotiations, and beyond the visible growth and prosperity of some companies and failure of others”. These B2B industrial networks have been explained by Snehota & Håkansson (1995) where unlike consumer markets not much known about industrial markets where it usually considered as private for wider public and included more at the strategy part of companies. The researches have shown that these business-to-business networks throughout a company’s supply chain has amazed many scholars on how smooth they are working in the complex industrial markets. This situation has led, more scholars to appreciate the importance of industrial networks and started them to learn about how it works (Snehota & Håkansson, 1995).

In Ellis’ (2011) study, these abovementioned business networks are divided into two dimensions. *Vertical relationships*, tells about the relationship between several actors in the same supply chain where *Horizontal relationships*, tells about the relationships among the organizations in the same market for collaboration opportunities in order to obtain mutual benefits (Ellis, 2011, p.135).

4.5.IMP Network Approach and ARA Model

Industrial networks are the platforms where it stresses the significance of all the formal and informal, direct and indirect contacts (interactions and relationships) a company has with other actors in its surrounding environment or with its network (Håkansson, 1982; Håkansson and Snehota, 1989; Johanson and Mattsson, 1987). The IMP network approach was designed as a reaction to the existing research tradition which consists the individual analysis of sale-purchase transactions and individual decision connected with them. Furthermore, its basic assumptions were also a reaction against the idea that companies and their economic activities are autonomous and independent (Håkansson and Snehota, 1989, 1995).

The IMP research on relationships and networks focuses on how firms interact and relate to each other (Håkansson and Snehota, 1989). It underlines that “no business is an island” which means that companies, their counterparts, resources and activities are interrelated by interactions, relationships and interdependencies. IMP research focuses on the long-term

interaction between individual actors rather than single transaction, where continuous interaction is the central idea behind the approach (Håkansson, 1982; Håkansson and Snehota, 1989; Turnbull et.al., 1996). Companies engage “in continuous interactions that constitute a framework for exchange processes” where these activities create bonds between different actors in the company network (Håkansson and Snehota, 1989, p.191). Furthermore, these interactions would develop the identity of a firm and its distinctive capabilities such in the areas of social, economic and technological (Waluszewski and Håkansson, 2007).

Interdependence is associated with interactions and is one of the basic assumptions of the IMP research (Ford and Håkansson, 2006; Håkansson and Ford, 2002; Waluszewski and Håkansson, 2007). Interdependence indicates that a company’s development and performance is conditioned by other actors and relationships, including indirectly related relationships (Blankenburg and Johanson, 1992; Holm et.al., 2005). The connections in two different relationships can complement or support each other and be positive or they may be in competition and be negative (Forsgren and Johanson, 1992; Håkansson and Snehota, 1989).

Another important feature that distinguishes the IMP network approach is the perception of the boundary between the company and its environment as very diffuse (Anderson et.al., 1994) which means that networks have no objective boundaries (Forsgren and Johanson, 1992). This will help company to gain a certain amount of control over their resources on the other while also partially giving away control over its own resources to other entities (Håkansson and Snehota, 1989). Therefore, in IMP networks, companies are “gaining control of at least one part of its environment while giving away some of its internal control” (Anderson et.al., 1994, p.2). This is one of the radical views that IMP researchers have compared to traditional strategic managers where these managers believe that there are clear boundaries between the company and its environment (Astley, 1984, p.526).

One of the key distinguishing features of the IMP network approach is the assumption concerning the very emergence of a wide network of relationships and management possibilities within such a network. There is not any hierarchical or leadership structure in the business network nor there is a single powerful company which makes the decisions by itself. Furthermore, the network does not have an owner or a natural center as well (Gadde et.al., 2003; Håkansson and Snehota, 1995). A network emerges in the process of repeated

interactions between entities and there has to be a coordination between the network participants (Anderson et al., 1994).

The second important conceptual framework which describes relationships and networks is provided by the Actors-Resources-Activities model (ARA model) (Håkansson and Johanson, 1992; Håkansson and Snehota, 1995). According to this framework, the relationships are associated with the exchange, adaptation, accumulation and creation of input and output resources, as well as activities such as joint operations, participation in events and coordinated behavior between actors of the network (Moller and Halinen, 1999). These relationships are made up of three overlapping levels created by actor bonds, activity links and resource ties where they are not independent from each other and there is an important interplay is present between them (Håkansson and Johanson, 1992; Håkansson and Snehota, 1995).

The actor bonds relate to the interpersonal links developed between individuals through interaction. These bonds are built on the degree to which the actors see, know and feel close to each other; how they trust, appreciate and influence each other and become mutually committed (Wilson & Jantrania, 1994; Wilkinson & Young, 1994; Huemer, 1998). The activity links relate to the extensive integration and co-ordination of activities that may develop between actors. Activities such as production, logistics, administration, deliveries, information handling and many more could be more or less integrated and linked together depending on the characteristics of business network (Richardson, 1972; Dubois, 1998; Torvatn, 1996).

Finally, the resource ties relate to how the two actors' resources may become adapted and mutually tied together as their interaction develops. These adaptations could be both tangible resources such as physical items like plant or equipment or intangible resources such as knowledge. Resource ties arise as the two parties in a relationship confront and mutually adapt their resources over time where this systematic confrontation would help company to develop new joint resource combinations in the process of innovation (Hallen et.al., 1991, Waluszewski, 1990) (Håkansson, 1987, 1989; Biemans, 1992; Lundgren, 1995; Laage-Helman, 1997; Holmen, 2001; Håkansson & Waluszewski, 2002, 2007).

4.6.The concept of a Strategic Network and the comparison with IMP Network approach

In the concept of Strategic network approach, researchers do not view companies as atomistic actors competing for profits against each other in an impersonal marketplace just like the IMP network approach, but as “embedded in networks of social, professional, and exchange relationships with other organizational actors” (Gulati et.al., 2000, p..203). According to the Strategic network approach, “it is the strategizing actor who is in focus and the position is derived based on the actor’s relationships to firms with which it is not involved in business exchange” (Gadde et.al., 2003, p.362). Strategic approach assumes that a company can solely plan and implement development of long-lasting relationships in both external and internal environment (Fonfara, 2012). This approach focuses on network organizations with deliberately created structures, negotiated roles and goals (Moller and Rajala, 2007).

Strategic networks “encompass a firm’s set of relationships, both horizontal and vertical, with other organizations” (Gulati et.al., 2000, p.203). These networks are composed of inter-organizational ties that are of strategic significance and include joint ventures, strategic alliances, long-term buyer-supplier partnerships and strategic blocks (Gulati et.al., 2000; Jarillo, 1988). Relationships are key for companies to implement their strategy to their business networks. Unlike in IMP network approach, in strategic networks there is a main entity which is called as flagship firm in the strategic network is emphasized which could be the headquarters of a multinational company, university in an industry cluster) acts as the task integrator. This entity creates the strategy intentionally and actively and affects to whole network, acts as a control center which organizes the flow of goods and information between multiple and often formally independent companies (D’Cruz and Rugman, 1993).

The following observations could be made when comparing IMP network approach and strategic network approach. Firstly, strategic network approach encompasses much more and diverse number of ideas about management of relationships among companies and network structures. Secondly, it is believed that strategic network approach is a more appealing one to decision makers compared to the IMP network approach since it addresses more questions about problems in relationship management and it provides the solutions for it which are suitable for business practices and leaves some of the decisions to the vision of a manager which includes some part of reality to the consequence that gives more reliable returns in long term for companies.

Characteristic	IMP network approach	Strategic network approach
Network emergence/creation	The result of interactions and relationships between entities	The result of a strategic process of creating a network by a focal company
Network boundaries	Diffuse network boundaries, almost non-existent	Clearly defined boundaries, despite the importance of relationships with entities from the environment
Network picture	Relative, arbitrary network picture, visualized differently by each network actor	One objectively known picture of the network
Network management	Nobody manages the network, management is only possible within the network	The network is managed by the focal company. Management involves relationships, their portfolios and the entire network
Focal company	No central entity. It is possible to create an arbitrary, relative visualization of the network from the perspective of the focal company	The focal company plays the key role in the process of managing the network and creating relationships; has a complete picture of the network
Strategy	Implemented in the context of a company's influence and position within the network	Complies with strategic activities and management
Competition	A fuzzy notion of competition resulting from a greater emphasis on interdependence and cooperation	Network actors compete with companies outside the network; the concept of a relational rent
Coopetition	Based on certain assumptions about coopetition	Based on certain assumptions about coopetition
Coordination	Through interdependence and interactions	The mechanism of network coordination (market, hierarchical and social coordination)

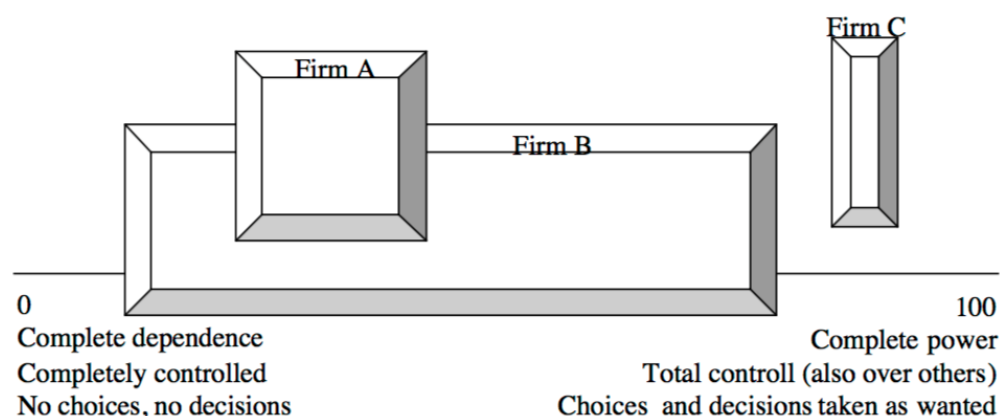
(Ratajczak-Mrozek, 2017).

4.7.Managing business networks

In business-to-business marketing context, companies are in constant interactions both with their own network and their consumer companies in order to deliver superior value in the end. These relationships are the main part of B2B companies' resources and it gives a competitive advantage for them. According to Anderson and Narus (1991)'s work the company relationships are important modes of interaction and should cover three different areas:

- Relationships with customers: For companies to understand their consumers' needs better and serve them in a more efficient way, companies need to develop good working relationships and ties with their consumers.
- Relationship with suppliers: Firms need raw materials in order to do production therefore, companies should develop and maintain good relationships with their suppliers in order to function competitively in the market.
- Innovation networks: Companies should keep their business networks open to new knowledge creation opportunities and technology transfers to its suppliers, facilities and consumers in order to keep being innovative in the market.

Therefore, managing business relationships are crucial for companies where several scholars have highlighted its importance for companies where they believe that collaborating is an essential competence for organizational survival and firms with experience are more desirable partners and generate more value through relationships (Dodgson, 1993)(Gulati, 1995; Mitchell and Singh, 1996). The degree of companies' reliability to other companies in business network could depend on industries. Several scholars have made different claims stating that one group of them said there is not any dominant company in the business network where all the companies are interdependent to each other such as car manufacturers and the other group claimed that there is a dominant company in the business network where it determines the strategy and do not rely solely on some suppliers such as high tech companies. Nevertheless, in reality, the situation is somewhere in between these two extreme ends where companies are both not that independent nor dependent on the other actors in business network (Wilkinson and Young, p.76).



(Ritter, Wilkinson, Johnston, 2017)

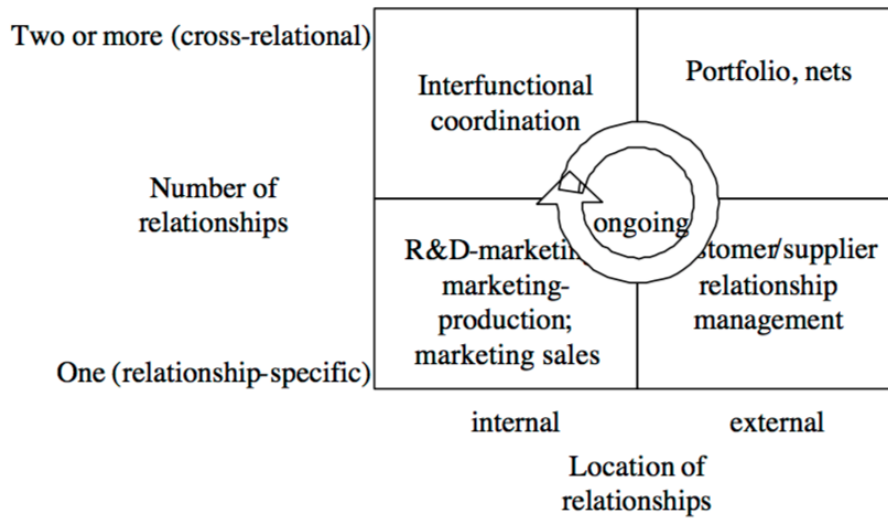
There are a variety of different perspectives on the tasks of managing in business networks (Ritter, Wilkinson, Johnston, 2017). The first division in management levels are whether the tasks are aimed at the individual relationship or trying to manage a set of relationships (Mattsson, 1997). Easton (1992) believes that this resource allocation among the relationships and the management of individual relationships are key issues on explaining the business network relationships. Furthermore, Mattsson (1985) and Johanson and Mattsson (1987; 1992) distinguish business relationships in internal (micro) or external (macro) positions in order to explain the consequences of set of business network relationships.

Relationship-specific tasks are the sum of activities which are conducted through managing one relationship. Walter (1999) suggests five tasks on this level: (1) searching for appropriate actors in two firms; (2) bringing these actors together; (3) exchanging information; (4) coordinating activities between the two firms; and (5) getting negotiation results. The importance of communication and coordination in business networks where highlighted by several scholars such as Sivadas and Dwyer (2000) described “cooperative competency” by Day (2000). This task also suggests that the information exchange and efficiency accumulates throughout years with market experience between interactions from companies and customers (Li and Calantone, 1998).

Cross-relational tasks however are the sum of activities that are conducted through the several relationships. According to Ritter (2000), these relationships are not connected and derive strategies separately for each individual relationship rather than following a general one. There are four tasks assigned to cross-relational relationships which are: (1) planning the strategy, (2) organizing (enactment of the plan), (3) staffing (allocation of tasks and responsibilities among the people in management) and (4) controlling (revision of the former steps) (Ritter and Gemunden, 2002; Ritter et.al., 2002).

Both relationship specific and cross-relational tasks are conducted non-stop since the business networks are ever changing and vibrant environments (Easton, 1992). Therefore, these collaborations are a continuous process of series of activities which affects companies' businesses in several ways. Lastly, it is crucial for companies to connect the different links inside the company in order to ensure internal communication in the company as a part of network competence for sophisticated companies (Ritter and Gemunden, 2002). Below in chart the overview of network management tasks are summarized in the situations of whether the

location of relationships is internal or external and whether the number of relationships are singular or two or more.



(Ritter, Wilkinson, Johnston, 2017)

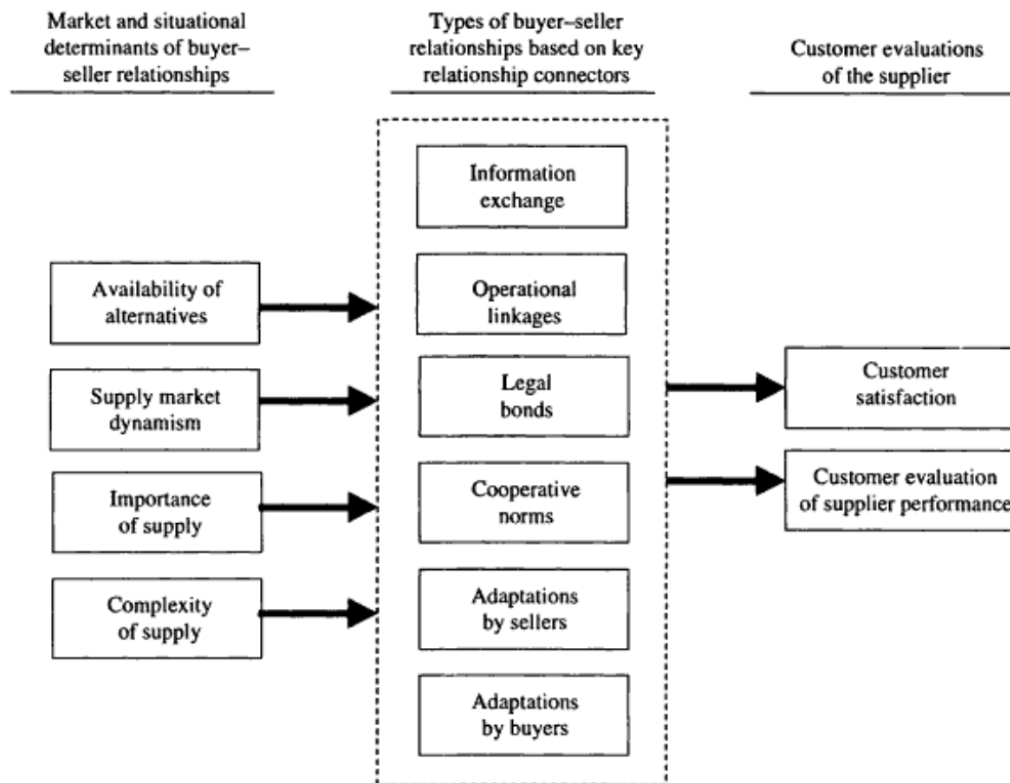
4.8. Buyer-seller relationships in business markets

Like other business industries the companies operating in business-to-business market have an intense pressure on improving in the fields of efficiency and effectiveness at their both marketing and procurement activities. Furthermore, the ultimate aim for companies is to reduce costs while obtaining value adding processes in the company, in business-to-business marketing it also has a crucial importance for companies to seek ways to perform better in these fields (Dertzousas, Lester and Solow, 1989). Since markets are affected by fast changes in technology, business practices, economic conditions and diminishing returns that product life cycle yields for companies, let B2B businesses to constantly in search of new ways of addressing old problems. Therefore, relationship marketing has a significant importance for companies to consider where for instance, a just-in-time delivery/inventory system companies require a stronger relationship between their suppliers and their business customers or many manufacturing firms could choose to eliminate the inefficient factors in their supply chain and continue with fewer suppliers in order to have closer relationship with the remaining ones (Emshwiller, 1991)(Anderson and Narus, 1990; Frazier, Spekman and O'Neal, 1988). Nevertheless, companies could still choose to have as much suppliers possible neglecting the importance of developing relationships with them in order to survive in the competitive market and to have more transactional orientation (Kelly and Kerwin, 1993).

As many scholars have developed opinions about this topic, the common sense from them is to characterize the business relationships between buyers and sellers in a variety of different ways such as a contract between them could be a formal contract or just a simple trusting agreement. Furthermore, these contracts could be open to public or every information in the contract could be a secret. These contracts could also reinforce the cooperation between two sides or it could have clauses that states of being independent. In this section, we will identify a set of six relationship connectors that reflect the way business buyers and sellers interrelate and conduct commercial exchange which will give us more hint about the nature of buyer-seller relationships (Cannon and Perreault Jr., 1999).

BUYER-SELLER RELATIONSHIP CONNECTORS

Cannon (1992) has developed an extensive set of potential relationship characteristics by considering both theory and practice. These characteristics focus on the relationship of two parties interrelate and conduct commercial exchange and define *relationship connectors* which reflect the current and expected behavior between buyers and sellers. There are six relationship connectors in this model which are: information exchange, operational linkages, legal bonds, cooperative norms, and relationship-specific adaptations by buyers and sellers. In the figure below, we presented the relevant key terms in buyer-seller relationships from different perspectives and explained each relationship connectors.



(Cannon and Perreault Jr., 1999)

Information exchange defined as the sum of openly shared information which may be useful for both parties. This factor is determined by the willingness of both parties to share important information about their way of doing business. This information could be involving the other party to the early stages of product design, sharing financial condition of the company or forecasting strategies together (Cannon and Perreault Jr., 1999). The advancements in information technology and pressures for companies to bring quality to manufacturing organizations have led companies to increase information exchange between their counterparties. This could have both positive and negative effect on companies where the companies could use the input from their consumers to improve their product quality and innovate their product development, whereas they could also let important company information to be exploited by the opportunistic factors around the company (Emshwiller, 1991)(Magnet, 1994)(John, 1994).

Operational linkages defined as the degree of how much the systems, procedures and routines of the buying and selling organizations have been linked to each other in order to facilitate the company operations. The organizations could both operate independently where there are not

any interfirm routines and systems or the organizations could have roles specified to each other implicitly and explicitly while working together in the system (Heide, 1994). These operational linkages include activities and processes between the companies which can facilitate the flow of goods, services or information between them. Furthermore, these linkages could become operational routines and could bring efficiency to the companies, reduce transaction costs by standardizing the business process (Tosh, 1993).

Legal bonds defined as the sum of detailed and binding contractual agreements that specify the obligations and roles of both parties in the relationship. These bonds provide a governance mechanism which states the role of hierarchy in exchange when vertical integration is impractical (Grossman and Hart, 1986; Stinchcombe, 1985). Even though many companies choose to operate with a “handshake” agreement, the contracts are important for companies which ensures the protections through the legal system in case something goes wrong between two parties and regulate the relationship between the parties by stating the opinions about the future (Macaulay, 1963; Beale and Dugdale, 1975; Macneil, 1980). Nevertheless, one negative factor about contracts could be made as it reduces the flexibility of the relationship partners while adapting to changes in the market (Reve, 1986).

Cooperative norms defined as the sum of expectations from two parties have about working together to achieve mutual and individual goals jointly. These norms suggest that companies should work together in order to be successful rather than concentrating on their sole needs (cf. Anderson and Narus, 1990). There are conflicting opinions about cooperative norms throughout the business world whether cooperation would bring benefit for companies or not. The decision of cooperation depends on the goals of companies and whether they are on the same page in general or not at their business strategy. Nevertheless, despite the not certain environment around the globe at the moment, scholars have agreed on the companies should act in the ways of maintaining these co-operations with their counterparts while fulfilling their individual hedonic plans in order to survive in the competitive market (Bonoma, 1976, p.517).

Relationship-Specific adaptations by the seller or buyer is defined by the sum of investment in adaptations to process, product or procedures specific to the needs or capabilities of either seller or buyer (Cannon and Perreault Jr., 1999). While all the other connectors are focusing on joint behaviors and shared expectations, adaptations are solely concentrating on the opposing parties' behaviors. The success of business relationships are measured by the value it creates

consequently, that when there is a valuable business relationship it will increase the possibility of adaptations from both sides as a sign of commitment and a trust-building process (Jackson, 1985)(Anderson and Weitz, 1992; Becker, 1960)(Hallen, Johanson and Seyed-Mohamed, 1991). Creation of dependence, reduced costs and increase in revenues could be all the consequences of adaptations from one or both parties in the business relationships (Cannon and Perreault Jr., 1999). Furthermore, these adaptations are considered as exogenous or endogenous according to the characteristics of the relationship partners (Håkansson, 1982; Hallen, Johanson and Seyed-Mohamed, 1991).

To sum up, the set of six relationship connectors highlights the key characteristics of business exchange that emerge from observations of practice and review of theory. These connectors capture legal, economic, political, sociological and psychological aspects that are key to commercial exchange relationships (Cannon and Perreault Jr., 1999). The market conditions and different situations in buyer-seller relationships shown in the graph above, affect these six relationship connectors where in the end creates an outcome for customers to evaluate the supplier. Customer could be either satisfied from this relationship or not, and the degree of satisfaction will affect the future customer behavior towards the supplier.

5. Methodology

In this chapter, we will present the methodology that we have used throughout this study. The section will start by showing the stages of research topic selection and will be followed by our interpretation of the research approach of this paper. Furthermore, this chapter will also provide how the research design is structured and which strategies have been followed throughout the process. Finally, the chapter will conclude with the discussion of factual data finding methods.

5.1. Research topic selection

We chose B2B Marketing as a topic for this paper where we believe that, especially for the last couple of decades this term has gained importance in business marketing and it seems like it will keep and raise its significance in following years as well. Another reason why we have chosen B2B Marketing is that as an author of this paper, I would like to pursue my career in this sector where I thought this paper could regenerate my past knowledge throughout my business studies theoretically and could also enhance this knowledge by pushing me to dig into

dozens of theories about B2B Marketing field to help me to comprehend the concept better with a case company example in practice as well as in theory. As we have conducted research throughout the works of different scholars about these interrelated and complex relationships, we have seen that the most relevant perspectives about B2B Marketing were made by Håkansson (1982) and his colleagues in the International Marketing and Purchasing Group (IMP). By studying these works by Håkansson we have comprehended better the relationship side of B2B Marketing where we see that it is very relevant to apply this to our case company.

The limited time we have and since the information we need were quite confidential since they were directly related with company strategy, we have solely have chosen only one case company and only two industry parts of it in order to analyze and explain our point. In this paper, our goal was to reach out to all B2B companies that are experiencing similar problems nevertheless, due to abovementioned factors it could affect our reach negatively. Furthermore, by choosing only one company in our master's thesis we are aiming for analyzing the company deeper and in a profound way rather than concentrating on several companies in a superficial way.

Novozymes is one of the most innovative companies in biotechnology industry where they are trying to bring solutions to hundreds of different fields of businesses around the globe. Nevertheless, innovation is a hard task for every company to follow and companies like Novozymes should consider both their consumers which are other companies and their customers' needs as well. The company is and should constantly focus on innovating and advancing their products according to needs and wants of their consumers while respecting the differences in culture and habits around the world. The word sustainability has a crucial importance for the company and it is the main part of their product development process. Furthermore, company gives a high degree of importance to their suppliers which is a significant part of their business model that through an efficient supplier management system, the company believes that they ensure their suppliers' reliability, quality and efficiency and inspire them to help the company to create sustainable and innovative solutions for their consumers. Therefore, the company interacts with their suppliers closely and care about their business relationship in order to innovate and implement responsible solutions that have an impact on the world (Novozymes, 2016). We will therefore, dig deeper into Novozymes' business relationships and their interactions around the company on how are they successful as today and how are they creating solutions when facing challenges. We are aiming to understand

and make the reader realize how important the business relationships around companies and their effects on the company success.

We believe that, even though B2B Marketing is a relatively new thought concept in contemporary marketing, there are enough materials that we can study the theories and models that are shaping the B2B Marketing concept. As we mentioned before, we have chosen this topic because it is interesting and a growing trend in business therefore, during the writing process of this paper we have found the enough encourage to finish and keep our motivation to deliver a good work in the end. Furthermore, we have not experienced any situations such as having problems with reaching to relevant and important theories that could be applicable to this paper.

5.2.Research Approach

We have used the two main types of research, qualitative and quantitative approaches which are presented by Ghauri & Grønhaug (2010). According to him, the selection of these approaches is solely dependent on the type of analysis that aimed to be made. It is easy to distinguish these approaches where quantitative research has numbers and statistics and using the ways of quantification whereas qualitative research has figures, opinions and thoughts rather than charts and tables (Ghauri & Grønhaug, 2010, p.104; p.402). Therefore, qualitative research is highly dependent on the subject, his skills and experiences would determine the reliability of the data (Ghauri & Grønhaug, 2010, p.105). In our paper, we have mostly used this qualitative approach where we have gathered big part of our data from our company manager interviews.

Furthermore, we have chosen the case study method in order to facilitate our point. Since we will dig into strategy and management decisions of the company, it was an inevitable way for us to choose to make our papers content richer and more helpful for other relevant companies. Therefore, we needed people from inside the company to provide us primary data such as personal interviews to construct this paper (Bonoma, 1985, p.203). The importance of collecting primary data rises when the data collector wants to reach out to the information that is not easily accessible and reachable through internet or other sources and wants to answer a research question that has not been studied before (Ghauri & Grønhaug, 2010, p.111).

When we consider the business model of Novozymes, we thought that the company could be very suitable for B2B Marketing theories where the relationships that Novozymes have in their business environment could be applicable to the concepts' theories. We are aiming to link the theory and practice in our thesis paper by analyzing the business relationships and environment of the company and explain the findings by applying to the relevant theories and models related with B2B marketing.

5.3. Research design

As mentioned before, since we already have studied business in both bachelors and masters level, we believe that we have a pre-knowledge about the term B2B Marketing where after digging more into the field we have constructed our research question. The theories found during the B2B research has shaped the method and direction of the primary data collection where we have prepared the interview questions according to our chosen theories that will be used in our paper. Nevertheless, by the time when we were conducting our interviews with company managers we were still on the process of learning and researching about the B2B concepts, therefore after some point in the interviews, the findings from managers' claims have shaped our method of choosing the most relevant theory as well.

Even though we had an idea about the research problem prior to our primary research attempts, the first interview that we had with the Marketing Manager of Novozymes has helped us finalizing and making the research problem certain in the end. Therefore, we have decided on this paper structure as follows where we first decided on introducing the company and giving information about how it manages its business and its relationships with its business networks. Furthermore, the theories about B2B Marketing are introduced in order to explain our research problem and then we have started to collect data from both primary and secondary channels and do research both theoretically and practically. Subsequently, we provide our findings from our analysis and research and enrich our paper with presenting our analysis to the reader by applying the findings into relevant theories in B2B Marketing. Lastly, we finalize our thoughts about the whole analysis in the conclusion part.

5.4. Analysis strategy

Analysis strategy has two approaches which are inductive and deductive approaches. People usually confuse these two approaches during the scientific papers therefore we will define these two terms below. Deductive reasoning is a basic form of valid reasoning. This approach starts with a general statement, or hypothesis, and examines the possibilities to reach a specific and logical conclusion (Bradford, 2017). The method generally used for testing hypothesis and theories. It has a pattern which goes from the general in this case the theory has been used to the specific which are the findings from data. Conclusions are made mostly from deductive reasoning where the scope goes from general to specific (Bradford, 2017).

Inductive reasoning however is the opposite of deductive which makes broad generalizations from specific observations. In this approach, the conclusions are drawn from the data where a several observations are made, generalizing them and inferring an explanation or a theory in the end. Inductive approach is used to form hypothesis and theories whereas deductive reasoning allows them to apply the theories to specific situations (Bradford, 2017).

In this thesis paper, we have chosen to conduct deductive approach that as mentioned before, the theories chosen beforehand have shaped our methods of primary data collection where we have prepared our research questions according to the theories we have chosen from the B2B Marketing literature. The collected data is divided into two methods in our paper where our primary data is collected by two interviews we have conducted with the Marketing Manager and Business Development Manager of the company and our secondary data is collected from the press releases, annual reports, company website, articles from respected journals and from the company network website. Despite we have gone to our interviews with the pre-prepared questions, the satisfying answers we get and the friendly attitude from the company managers has led us to go a bit out of context and helped us to get valuable answers that we have not thought of asking initially.

5.5. Empirical data collection

In order to answer our research question, we have gathered our data from both methods which are primary and secondary data.

5.5.1.Primary data

Primary data is the collected data which is specifically for the purpose of the research in mind. In other words, it is the data collected from the original source in person rather than reaching the prepared data from multiple channels. This data could be collected by organizations, investigators, enumerators or just someone with the research purposes. The primary data collectors might have a beforehand information about the study and could aim to strengthen her point by collecting the relevant data. Furthermore, these collectors are acting as a witness so primary data is only considered as reliable as the people who gathered it. Another name of this method of research is field research which could be found in statistics textbooks (Statistics, 2018).

We have used primary research in our in-depth interviews in order to explain our point better and more comprehensive to our readers. The advantages of conducting this type of interviews are the fact that they are structured in a loose way where allows freedom for both the interviewer and the interviewee to explore additional points and change direction, if necessary. Furthermore, in-depth interviews give interviewer the opportunity to capture the respondents' behaviors, attitudes and perceptions about a certain topic more clearly by observing and analyzing the interviewee behavior. These interviews are normally carried out face to face so that the aim of the interview is reached through collaborative efforts of interviewer and respondent. In-depth interviews could be conducted via telephone or applications such as Skype as well when the distance is a matter for conducted the interview nevertheless, this could might cause the loss of observing body language of the respondent by interviewer and would lead to misleading conclusions or not able to reach to desired result from the interview. The style that in-depth interviewers have is variant that the most successful ones chooses to listen rather than talking by directing their clear lined questioning and body language to the respondent. This will lead interview to always have a guidance base but also would lead to open ended answers that will give richer and more satisfying answers for the sake of the research (B2B International, 2018).

The interviews that we have conducted with two managers of Novozymes was made during the preparation process of the thesis. We have prepared questions beforehand and sent to the respondents couple of days in advance. Nevertheless, in the real interview we have asked questions which have not included in the guide that we have given to managers thanks to the

helpful attitudes of the respondents. We have originally planned our interviews to last between 45 minutes to 1 hour due to limited time that our respondents have nevertheless, we have exceeded this time during our interviews since we have reached more valuable data than we have anticipated prior to our interviews. Two interviews were achieved with interesting outcomes where we have briefly summarized in a table below.

	Respondent A	Respondent B
Preference of appearance in this study	Anonymous	Anonymous
Position in Novozymes	Marketing Manager	Sales Manager
Working Country	Turkey	Turkey
Working Experiences	2 years in Novozymes	<ul style="list-style-type: none"> - 3 years in Novozymes - 7 years in sales industry in B2B companies
Time & Place of the interview	28 th March 2018 Istanbul, Turkey	2 nd April 2018 Istanbul, Turkey
Communication means	Personal interview	Personal interview
Interview Duration	2.5 hours	1.5 hours
Attitude towards the interview	Positive and very keen on the thesis topic	Positive, was very experienced in the area and was glad to help me with her information

We have conducted our first interview in Novozymes Turkey office on 28th March 2018 on a Wednesday in the office of Manager A whom still currently is the head of marketing in Turkish office. He is the regional marketing manager whom responsible from all the marketing activities of the company in emerging markets. It took us a long time to schedule a time slot for the interview where it was a very busy period of work for the company therefore, we have agreed that it would be a good time for us to have it around the Easter holiday when the headquarters of the company is on holiday whereas the Turkish office would be remained open. Manager A did not feel comfortable to use his name in our thesis paper and did not want to be

recorded therefore, we have kept his name as anonymous throughout our paper and written all our research findings in notebook.

We conducted our second interview in Novozymes Turkey office as well on 1st April 2008 on a Monday in the office of Manager B whom still currently responsible for sales operations in Turkish office. She is the head of sales in Baking and Food & Nutrition industry of the company in the Middle East and African regions. Furthermore, she is heading a remote team of sales managers across these territories. She has been in the company for a long time in different positions where she was the sales account manager and CSR Manager for Household care industry for the company whom was responsible for throughout Turkish, the Middle Eastern and North African markets. We again used the Easter holiday as our advantage when booking the interview time from the manager we were guaranteed that the manager would concentrate on our project and our questions to help us by providing valuable information for us. Moreover, just like in Manager A, Manager B also did not feel comfortable with using her name in our paper and did not want to be recorded, therefore we have not used her name and kept it anonymous as well as noted all the findings in our notebook.

These interviews were crucial for us to get the insight of how company managers' perspective of seeing problems from very inside the company. Furthermore, we wanted to reach out to the decision makers whom are responsible for the pivotal departments of the company such as marketing and sales, therefore their way of seeing strategy was very helpful for us to our matching our findings with our B2B theories. The interviews were conducted in semi-structured way where the company managers were aware of the topic beforehand. Thanks to our prior research and knowledge about both company and B2B marketing concept, and the positive attitude from the company managers helped us to conduct interviews in a discussion way where we comprehend the company's problems better and more intuitive.

5.5.2.Secondary data

Since our thesis is a deductive research paper, we have used secondary data as well to acquire knowledge and information online. We have collected our secondary data via internet, published books, articles, respected journals and we all tried to search these data according to their reliability before using in our paper.

Secondary data is the data which was collected by someone other than the original user (Huff, 2016). Common sources of secondary data for social science include censuses, information collected by government departments, organizational records and data that was originally collected for other research purposes (ESRC, 2015). This method of data can save time that would be otherwise spent collecting data, especially in the case of quantitative data, high quality databases could provide large and more certain results for collector since it would be impossible to conduct a new survey that can adequately capture past change and/or developments. Nevertheless, since this is a marketing paper, secondary data has a handicap of providing outdated and sometimes inaccurate marketing research data for the data collector which constitutes why we have chosen to base our crucial part of our research in primary data collection method (Huff, 2016).

In our paper, we have used several different channels to collect our secondary data. The company information about Novozymes such as goals, history and financial numbers were collected through the official company website. The annual reports, press releases and articles from the top management in company website helped us to have a better idea about what are the expectations and goals of the company in the future. Furthermore, we have also reached the information about the business relationship fundamentals of the company with its suppliers and how much they care about being innovative.

The additional information about the company which we thought it would be relevant with our paper are also found in numerous external resources such as electronic articles and books. Furthermore, we have followed the major journals such as The Economist, The Wall Street Journal, Financial Times, Forbes, etc. and skimmed through the history of them about Novozymes to find what public thought about them after a strategy change or a new action made by the company in changing conditions.

Finally, we have collected our theories about B2B marketing in several different channels of literature where we thought we could explain our research problem via the help of these theories. We have used several B2B marketing related theories and eliminated them to reach out to only the most suitable ones by diminishing our scope. Furthermore, the relevant thesis papers were also referenced in this paper such as the work of Ngan, Wang, Kong (2013) paper to strengthen our paper both in structural and intuitive way. The foundation of our purpose of

using secondary data as same as preparing other research papers is to determine the validity of our primary data.

5.6. Reliability and validity

An important research paper such as this master's thesis paper, the researched data must be both reliable and valuable in order to be considered as usable in this paper (UC Davis, 2018).

Reliability defined as the repeatability of findings. It expresses that the results reached by the end of the paper should give the same results if the study were conducted by another person or for the second time by the same researcher. If it is, then we can say that data is reliable in that research. If data is collected by multiple people especially by primary data collection methods than there should be a consensus about reliability of the data collected before using it on the research paper (UC Davis, 2018).

Validity defined as the measure of credibility or believability of the research. It stresses out the importance about whether the collected findings are genuine and make sense. The relationship between reliability and validity is rather complicated where we could conclude that if collected data are valid, they must be reliable as well. Nevertheless, vice-versa is not correct. Reliability could be made of predictions or possibilities and even though these could make sense it does not mean that they are valid. Therefore, to sum up we can say that reliability is a necessary, but not sufficient, condition for validity (UC Davis, 2018).

In this paper, we tried our best to obtain our data through considering validity and reliability factors. When we were collecting our primary data through in-depth interview with company managers, we did not have any contacts our relations before data collection. Therefore, we think that this fact could also contribute to our paper in validity way. Furthermore, we have directed the same questions to both company managers and compared our findings with our secondary data resources in order to measure the validity of our findings from interviews and subsequently applied them to our research paper.

Even though, the interviews we have conducted were with two managers from separate company departments, they have unintentionally approved each other on the points they have

made therefore, we could also conclude that this has contributed to validity and reliability of the primary data collected for this paper.

6. Empirical Data Findings

In this chapter, we have provided the data that we have collected through our both primary research channels which are two in-depth interviews and our secondary research channels such as the relevant available data online about Novozymes.

Novozymes is part of the Novo Holdings A/S which is the holding company for companies in the Novo Group which has an ownership stake in Novozymes A/S. Novozymes cares a lot about the transparent and sustainable corporate value creation at their leadership and governance structure. The company is managed by Novozymes' Board of Directors and the Executive Leadership Team. The company has ten-member Board of Directors and six-member Executive Leadership Team comprise, broad and global management experience, comprehensive biotech expertise and in-depth knowledge of Novozymes' business. The members of the administration part of the company has the competency of ensuring the best possible management of the company all together (Novozymes, 2018). Below, we will show the hierarchy in these two decision making mechanisms in the company.

Board of Directors

- Chairman of the board
- Vice Chairman of the board
- Executive Vice President
- CEO
- 3 Members of the board
- 3 Employee representatives

Executive Leadership Team

- President and CEO
- Executive Vice President, Agriculture & Bioenergy
- Executive Vice President, Food & Beverages
- Executive Vice President, CFO
- Executive Vice President, Household Care & Technical Industries

- Executive Vice President, COO for Research, Innovation & Supply

Danish legislation requires that, companies must have two-tier management system where Novozymes has a system comprising the Board of Directors and the Executive Leadership team, with no individual being a member of both. It is specified in Novozymes' articles of association that the Board of Directors could have four to eight members elected at the annual shareholders' meeting. The directors are elected for one year at a time and cannot be elected or re-elected after reaching the age of 70. Factors such as competencies, diversity, independence, and prior performance affects significantly to evaluation of nominees for the positions (Novozyymes, 2018).

The Chairmanship for the Board of Directors has been established according to the Articles of Association and the Rules of Procedure. It has two members – the Chairman and the Vice Chairman – whom are responsible for assisting the Board of Directors in matters concerning the Executive Leadership team's remuneration and nomination, and for overseeing the Executive Leadership team's day-to-day running of the company and reporting back to the Board of Directors. The Chairmanship is also responsible for planning and preparing meetings of the Board of Directors, preparing material for the nomination of candidates for election to the Board of Directors, and recommending remuneration for the Board of Directors and the Executive Leadership team. Furthermore, the Board of Directors has an Audit Committee that assists the Board of Directors in monitoring aspects relating to accounting, auditing, internal control and financial reporting (Novozyymes, 2018).

The Board of Directors are responsible for the company performance and the way it conducts its business to the company's shareholders. Therefore, the Board of Directors in the company must contain managers whom will bring combined competencies to the Board such as to inspire, guide and oversee the company's development, and able to address and resolve the issues that company face at any time. The main responsibilities of the Board of Directors are to ensure the right management and organizational structure; supervise financial, social and environmental performance and the Executive Leadership team's day-to-day running of the company; decide the overall management and strategic development of the company (Novozyymes, 2018).

We will begin our primary research findings with our interview with Manager B whom is the sales manager of the company in Baking and Food & Nutrition industry. She expressed that: “Company has now shifted its focus from its developed markets to emerging markets”. She continued that “As company has started to feel aware of the loss of vast amount of opportunities in emerging markets, they have geared up themselves to meet the demand especially from the Food % Nutrition, Baking and Household Care industries of the company”. According to her this was not a very recent trend in the company whereas she stated that this has been the new strategy since the new Vice President allocation in company governance system. In 2011, Novozymes has established a new center based in Beijing, China in order to be tied with their consumers as closely as possible in its emerging markets (Novozymes, 2011).

Manager B also continued “South Africa, Egypt and Turkey looks like the primary hubs for Novozymes where they see emerging opportunities in these markets.” Furthermore, the fact that booming middle-class with more spending power has led this shift towards these economies where we can include the Middle Eastern, African, Latin American, Chinese and Indian markets to this topic. She pinpointed a market opportunity by saying “The consumers for instance, were demanding longer-lasting packaged bread and other baked goods but the bakers in these markets were not aware of using enzymes for these purposes. Therefore, we as a company have decided to give special courses about how enzymes work in this case to enlighten our potential consumers in these markets.” In this way, company would also have the chance to know more about consumers’ needs, their preferences and market trends (Novozymes, 2015). Since there are different preferences in different regions of business, she continued that “It used to take couple of years to develop a specific enzyme for market needs, and once we develop it the market would have changed again. But with the new approach the company has by concentrating more on emerging markets, it helped company to address specific trends quickly and effectively.”

Manager B, highlighted the importance of the year 2016 for Novozymes by saying: “In February 2016, after a long period of diminishing rate of returns, the company have decided to change its VP Allocation. Even though since 2011 company was aware that the higher growth would only be possible if company switches its scope to emerging markets, it took 5 years for company to take a significant action. Previously, company only split its business network into two categories as emerging and develop markets and had two Vice Presidents responsible from these areas. Whereas after 2016, first they have divided the company products into five

different industries and then concentrate more on product-wise rather than market oriented mindset.”

In October 2017, the company has launched its first enzyme solution custom made for emerging markets such as Africa and Asia. In household industry, company has launched its new enzymatic solution to help detergent producers in emerging markets develop better detergents. This has recorded as the first tailor-made production for Novozymes for one of its mass markets. Since the preferences of people in Asia and Africa is different than the people in developed markets, where people in emerging markets mostly do laundry by hand five to six times weekly, often with each was requiring significant amount of water. This difference in consumer behavior has caused company to produce a different solution which will help consumers to remove stubborn stains from mud, grass, vegetables and cooking oil (Novozymes, 2017).

“We have worked with regional partners to develop more powerful detergents and I know that it has been a huge success so far for our Household care department. This regional and local approach was key to understand consumer behavior better and respond it in an innovative way just like our company motto underlines” says the Manager B about this situation. She continued as “People from emerging markets have started to realize that using our enzymes would help them save costs while reaching to a better cleaning performance”. This new custom made enzyme called Novozymes Progress In which has started to be launched in Africa and the Middle East and will then be modified for the custom needs for other parts of the emerging world. As Manager B claims that Novozymes is currently very happy about their decision of going regional where they seem to continue producing enzyme solutions specifically for the emerging geographies (Novozymes, 2017).

Before the year 2000, Novozymes was generating 80% of its sales from 5 customers in Food & Beverages industry while only 30% these total sales obtained from the emerging markets. Whereas in the year 2016, the company has generated the same amount 80% of its sales from 20 customers in the same industry while increasing its total sales to 45% which were solely generated from the emerging markets (Novozymes, 2015). Furthermore, for the Household & Care industry for the year 2017, China, South East Asia, Eastern Europe, Middle East & Africa and Latin America were the major growth regions while developed markets constitute only the 1/3 of global market share (Novozymes, 2015).

Our second part of findings will be the data we have collected from the Marketing Manager of the company Manager A. He started the interview by pinpointing a very important investment of Novozymes stating that “As a marketing department which is located in Turkey and which is responsible for all the marketing activities of Novozymes in the Middle Eastern and African markets, we are proud to announce that the company is going to open an innovation center in Istanbul, Turkey just to concentrate on growth in the Middle Eastern market.” The company will be producing baking enzymes in this lab that aims to help to prevent flatbreads traditionally eaten across the Middle East and Africa from going stale (Nasdaq, 2018). “Apparently, there was a problem with the issues of shelf life of our baking products in African and the Middle Eastern market where the products were all staled before reaching to consumers in these markets. We were not aware of this situation until the new allocation of VPs in 2016 where it helped us to get in touch more and become more responsive about this type of issues. Trust me, there are several cases have emerged after 2016 like this.” Manager A stated the importance of the new approach the company took and the regional problems that they had in emerging markets. For that reason, Novozymes will counter this with enzymes that produce a type of starch which will last longer than it is now (Nasdaq, 2018).

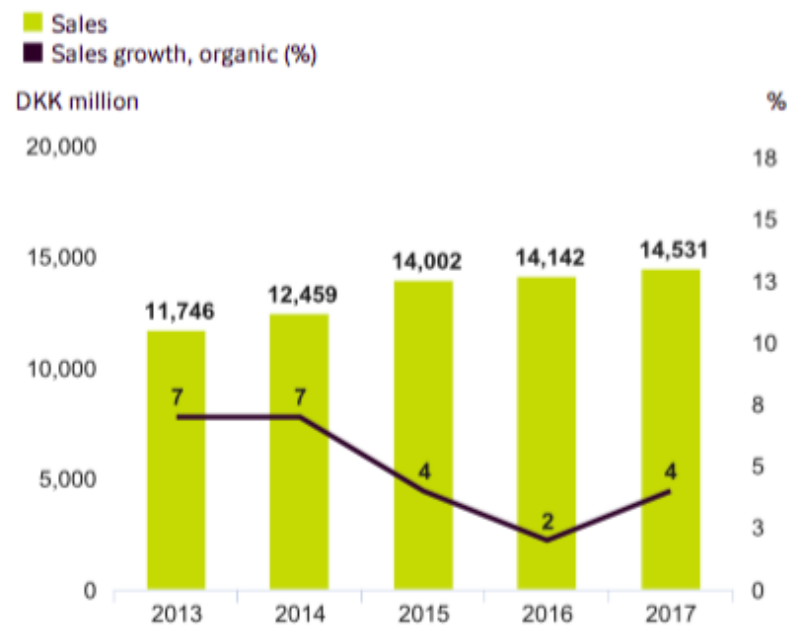
Before February 2016 the company organization was split into different regions continent wise. Each continent had a vice president whom was responsible on the performance and growth in those markets and concentrating on the main opportunities for company to exploit. Nevertheless, this structure has caused these vice presidents to miss out on some important opportunities where they must make options to give their time and energy to. Our Manager A says that “When there were fewer company managers were responsible for certain areas, the tasks that we and they have had was very overwhelming and broad. Imagine you are being responsible for a dozen of countries from a continent and your responsibility is to market your company products for specific needs and wants for consumers in these countries where in the same time obtain some growth in these countries by the end of the year as well. I am asking you now, what would you do if you were in that situation as a responsible manager? You would simply concentrate on the biggest markets that company is operating and without taking any risks just look for growth in the markets that you already know beforehand.”

That is what Novozymes had done, concentrated on growth in developed countries that they are present in such as North America and Europe. Whereas in other regions decision makers were only choosing well known countries and were trying to adapt the European business

model to these emerging countries as well. Nevertheless, by the end of 2015, company's annual organic sales growth has declined to less than 2% annually for the first time in company history after gradually decreasing for two years (Novozymes, 2017). Manager A explains this situation as "The company's general focus was always on European and North American markets because they believed that growth would be generated from these markets that they already have a certain knowhow and presence in these markets. Nevertheless, after couple of years of downturn in growth numbers showed that these markets will not provide further benefits for the company. Our biggest disadvantage against our competitors is that we have a narrower product line compared to our competitors such as DSM and DowDupont and that have started to constitute a bigger problem for us. Therefore, by February in 2016 we were informed that all the organization scheme has been renewed where first division would be according to company performance where the markets were divided into developed and emerging markets. Afterwards they have continued that the company industries would be split and there will be each manager responsible for each industry in one in emerging and one in developed markets."

In this way, the decision of Novozymes concentrating on growth yielded from emerging markets have made and started. With the new organizational change, it was aimed to be assigned more managers to be dealing with least amount of work compared to older structure that the managers will be more responsive to changes in their market and be more aware of consumers' actual needs and wants that could be offered from their assigned industry from the company. The increased activities of B2B relationships of Novozymes with its partners and conducting new ones in new markets, has helped company to localize and be more responsive to their consumers' demands. These increased contacts of company in different markets have helped Novozymes to expand its business in emerging markets and reach out to higher amount of audiences to deliver their solutions and make them realize how important the company product -enzymes- are for their business as well. In 2017, solely the year after the company applied this new organizational structure, company has increased their organic sales growth to 4% where the contribution from the emerging markets were significant (Novozymes, 2017).

Sales and sales growth



Manager A pinpointed another problem that the company had until very recent time ago “We used to have problems with transportation of high number of enzymes in Africa. For instance, you could not simply airfreight 200 kilos of enzymes since it would be very expensive and it was.” Therefore, company had formed a partnership with a Nigerian local company to solve this problem (The Guardian, 2009). “Nigeria seems to be a key hub for both its location and potential market opportunities in the country. Nevertheless, before this partnership we were usually airfreighting the enzymes directly from Europe to Nigeria which made the product unnecessarily expensive and therefore, created comparative disadvantage in this market.” Yet again, this situation has been taken care of by the new localization approach of the company towards the emerging markets. The local partner of Novozymes would open a storage for the company raw-materials in order to help Novozymes to deliver higher and more effective number of enzymes to the market needs without causing any delays (Amzat, 2009). Manager A said “Now, our partner will stock our products in their warehouses in Nigeria acting as our local arm in the market and distribute to our consumers which are companies operating in baking, brewery, cereal food and detergent industries.”

Novozymes’ distribution network has expanded into several hubs in African continent such as South Africa, Nigeria and Kenya (Amzat, 2009). “Enzymes are catalyst materials which provides more efficient solutions in several industries such as baking, brewery, nutrition and

detergents that also contributes to environment in a positive way by reducing the waste produced from these industries. Countries especially, in emerging markets such as in Asia, the Middle East and Africa have started to realize how important our solutions could offer and therefore, emerging markets constitutes a growing importance for the company as we continue to concentrate more in these markets simultaneously.”

“We have also started a partnership in Kenya where we have opened a biotechnology research center for developing our enzymes.” Since the company has explored a new place where they could use as a key ingredient for enzyme development, they have made collaborations with east African country Kenya to exploit the raw-materials and prevent the bio-piracy caused by other multinational companies around the area (Wallis, 2007).

The new localization approach that the company has towards the emerging markets has also brought a new strategy with itself together. Manager A explains this strategy as “In each market we are operating in and considering all the countries we are operating at we have local partners called formulators whom are responsible for our business in these countries. In this way, instead of as company managers we do not have to go and spend time in each country to obtain data about consumer needs and demands that also I believe it would not be possible to know in couple of days or weeks of time. Therefore, we have our arms in each of the countries we sell our products, we have formulators where we use their local knowledge and provided data for us to generate and deliver the demanded product for our consumers.”

The strategy that the company has is basically choosing main hubs in each division in these emerging markets which are South Africa in African market, China in Asian market and Egypt in the Middle Eastern market which are considered to be key hubs and the main centers for operating in three different regions. Therefore, the knowhow generated from these main centers determine whether company will use formulators or not in each country that they operate in. “For instance, in South African market we do not have formulators in our baking industry since we have business ties that could reach directly until the end customer in this market. Whereas, this situation is not possible for bunch of markets in emerging countries therefore, we need the help of our formulators to give us a hint on which enzyme to sell and what else we could offer for these markets.”

Even though, it seems like company has covered a good step on focusing their scope more on the emerging markets by dividing its operations into regions, there are still differences in the countries operating in same regions as well (Novozymes, 2017). For instance, as mentioned before in this paper by manager B, the case of African consumers want more bread and baked goods that lasts longer, company could and did provide enzymes that made this duration longer for this goods in these markets. Nevertheless, in order to ensure longer and permanent growth in these markets, the company should also consider the preference differences which vary widely between countries in the same region such as flour quality, bread recipes and consumer tastes (Novozymes, 2017). Therefore, our company manager A says that “Your work is not done even though when you deliver the solution that the market demands. We as a company should also be aware of differences in preferences in each market and engage with our local consumers and formulators in several sub-regions in Africa in order to deliver the perfect value in return. Back in the days, when the company was not expecting high rate of growth from emerging markets, these differences were a minor issue whereas now, these little nuances are key for our business development and growth in these countries.”

In the baking industry, Novozymes is providing raw-materials to its partners and consumers own mills and bakeries. This close collaboration with the consumers in these markets helped its consumers to improve their end-product and use Novozymes’ specific enzymes to reach their targeted product development (Novozymes, 2017). Manager A says, “Many of our African customers want to learn from European trends in food and beverages, and want us to localize those trends for their consumers”.

6.1.Collaborations with Unilever: Case example

As Novozymes’ aim is to make partnerships to expand its business in emerging markets, their vision is to yield positive social impact, double the business profit and reduce environmental footprint in the end. Furthermore, Novozymes is constantly in search of building partnerships that will contribute to their growth in innovative, continuous product improvement, winning in the marketplace and winning with the society perspectives (Novozymes, 2016). Therefore, the company has also started its partnership with Unilever, British-Dutch transnational consumer goods company which is one of the world’s biggest producer of food, beverages, cleaning agents and personal care products (Unilever, 2018).

By the year 2014, Unilever yields 57% of their turnover from emerging markets which operates in 190 different countries around the globe. They have invested €1 billion in R&D activities worldwide and 13 well-known Unilever brands have brought more than €1 billion turnover to the company. Some of these brands namely are Dove, Rexona, Knorr, Hellmanns, Algida, Lipton and Omo. These brands are all ranging from the industries like personal care and foods to home care just like Novozymes' product portfolio. In 2015, Unilever has generated nearly 80% of its sales from emerging markets where it becomes the leading provider of goods in household care industry in several countries around different continents in the world. Therefore, Novozymes-Unilever collaboration looked like a perfect match where Unilever basically would be the arms of Novozymes in emerging markets whereas Unilever would get the enzymes to produce its products more efficiently in this partnership (Novozymes, 2015).

In 2013 when this partnership has begun it was in the format of Novozymes being the enzyme provider for Unilever beginning with 1 project and expanded into 7 projects and more regions in just one year. In 2015, this collaboration has increased into more than 10 projects and delivers successful consequences for both companies, the format of partnership has changed into a genuine collaboration. This has led to transformational business growth for Unilever thanks to the solutions that Novozymes have brought into their business in 2016. As of 2017, with over 700 products used in 130 countries, Novozymes is the main supplier of enzymes to Unilever's Home Care business. Novozymes helped Unilever in several ways more than just providing the raw-material to their products. The company has delivered two enzyme innovations, enabled Unilever to deliver enhanced liquid laundry solutions to the market, new technologies have resulted in improved product performance for Unilever, increased market penetration in the developed and emerging markets and the ability to target premium brand solutions (Novozymes, 2015).

When Novozymes and Unilever have made this partnership, the primary aim that Unilever had was to build and strengthen partnerships with global innovators such as Novozymes in order to be responsive for changes in demands from their consumers. If we look at Novozymes' part of this collaboration, the company had the chance to enable broader penetration in emerging markets by using Unilever's broad consumer portfolio in 190 countries. Unilever explored more novel biological solutions thanks to Novozymes' innovative business model and in the same time expand its product variety into new categories and industries.

Novozymes has aimed to generate a long-term value from this relationship with Unilever and when we consider factors that Novozymes offers to its partner and its gains in this section, we will have a clearer picture about this partnership and would be more convinced that this collaboration could be a long lasting one and be a significant example for how good a company could conduct a B2B marketing activity by approaching to another strategically important company. Novozymes have several factors to offer Unilever which firstly, the company's unique enzyme and detergent knowhow would participate immensely to Unilever's business and to the process of product development for different markets and needs. Furthermore, the innovation infrastructure and ability to access to research and development activities of Novozymes, would inspire Unilever to constantly in search of new products and demands. Finally, the ability to access to future innovation and Novozymes' supply and quality set up would help Unilever to get supplied the raw materials on time and the vision of Novozymes would push them to be more innovative and offer more products in the market (Novozymes, 2015).

The gains that Novozymes would generate from this partnership would be more of a market expansion where the company would use Unilever's broad presence in several markets and would share the opportunities and growth that Unilever yields from these markets. Furthermore, Novozymes would have critical application insights for enzyme development where they could observe immediate response from Unilever's wide range of consumers all around the world. Finally, Novozymes would have the chance to deliver its innovations to broader markets thanks to Unilever where they could become a trendsetter in wider markets that the other markets would follow over time (Novozymes, 2015).

The focus areas that two companies have in this partnership are ensuring the stability in the market, make a positive return in cost and performance ratio in the end and deliver ease of use to the consumers in emerging markets. With this collaboration, the supply chains have merged into each other and become a very long one for both companies. Nevertheless, thanks to the experience and knowledge that both companies have with their supply chains this did not cause a problem for any company so far. Adversely, both companies have increased the information transfer in this network as well, when Novozymes was controlling the reactions of the audience after delivering enzymes and Unilever was getting supplied by the raw materials that they need immediately in changing market conditions and needs as well. As mentioned before, this also

resulted in that Unilever has created different chemicals and products for specific and changing needs of their consumers (Novozymes, 2015).

Localization was another important aspect that two companies did not forget during this partnership where Unilever was aware in the beginning as well that different problems occur in different regions. For instance, stains and wash habits differ significantly across the regions where Unilever must be dedicated to innovations which were supplied by Novozymes for different problems and demands from consumers. Therefore, the analysis of different performance and cost levels must be made for each market where both companies have created in collaborative efforts. The sole business challenge that seems to be a small problem in this partnership so far is that the limited experience that Unilever has with enzymes. This could cause the company to in need of an adaptation time for producing their goods with the enzymes provided in a more efficient way. Furthermore, the limited capacity that Unilever has for storing, handling and dosing multiple enzymes into their products would be again could be considered as a short-term challenge that both companies would experience during this partnership (Novozymes, 2015).

This partnership would bring new opportunities for Novozymes where the company could improve at the enzyme and microbial technologies development. The different cases that Unilever bring to Novozymes would push them to look for solutions in areas that they have not or could not think about beforehand. Novozymes is aiming that this partnership would make them bring more solutions to the world, help Novozymes at its other industries in different regions and help companies like Unilever to expand its solutions into newer markets. The chart below shows how much Novozymes' solutions help Unilever to produce products in several different areas of cleaning sector (Novozymes, 2015).

	Enzymes	Microbes
Automatic laundry	●	○
Automatic dishwash	●	○
Soap bars	●	○
Hand dishwash	●	○
Commercial cleaning	●	○
Hard-surface cleaning	○	●
Carpet and fabric cleaning	○	●
Medical device cleaning	○	●
Industrial	○	●

Consequently, with this partnership Novozymes is aiming to create a strong business which built on technology, relationships and years of experience. Since the general focus of multinational companies are now switching to emerging markets, Novozymes would be able to obtain structural opportunity in emerging markets to drive long-term growth which will be supported by technology development. Furthermore, Novozymes would keep its market share in developed markets without putting an extra effort by using Unilever's data in these markets and could adapt the solutions that have been created for emerging markets into these developed markets as well and vice versa (Novozymes, 2015).

This B2B Marketing relationship that Novozymes constitutes also a perfect example for Inter organizational relationship (IOR) theory where we have explained the mutually beneficial partnership they have together and how much the expectations from each side are matching. Both the companies believe that they could survive in changing market conditions by sharing the experiences that they have accumulated throughout their business life and overcoming the potential problems in the market by collaborating against the common obstacles they face in different business scenarios.

7. Analysis

In this chapter, all the empirical data collected through different channels will be explained by using the established theories in this paper.

7.1.CAGE Framework and psychic distance

The four important aspects of the framework which are cultural, administrative, geographical and economic are often intertwining where for instance, it will be hard for two countries to be administratively close to each other without being close to each other culturally, geographically or economically. Nevertheless, it is useful to distinguish these four aspects since each aspect constitutes very different challenges and opportunities. The fundamental focus falls primarily on bilateral influences, reflecting their novelty as well as the impact identified by gravity models (Ghemawat, 2013). The internationalization strategies are a long-time interest for scholars to study where according to their idea, companies should choose to expand into countries starting from the countries which present the least psychic distance which is the least “distance between the home market and a foreign market resulting from the perception and understanding of cultural and business differences”. Nevertheless, CAGE Framework takes a much broader view of distance, and has a much more solid empirical base (Ghemawat, 2013).

In our paper, we will use the CAGE framework to look at the differences in internationalization to a developed country such as the US, and to an emerging country Egypt from the perspective of Danish company Novozymes.

Cultural factors: The biggest cultural proximity between the United States and Egypt is obviously the greater use of English in the United States. Recent statistics show that only 35% of the total population of Egypt speaks English therefore, this factor is the most significant cultural difference between two countries (Euromonitor, 2011). United States also seems like the longer and broader business partner for Denmark than Egypt where several Danish companies make business in the United States in different industries for a long time compared to Egyptian market. Furthermore, the fact that the United States is investing more on innovative businesses than in Egypt, Novozymes has less obstacles in conducting business operations in the United States than in Egypt. Nevertheless, the unilateral cultural characteristics of two countries constitutes opposite conclusions for countries. Egypt seems like to be a more homogenous market both ethnically and linguistically than the United States where it generates a debate whether it is easier to do business in Egypt because of this factor but in the same time since Egypt is an emerging market it has unexpected changes in demand, market needs and wants. We could also add that, the upper class of Egypt has more similar social structure to the United States market in general whereas in different classes of the society needs and wants

changes immensely in Egyptian market than in the American market which makes Egyptian market again more complex market to predict the demand pattern.

Administrative factors: The judicial system in Egypt has an independent branch of the government which includes both secular and religious courts. The Egyptian judicial system is based on European and primarily French legal concepts and methods. Whereas American legal system is based on several different sources of law, such as Constitutional law, Statutes and Ordinances, Common law and Administrative law (QuickMBA, 2010). These differences in legal systems of both countries and these two legal systems' differences with Danish legal system constitutes several problems and considerations when doing business among these countries. Furthermore, Danish relations with United States has always been good and fruitful over the decades whereas Danish relations with Egypt had ups and downs throughout the decades where 2006 Danish Mohammad cartoons controversy had caused a diplomatic crisis between two countries where two countries now in a slightly normalized state with the country relations (CPH Post, 2018).

The outlook for unilateral administrative and political indicators depends on the time frame adopted. In the short run, multinationals currently seem to see themselves as facing fewer administrative and political obstacles to doing business in the United States than in Egypt, where we could say that this trend relies heavily on the political stability in Egypt where it has an unstable environment throughout the years. In the long-run, however, the distinct characteristics of being developed or an emerging country decreases its effects on multinational company performance where once companies learn how to do business in emerging countries, they enable them to overcome obstacles once constitute a big problem for them in the beginning.

Geographic factors: Denmark is a small country which only has a population of 5,5 million. Whereas when we look at the 95 million populated Egypt and 325,7 million populated the United States we can say that both the countries make it a huge market for any Danish company decide to internationalize. Capital of Egypt has a 19,5 million population which is the financial and business center of the country whereas in the United States there are several different business capitals in the country such as in the cities of New York, Los Angeles and San Francisco. Nevertheless, for an emerging country Egypt has a relatively sophisticated commerce roots where the river Nile cuts the country from North to South make shipping one of the primary choices of transportation for goods imported. Furthermore, the coastal city

Alexandria is another important hub in Egypt which proves that transportation is not a big problem for Danish company in these two countries. Nevertheless, we could still generalize that infrastructure is still a bigger problem in emerging countries than in developed countries therefore, this is another aspect multinationals should consider.

Moreover, Egypt considered as the door opening to the whole African market thanks to its strategic location. For a Danish company, obviously, it would be easier to deliver goods to Egypt than to the United States. Even though, for that reason Novozymes has a separate production plant in the United States they still need raw materials from the headquarters and enzyme supplies from all around the world. Trading relationships between Denmark and the United States has been present for centuries now, whereas these relationships with Egypt are still enhancing and in a fast pace as well. The broader relationships and regional partners that Novozymes has in the United States put the country a point ahead of Egypt nevertheless, again because of Egypt's exceptional situation in emerging economies this difference presented as less than normal would be for another emerging country. United States not only for its economic importance but also important for its geographic presence as well for multinationals since it could be used as the entry for the new world and whole Latin American continent.

Economic factors: One of the sharpest distinction between developed and emerging countries are measured by how big the economies of countries are. Clearly, the economy of the United States is almost 50 times bigger than the Egyptian economy, we cannot really use this data as a reliable way of comparing two countries. In developed economies, GDPs are higher, GDP per-capita would be higher which makes it an important factor for multinationals to start to expand into these countries. Whereas, in emerging economies multinationals are usually be in a more opportunistic behavior, trying to internationalize in these countries after their initial success in developed economies. Furthermore, as Denmark is a developed country, the companies from this country would be willing to internationalize to the developed countries first.

Labor productivity, labor incomes and education of workers are generally higher in developed countries such as in United States compared to Egypt. Therefore, Danish company has started its investments primarily in developed markets thanks to the abundance of skilled labor available in these countries nevertheless, this situation is now changing in more positive way for emerging countries as well. The economy of Egypt is one of the most developed economies

in emerging markets which have 32nd highest GDP in the world. Starting from 1990s, a series of International Monetary Fund arrangements, coupled with massive external debt relief resulting from Egypt's participation in the Gulf War coalition, helped Egypt improve its macroeconomic performance.

Since 2000, the efforts of enhancing the economic activities in Egypt have helped the country to move towards a more market-oriented economy and prompted increased foreign investment. Between 2004 and 2009 the country has averaged 8% annual growth nevertheless, could not return positively in wealth distribution due to growing numbers of unemployment and underemployment in the country. Moreover, after 2011 revolution, the country entered even more uncertain environment and got its credit note decreased from several credit rating companies due to worries about the country's ability to meet its financial targets and maintain social peace in the short-term (Daragahi, 2013).

Whereas the United States is the largest economy of the world and is the commercial hub for the world trade (CIA, 2018). Even though as a developed country, the United States also went through economic downturns during its history where the most recent one was the famous financial crisis of 2007-08 which has affected almost whole major economies in the world (CBPP, 2018). As of October 2017, unemployment had declined from a high of 10% to 4.1% after the recovery trend that the country has entered from the second half of 2009 (FRED, 2018).

The differences between the developed and emerging countries from an aspect of Danish company would be firstly, the governments' incentives to foreign investment in these countries. In developed economies, there has been an economic environment which are mostly liberal and supportive towards the economic activities no matter the origin of the company. Nevertheless, in emerging economies, most of the countries are absent from this government support and importance given to economy is generally lesser than in developed economies. In our example, Egypt is an exception where the government is putting more liberal approach to the economic activities. Secondly, the stability and reliability of the economy is a highly dependent factor on whether the country is developed or emerging. In developed economies, there is less risk for doing business and even though these countries are experiencing crisis as well, these crises would affect to whole major economies in the end if it is coming from a developed country. Nevertheless, in emerging economies, there is always a risk of doing

business resulting in from several reasons such as governmental, political or social. Therefore, we could say that in the economic aspect, it would be more beneficial to invest in a developed country for a Danish company than in an emerging country however, one could not forget the fact that emerging countries could also be separated in its own since some countries are being more liberal and more have an attitude towards being a developed country.

To sum up very broadly, it seems like the United States is a more attractive choice for investors from Denmark than Egypt where many economic, administrative and cultural grounds would be attractive to them despite the geographical handicaps. Nevertheless, as mentioned before these grounds could be very variant according to country choices, whether that country is developed or emerging, or the choice of perspectives. Firstly, as a Northern European country Denmark, geographically the United States is farther for them than Egypt, but on the other hand, the language capabilities in the United States is undeniably important for Danish companies to consider. Moreover, it should be noticed that, there could be many more attractive countries for Denmark than United States or Egypt, developed or emerging, nevertheless, we solely wanted to compare two different countries by using the CAGE Framework to draw a clearer picture for Novozymes' company managers.

Secondly, emerging countries in general have greater amount of internal variation compared to developed countries. For example, many emerging countries have a commercial hub located either in their capital city or their important city by the coastline even though, the general country seems to not have enough infrastructure for business. Therefore, Western companies should consider these factors and should not ignore the fact that there is vast amount of opportunities could be yield from emerging countries.

Thirdly, the four factors in CAGE Framework should always be analyzed very properly in order to make a final decision on and comparison of two countries. Although, in our example we have concluded that three out of four factors were favoring investing in developed economy, the importance of these factors could vary to the investor company. Therefore, we can say that even though for a specific analysis if there is not a significant difference between losers and winners at the different factors, the perspective and importance that the investor has would be the determining factor on choice of internationalizing rather than the number of factors in favor for a specific country. This factor could be also explained with the term PSYCHIC DISTANCE, where the perceived attitude of companies or investors in different

countries in political, geographical, legislative and cultural aspects. Psychic distance is relatively low when the differences in four factors are not that significant even though respective countries belong to developed or emerging group. Therefore, as a fifth factor psychic distance is a crucial factor for companies to consider while finalizing the decision-making analysis made from CAGE Framework.

For Novozymes; cultural and geographical factors are the key factors which affect the most their business success and decision making. Culture is important since the specific needs and wants of consumers are variant in different regions and countries. Moreover, religion is another aspect the company should consider where they should produce Halal or Kosher enzymes to specific markets showing that they are respectful to their culture. Geography is another important factor for the company where the substance of enzymes is delicate and therefore, should be taken a well care of. For that reason, Novozymes has production plants at the countries such as Brazil, South Africa, China and the United States which are very far away from the headquarters Denmark. Finally, we would like to add that even though it is for sure and present that there are several differences among different countries and regions, we cannot ignore the fact that countries are getting closer to each other in all aspects of the framework. Furthermore, Novozymes is a multinational which has offices locally and employees from all around the world coming from different background and cultures. Therefore, the effectiveness of this framework is expected to be decreased but never disappear for companies that want to internationalize in the future.

7.2.B2B Marketing Network and IMP Network Approach

7.2.1.Relationship with Suppliers

In 2010, at an event hosted by P&G, Novozymes has been awarded as being a top supplier of the year out of 80000 suppliers (SOFW, 2010). As a company which consider their suppliers as their important business partners, they believe that they find biological answers together for better lives in a growing world. At Novozymes, they value strong supplier relationships where their suppliers are not only crucial to their commercial performance and the quality of their products but they are also instrumental in helping the company to fulfill their purpose. The way the company evaluates its supplier performance is made in two different times both in the initial process and during the partnership. Sustainability is the key assessment criterion in supplier performance where commercial and quality are the other important parameters for evaluations.

Novozymes expects its suppliers to fulfill their requirements which will be mentioned below and help company to grow all together (Novozymes, 2016).

Responsibility and innovation, is the first requirement that a supplier must have where they should balance reliability, quality and efficiency with a drive for sustainability and innovation. Commercial aspects, is the second requirement where they should offer competitive prices taking Total Cost of Ownership into consideration while focusing on efficient delivery and continuous improvement. Quality, is the third requirement where a supplier must have clear and updated descriptions of products and/or services while providing document with applicable laws, regulations, authorizations and standards. Environment, is the fourth requirement that a supplier must assess environmental issues related to its processes, products and activities while monitoring and continuously strive to improve environmental performance (Novozymes, 2016).

Employee health and safety, is the fifth requirement that a supplier must have where they should provide a safe and healthy working environment in compliance with national health and safety regulation, and International Labor Organization's fundamental principles of occupational health and safety. Human and labor rights, is the sixth requirement where they should respect the workers' right to form and join associations, and to bargain collectively while preventing discrimination in all employment related processes. Business ethics, is the seventh requirement where a supplier must not give or accept bribes, must not give or accept facilitation payments and must not assist in laundering money. Supply chain, is the eighth requirement that a supplier must communicate commercial, quality and sustainability standards to key suppliers while monitoring the overall performance of its key suppliers (Novozymes, 2016).

7.2.2.Relationship with customers

As a B2B company, Novozymes' consumers are other companies which are operating in several different industries. Nevertheless, Novozymes still should collect data from individuals about their needs, tastes, wants, cultures, and behaviors in order to deliver better and sustainable solutions to their consumers. As we mentioned throughout the paper since it was one of our primary findings about how Novozymes respond to downturn in their business and realized that growth could be made by approaching more regional markets is the current

approach of the company towards its consumers. Recently, Novozymes have been working to develop the business based on innovation, closer customer collaboration, and focus on regional markets. Tailor made enzymes in household care industry of the company has given a significant increase in the company performance where between 2010 to 2015 the business has grown around 10% per year. This new approach of respecting different demand patterns has forced company to create niche solutions for each market where they see the opportunities to grow, that the company is starting to see that their efforts are paying off financially as well (Novozymes, 2016).

7.2.3.Relationship with competitors and opponents

Novozymes is the market leader in industrial enzymes industry and is under exposed to competition from existing and potential new competitors such as DuPont and BASF. These competitive threats are mostly coming from two areas, namely the household industry and the fact that Chinese competitors of the company are supplying enzymes to various industries (Novozymes, 2016). Novozymes already has a narrower focus areas of business where they specified their business into consumer based industrial enzymes market, their opponents are operating in a wider scope of industries. Nevertheless, as of the beginning of 2017, the company did not experience any exposure to competition in these two areas (Novozymes, 2016).

The market leader position of Novozymes is affecting other companies to keep on seeking new solutions to offer new competitive solutions against Novozymes'. In household industry, DuPont could be this competitor in the market or the new players entering in the market with a broader technology platform such as offering solutions by combining enzymes with other technologies. This fierce competition in the industry, forced companies to reduce their production costs nevertheless, Novozymes was aware that continued customer focus on cost cutting could impact the company negatively if they are not able to respond quickly enough with suitable solutions catering to this demand. This was another reason for Novozymes to regionalize its activities by becoming more responsive and create more country oriented solutions to their consumers while cutting operational costs (Novozymes, 2016).

The overall relationships that Novozymes have with both its suppliers, consumers and opponents are proving that the IMP network is not only an approach theoretically, conversely

there are some companies which are in touch with their network around them, considering and analyzing the behavior of all the actors around them where they believe the right success could be developed through these interactions. This customer centric approach in its network, Novozymes believes that they could reach easier to resources that could be obtained and acknowledged the company in the areas of technology, knowhow, social-cultural, economic-legal and ensure efficiency development while conducting business. When these relationship bonds generated between the actors in a company's supply chain, it would put every actor in the same page about the expectations and promises made between the actors. Novozymes believes that the key for success is coming from their wide supplier network where they ensure obtaining the maximum performance from them by simply being more responsive. Trust is a consequence of this approach which would bring and currently brings success to Novozymes in the long-term.

7.3.ARA model

According to this model, company managers could measure whether their firm is in a desirable position or not in their inter-organizational relationships (Ellis, 2011). When we consider Novozymes' supplier network, each supplier has a separate task providing raw-materials for different enzymes. Their resources are obtained from several different suppliers from all around the world. Furthermore, these raw-materials are transported to the manufacturing centers. Each manufacturing center is responsible for certain production of enzymes and delivering them to their assigned markets. The choice delivery depends whether it would be by airline, shipping or on the highways. All this knowledge and experience that the company obtains throughout the years are defined as their resource ties. Whereas the activity links are the strategy and action part of the company supply chain which determines what strategy is chosen on the activities between the supply network of the company. The adaptations and adjustments are made in activity links and it shows the responsibilities of each actors in the network.

7.4.The concept of a Strategic Network and the comparison with IMP Network approach

As different than IMP Network approach, Strategic Network approach supports that there is a dominator in a supply chain network which arranges all the responsibilities of the other actors in the supply chain. Unlike in the IMP Network approach, this approach does not consider the

importance of all the actors are equal and even though there is a level of interdependence and embeddedness is present in the relationships, there is a father company determines and formulates this relationship. Novozymes believes that all companies in their supply network should have benefits while contributing to Novozymes' business. As an embedded situation of Novozymes in their supply chain, the company thinks that it is necessary to grow together with their suppliers where they believe that this will bring long-term growth to the company without being in need of seeking and replacing their suppliers in the future.

Novozymes' examples of opening research and teaching centers in Africa is an example of the company's approach of helping their suppliers to get educated about the benefits of enzymes and the areas that it could be used in their market. The companies in the supply chain of Novozymes could deliver sustainable business continuity and could ensure the reduction of uncertainty in the activities. The constant information exchange between the suppliers and the company is important for a firm which are aiming to be innovative in biotechnology industry.

This approach is important to mention in this paper, since it shows how much Novozymes is a part of Strategic Network nevertheless, acts as an IMP Network by approaching all its suppliers equally and being not bossy but more interactive with their network. This proves that a company does not necessarily need to choose an approach to analyze a company's supply network where a company could use perspectives from both approaches in the same time. Even though, Novozymes' network seems to be closer to the Strategic Network approach, their abovementioned collaborations with Unilever is a typical sign of being interdependent and embedded business spheres which is what IMP Network approach supports. This win-win strategy approach that they built up with Unilever which is one of the most important multinationals in consumer goods market, clearly demonstrated how much Novozymes could use their leading position in the industrial enzyme market to establish this type of valuable collaborations more in the future.

7.5.Managing business networks

As the part of network approaches mentioned in the previous chapter, managing business networks theory analyses how much the supplier companies are dependent on the main company. In Novozymes' sphere these companies are highly dependent on Novozymes' success where the company gives a high importance on this issue. Slight delays in delivery or

shipment of enzymes to consumers, raw-materials to manufacturing plants cause huge consequences for the company. Therefore, Novozymes always choose to work with the companies that are able to minimize these mistakes or unexpected faults as much as possible by working with them for a longer time and train them about the smallest details that could affect their business performance. Effectiveness and efficiency are key terms for Novozymes in this matter, and therefore, strategic relationships and partnerships are made very carefully as a part of company strategy. Especially, while entering into new markets that is not that well-known by the company, establishing and managing the business networks could sometimes become an issue for the company.

Novozymes usually let their subsidiaries act independent for some degree where they do not intervene directly to its local partners' businesses as long as there is not any significant problem occurs in these markets. These subsidiaries are simply governed by the rules made by the headquarters nevertheless, were independent on conducting businesses with the local consumers. By the end of each quarter annually these subsidiaries provide feedbacks on overall performances to the headquarters and receive an evaluation where the headquarters decide whether to intervene or not, depending on the performance data.

Whereas, the relationship of the company with its suppliers is adjusted to be very dependent on the company, where Novozymes have a particular list of expectations from their partners. The supplier companies do not have much flexibility as subsidiaries have and the ones failed to meet these expectations after a certain time would not be seen as a valuable asset by the company therefore, the situation of the partnership might be re-evaluated. This constant circle of relationships both inside and outside the company, and with one or multiple factors determine the sum of all the activities that would be managed by the decision makers in the company.

7.6.Buyer-seller relationships in business markets

As the theory of Cannon (1992) explains, in B2B marketing network there are several factors that determines the buyer-seller relationships in business markets. Information exchange is one of these factors which highlights the importance of the information and knowledge transfer between Novozymes and its consumers. For instance, like in our case example, the relationship between Unilever and Novozymes is a typical example of this factor. One of the main

motivators of Novozymes' collaboration with Unilever was not only the strong experience and market position of Unilever in the industry but also the company's presence in hundreds of markets which helps Novozymes to collect data and knowledge from the markets that they have not been active or slowly growing via their business partner.

Operational linkages are another factor which determines how much the actors in these relationships are linked to each other. As we mentioned before, Novozymes is highly dependent on its suppliers where the same dependence is also present with their consumers as well. Previously, when the company's focus was on its developed markets, operational linkages between Novozymes and its consumers were low due to the tendency of the company to produce more broad and mainstream solutions to their consumers without analyzing too deeply the differences in demand patterns and consumer behavior in these markets. Nevertheless, with the new scope of the company with concentrating on the emerging markets has led operational linkages to increase, where the company tied itself closer with its consumers by increasing their attention and importance given to these markets.

Legal bonds are the third factor which is the sum of legal contracts between the parties. The legal agreement that Novozymes has depends on the markets and countries of its consumers. As a multinational operating in dozens of countries and having consumers from all around the globe, the binding agreements that they have with other companies should be according to local law which will vary significantly between countries. For instance, the operations of Novozymes in Europe must be under the conditions of EU Commerce Law nevertheless, should also be respectful to countries' local law as well. Novozymes considers all these differences in legal point of view and generates relationships accordingly with their B2B consumers.

Cooperative bonds are the fourth factor which is the sum of expectations from both parties. As we mentioned in previous chapter, the contracts made with suppliers by Novozymes includes all the expectations and requirements that a Novozymes supply chain partner should have. Furthermore, the degree of relationship between the company and its consumers are part of this bond as well which specifies what will Novozymes provide to its consumer and the details of the transaction such as how often and how much product is needed for which industries and products.

Adaptations made is the final factor which affects the business relationship between buyer and seller. This factor explains the adaptations made by each side to make a long-lasting business relationship. These adaptations are made mostly by Novozymes' side where as a biological solutions supplier to its consumer companies they should consider every modification could be made to market its product to different markets. For instance, producing enzymes according to Halal or Kosher rules could be an example for this factor where the company adapts its enzymes that it produces for different markets to the religious rules of the countries it operates in order to be present in those markets. Moreover, the local solutions that the company explores for specific markets could be another example for adapting its strategy and product according to specific cases of countries such as providing enzyme which makes detergents work in less and with not quality water for African market.

8. Conclusion

In this section, the summary of this thesis will be explained by answering our research questions. Furthermore, the suggestions for further research will also be presented.

How does a company like Novozymes which operates in several complex industries got its business strategy affected by the changes in market place?

What strategies does Novozymes create to deal with industry problems in B2B marketing context?

Novozyymes is a B2B company which provides enzymes to other businesses to bring efficiency and solutions to their business problems. Company is present in six different continents and have subsidiaries which operates their business all around the world. Nevertheless, from the beginning of 2010, the company started to experience different problems especially, from the countries that they called "emerging markets" which means the countries that their business is currently growing. Furthermore, instead of concentrating on creating solutions to these problems, company focused more on their performance generated from "developed markets" where they thought the main business opportunities could be made. Moreover, the governance structure that the company has as well was a contributing factor for this strategy of the company towards the emerging markets where each manager was responsible from loads of activities that the company has in different regions. Therefore, managers were simply concentrating on

the highest market share the company has while neglecting the opportunities could be yielded from the emerging markets.

The scope of the company has started to be considered as narrow after receiving decreasing rate of growth rates in different industries that they operate in several markets. The current governance structure has started to affect the product development poorly where the motto of the company delivering innovative solutions to their consumers got in danger. After experiencing this negative image and performance in the company, decision makers made a strategy change on shifting the focus of the company from developed markets to emerging markets by aiming to increase their presence in these markets. The most significant action they have taken was to change the corporate governance structure of the company by increasing the number of managers responsible for regions and product industries. They have separated the two divisions as emerging and developing, and divided its products into five different industries. With this increased number of managers responsible from each region and industry has led company to be more responsive and localize to the certain markets that they operate. Furthermore, this increased concentration on growth in emerging markets has affected positively on product development of the company by providing and creating different enzymes for specific needs of different cultures and regions.

To sum up, we have explained all the situations happened to the company and why, what and how does Novozymes dealt with these issues by making strategical changes using B2B marketing theories. We have analyzed that as a B2B company, the problems and recommendations could be made for that company is different and even more complex compared to a B2C company where in our case we have had business-to-business aspect as well for our analysis. We have used B2B theories to explain and validate our points in this paper. We have analyzed how much inter-organizational relationships affect the business performance of the companies. Furthermore, we have seen that how much the strategy could change according to perceived differences between countries and regions. The increased focus on these differences have helped immensely to Novozymes' business. Moreover, we have analyzed the marketing network of a B2B company by analyzing which actors are present and what are their responsibilities in these complex networks and how much they effect on company performance. We have analyzed the relationship activities of Novozymes with its suppliers, consumers and opponents to draw a picture of a successful company and how could company made these relationships better. The research questions are explained in using

different B2B network approaches and models while explaining how successful companies manage these networks. Furthermore, we have also looked in to buyer-seller relationships of the company showing that how these relationships could benefit businesses by shifting approaches and strategies towards them.

By analyzing all the above-mentioned interactions of Novozymes, we can conclude that as a B2B company Novozymes is highly influenced by the factors around their business network. We have used all the relevant B2B material we think to explain how much this network important for the company's business. We have analyzed that by making managerial changes and increasing the presence of business network activities of Novozymes by ensuring sustainable and long term relationships with suppliers and other players in business network, company has increased its performance by concentrating on emerging markets, finding more sustainable solutions, conducting collaborations with big multinationals and having more insight about smaller and unreachable markets. The relationship that Novozymes has with all its network proves that the atmosphere of trust, experience and honesty would bring success to business relationships in B2B environment where in this paper we think we have demonstrated in detail where we hope it will guide other B2B companies which have experienced similar problems before.

8.1.Suggestions for further research

In this thesis, we have used the perspective of IMP Group scholars only due to accessibility of the data nevertheless, this thesis could be done by other theoretical point of views. Moreover, we have only analyzed the main two industries of the company Household Care and Baking due to time constraint and qualification of data collected. Furthermore, we could have also used more than one company to answer our research question however, it was again not possible due to short time given and our ability to reach quality data and interview opportunities.

REFERENCES

- Amzat, A, (2009). Multichem partners international firm on enzyme supply. The Guardian, [Online]. 1/1, 1-2. Available at: <https://guardian.ng/business-services/industry/multichem-partners-international-firm-on-enzyme-supply/> [Accessed 9 May 2018].
- Bamford, J.; Ernst, D.; Fubini, David G. (2004). "Launching a World-Class Joint Venture". Harvard Business Review. Retrieved 22 April 2018.
- Bowman, D. (2012). Evolution of buyer-seller relationships. In G. L. L, & R. Grewal (Eds.), Handbook of Business-to-Business Marketing (pp. 277-292). Northampton: Edward Elgar Publishing Limited.
- Bradford, A, (2017). Deductive Reasoning vs. Inductive Reasoning. Livescience, [Online]. 1/1, 1-4. Available at: <https://www.livescience.com/21569-deduction-vs-induction.html> [Accessed 9 May 2018].
- Bradford, K. D., & Weitz, B. A. (1999). Personal Selling and Sales Management: A Relationship Marketing Perspective. Journal of the Academy of Marketing Science , 27 (2), 241-254.
- Bradford, K., & Weitz, B. (2012). Salesperson Effectiveness:A Behavioral Perspective. In G. L. Lilien, & R. Grewal, Handbook of Business-to Business Marketing (pp. 417-432). Northampton: Edward Elgar.
- British Council, "The Benefits of the English Language for Individuals and Societies: Quantitative Indicators from Algeria, Egypt, Iraq, Jordan, Lebanon, Morocco, Tunisia and Yemen" (PDF). Archived from the original(PDF) on 13 May 2018. Retrieved 2018-04-08.
- Cannon, J., (1999). Buyer-Seller Relationships in Business Markets. 4th ed. Birmingham, Canada: American Marketing Association.
- Center on Budget and Policy Priorities. (2018). Chart Book: The Legacy of the Great Recession. [ONLINE] Available at: <https://www.cbpp.org/research/economy/chart-book-the-legacy-of-the-great-recession?fa=view&id=3252>. [Accessed 10 May 2018].
- CIA World Factbook. (2018) "Public debt of United States". Retrieved May 1, 2018.
- Coispeau, O. (2015). Mergers & Acquisitions and Partnerships in China. World Scientific Publishing Co. p. 311. ISBN 9814641022. Retrieved 22 April 2018.
- Daragahi, B. (2013) S&P cuts Egypt's credit rating again amid fiscal health fears. FT.com. Retrieved on 29 April 2018.
- de Waal, A. A. (2012). Characteristics of High Performance Organisations. Business Management and Strategy , 3, 14-31.

Economic and Social Research Council. (2015). New impacts from 'old' data. [ONLINE] Available at: <https://esrc.ukri.org/news-events-and-publications/news/news-items/new-impacts-from-old-data/>. [Accessed 9 May 2018].

Ellis, N. (2011). *Business- to- Business Marketing: Relationships, Networks & Strategies*. New York: Oxford University Press.

Ellis, N. (2011). How IORs may "work" in Different Contexts? In N. Ellis, *Business-to-Business Marketing* (pp. 83-85). OXFORD university press.

Forbes. (2017). Top Multinational Performers. [ONLINE] Available at: <https://www.forbes.com/companies/novozymes/>. [Accessed 2 May 2018].

Ford, D, (2008). ANALYSING BUSINESS INTERACTION. IMP Group, [Online]. 1/2, 1-34. Available at: <https://www.impgroup.org/uploads/papers/6707.pdf> [Accessed 8 May 2018].

Ford, D., Gadde L., and Håkansson H. (2003) *Managing business relationships*.

FRED Economic Data St.Louis Fed. (2018). Federal Debt: Total Public Debt as Percent of Gross Domestic Product. [ONLINE] Available at: <https://fred.stlouisfed.org/series/GFDEGDQ188S>. [Accessed 10 May 2018].

Ghemawat (2001)

Ghemawat, P., & Siegel, J. (2011) *Cases about Redefining Global Strategy*, Harvard Business Review Press, Chapter 2

Ghemawat, P., (2007). *Differences Across Countries: The CAGE Distance Framework*. 1st ed. Boston: Harvard Business School Press.

Ghemawat, P. (2007). *Redefining Global Strategy: Crossing Borders in a World Where Differences Still Matter*, Harvard Business School Press, p.41

Ghemawat, P. (2011). *World 3.0: Global Prosperity and How to Achieve it*, Harvard Business Review Press, pp.54-60

Grand View Research. (2017). *Biotechnology Market Worth \$727.1 Billion By 2025 | Growth Rate: 7.4%*. [ONLINE] Available at: <https://www.grandviewresearch.com/press-release/global-biotechnology-market>. [Accessed 2 May 2018].

Hadjikhani, A, (2013). Development of B2B marketing theory. *Industrial Marketing Management*, [Online]. 2/1, 294-305. Available at: <https://pdfs.semanticscholar.org/7bed/06882534b1dba1ef51082e015e475ff80923.pdf> [Accessed 8 May 2018].

Håkansson, H., & Waluszewski, A. (2013). A never ending story- Interaction patterns and economic development. *Industrial Marketing Management* , 42, 445-454.

Håkansson, H. (1982). *International Marketing and Purchasing of Industrial Goods: An Interaction Approach*. Chichester: Wiley.

Hart, S. (2003). *Marketing Changes* (1 ed.). Croatia: Thomson Learning.

Health Behavior and Health Education. (2018). *Interorganizational Relations Theory (IOR)*. [ONLINE] Available at: <http://www.med.upenn.edu/hbhe4/part4-ch15-interorganizational-relations-theory.shtml>. [Accessed 9 May 2018].

Heath Huff - Global Customer Support Training and Development. "Secondary Data - Meaning, its advantages and disadvantages". managementstudyguide.com. Retrieved 2018-02-18

Henneberg, Stephan C., Stefanos Mouzas, and Peter Naudé. "Network pictures: concepts and representations." *European Journal of Marketing*

Hortidaily. (2016). *Changes in organizational structure at Novozymes*. [ONLINE] Available at: <http://www.hortidaily.com/article/24494/Changes-in-organizational-structure-at-Novozymes>. [Accessed 3 May 2018].

Johanson and Vahlne, (1990)

Khuong, M., (2012). *The Factors Affecting Inter-Organizational Relationship Success: A Study of Vietnamese Travel Companies and Thai Partners*. 2nd ed. Vietnam: NIDA Development Journal.

Kumar, V, (2007). *Interaction Orientation: The New Measure of Marketing Capabilities*. Marketing Science Institute, [Online]. 1/1, 7-100. Available at: <http://www.msi.org/reports/interaction-orientation-the-new-measure-of-marketing-capabilities/> [Accessed 8 May 2018].

Kumar, P. (1999). *The Impact of Long-Term Client Relationships on The Performance of Business Service Firms*. *Journal of Service Research* , 2, 4-18.

Lundy Lewis (2001) *Managing Business and Service Networks*. p. 138

Mohamed, N. S. (1989). *Industrial Marketing in Europe - An Interaction Approach*. Uppsala University, Business Studies. Uppsala: Reprocentralen HSC.

Murraytodd, C., & Sigbert, L., (2012). *Statistics*. Wikibooks, [Online]. 1/1, 1-212. Available at: <https://upload.wikimedia.org/wikipedia/commons/8/82/Statistics.pdf> [Accessed 8 May 2018].

Naghibi, S., & Sadeghi, T. (2011). *Factor of Customer Satisfaction and Loyalty in Industrial Marketing (B2B)*. *Middle-East Journal of Scientific Research* , 8 (5), 902-907.

Nationmaster. (2000). Country vs country: Egypt and United States compared: Economy stats. [ONLINE] Available at: <http://www.nationmaster.com/country-info/compare/Egypt/United-States/Economy>. [Accessed 10 May 2018].

Ngan, D., & Wang, S., & Kong, F. (2013). BUSINESS- TO- BUSINESS MARKETING A NETWORK RELATIONSHIP APPROACH A case study of ICT solutions firm Huawei Operator BG sales network. Malardalens Hogskola Eskilstuna Vasteras, [Online]. 1/1, 1-72. Available at: <http://www.diva-portal.org/smash/get/diva2:687657/FULLTEXT02> [Accessed 10 May 2018].

Novozymes. (2017). 2017 in brief. [ONLINE] Available at: <https://report2017.novozymes.com/the-big-picture/2017-in-brief>. [Accessed 7 May 2018].

Novozymes. (2018). About Novozymes. [ONLINE] Available at: <https://www.novozymes.com/en/about-us>. [Accessed 3 May 2018].

Novozymes. (2017). Africa's bakers rise to new challenges. [ONLINE] Available at: <https://www.novozymes.com/en/news/news-archive/2017/06/africas-bakers-rise-to-new-challenges>. [Accessed 10 May 2018].

Novozymes. (2016). Business model. [ONLINE] Available at: <https://report2016.novozymes.com/our-business/business-model>. [Accessed 9 May 2018].

Novozymes. (2017). Custom-made for African and Asian laundry. [ONLINE] Available at: <https://www.novozymes.com/en/news/news-archive/2017/10/custom-made-for-african-and-asian-laundry>. [Accessed 9 May 2018].

Novozymes. (2014). Focusing on customers and regional markets: Novozymes Household Care business grows 9% in 2013. [ONLINE] Available at: <https://www.novozymes.com/en/news/news-archive/2014/01/annual-report-feature-on-hhc>. [Accessed 10 May 2018].

Novozymes. (2017). Industry highlights. [ONLINE] Available at: <https://report2017.novozymes.com/the-big-picture/industry-highlights>. [Accessed 7 May 2018].

Novozymes. (2018). Investors- Corporate governance - Board of directors. [ONLINE] Available at: <https://investors.novozymes.com/investors/corporate-governance/board-of-directors/default.aspx>. [Accessed 10 May 2018].

Novozymes. (2018). Ownership. [ONLINE] Available at: <https://www.novozymes.com/en/about-us/management-ownership>. [Accessed 10 May 2018].

Novozymes. (2016). Risk management. [ONLINE] Available at: <https://report2016.novozymes.com/our-business/risk>. [Accessed 10 May 2018].

- Novozymes, A., (2016). Supplier Guidelines. 1st ed. Denmark: Novozymes.com.
- Novozymes. (2018). Sustainability - Our triple bottom line. [ONLINE] Available at: <https://www.novozymes.com/en/about-us/sustainability>. [Accessed 7 May 2018].
- Novozymes. (2014). The Novozymes Report 2014. (ONLINE) Available at: <https://report2014.novozymes.com>. (Accessed 3 May 2018).
- Novozymes. (2017). The Novozymes Report 2017. [ONLINE] Available at: <https://report2017.novozymes.com>. [Accessed 2 May 2018].
- Oliva, R. (2012). A High- Level Overview: A Value Perspectvie on The Practice of Business-to - Business Marketing. In G. Lilien, & R. Grewel, Handbook of Business - to - Business Marketing (pp. 15- 40). Northampton: Edward Elgar.
- Parameswaran, B. (2013). Industrial Enzymes - Present status and future perspectives for India. Journal of Scientific & Industrial Research, [Online]. 3/1, 271-286. Available at: [http://nopr.niscair.res.in/bitstream/123456789/17451/1/JSIR%2072\(5\)%20271-286.pdf](http://nopr.niscair.res.in/bitstream/123456789/17451/1/JSIR%2072(5)%20271-286.pdf) [Accessed 6 May 2018].
- Pitt, L. E., & Nel, D. (1988). The Weaver's Merit - A Comparison of the Attitudes of Suppliers and Buyers to Corruption in Business. Industrial Marketing and Purchasing , 3 (1), 30-39.
- Quick MBA. (2010). The American Legal System. [ONLINE] Available at: <http://www.quickmba.com/law/sys/>. [Accessed 10 May 2018].
- Ramani, G., & Kumar, V. (2008). Interaction Orientation and Firm Performanace. Journal of Marketing , 72 (1), 27-45.
- Ratajczak-Mrozek, M., (2017). Network Embeddedness. 1st ed. New York: Springer.
- Reuters. (2018). Novozymes sets up Turkish project to keep flatbreads fresh for longer. [ONLINE] Available at: <https://www.nasdaq.com/article/novozymes-sets-up-turkish-project-to-keep-flatbreads-fresh-for-longer-20180411-00323>. [Accessed 10 May 2018].
- Ritter, T, (2002). Firms' ability to manage in business networks: a review of concepts. IMP Group, [Online]. 1/2, 1-9. Available at: <https://www.impgroup.org/uploads/papers/4239.pdf> [Accessed 8 May 2018].
- Snehota, I., & Hakansson, H. (1995) eds. Developing relationships in business networks. Londres: Routledge,. p. xii
- SOFW. (2010). Novozymes recognized for being a top supplier. [ONLINE] Available at: http://www.sofw.com/index/sofw_de/sofw_de_home.html?naid=3989. [Accessed 10 May 2018].
- Sousa and Bradley 2005b

Statista. (2015). Biotechnology industry - Statistics & Facts. [ONLINE] Available at: <https://www.statista.com/topics/1634/biotechnology-industry/>. [Accessed 3 May 2018].

Sulugiuc, G, (2010). Novozymes Buys Merck Crop Business for \$275 Million. Bloomberg, [Online]. 1/1, 1-5. Available at: <https://www.bloomberg.com/news/articles/2018-05-11/tesla-engineering-chief-takes-break-after-musk-brushed-him-aside> [Accessed 6 May 2018].

Tåg, J. (2008). Essay on Platforms: Business Strategies, Regulation and Policy in Telecommunications, Media and Technology Industries. Hanken School of Economics, Department of Economics. Helsinki: Edita Prima Ltd.

The Inputs into CAGE Analysis. (2018). CAGE Analysis. [ONLINE] Available at: https://saylordotorg.github.io/text_international-business/s12-04-cage-analysis.html. [Accessed 9 May 2018].

Toledo, R, (2013). Celebrating B2B Relationships. B2B Marketing, [Online]. 1/1, 1-3. Available at: <https://www.b2bmarketing.net/en-gb/resources/blog/celebrating-b2b-relationships> [Accessed 8 May 2018].

Turnbull, P. W. (1979). Roles of Personal Contacts in Industrial Export Marketing. *Scandinavian Journal of Management* , 325-337.

UC Davis. (2018). Introduction: Reliability and Validity. [ONLINE] Available at: <http://psc.dss.ucdavis.edu/sommerb/sommerdemo/intro/validity.htm>. [Accessed 9 May 2018].

Unilever. (2018). About - Unilever UK & Ireland. [ONLINE] Available at: <https://www.unilever.co.uk/about/>. [Accessed 10 May 2018].

Usunier and Lee (2005) *Marketing across Cultures*, Essex, UK: Pearson Education

Venkatesan, R., Kumar, V., & Reinartz, W. (2012). Customer Relationship Management in Business Markets. In G. Lilien, & R. Grewal, *Handbook of Business - to - Business Marketing* (pp. 311-331). Northampton: Edward Elgar.

Vervest, P. (2005) *Smart Business Networks*. p. 20

Vitez, O, (2017). The Meaning of Mutual Benefits. bizfluent, [Online]. 1/2, 1-2. Available at: <https://bizfluent.com/facts-7226251-meaning-mutual-benefits.html> [Accessed 8 May 2018].

Wallis, D, (2007). Kenya unveils Novozymes deal, warns bio-pirates. Reuters, [Online]. 1/1, 1-3. Available at: <https://uk.reuters.com/article/environment-kenya-biotech-dc/kenya-unveils-novozymes-deal-warns-bio-pirates-idUKL2868123520070628> [Accessed 9 May 2018].

Watts, S, (1989). Technology: Engineered enzyme washes whiter than white. *New Scientist*, [Online]. 1/1, 1-3. Available at: <https://www.newscientist.com/article/mg12316714.600-technology-engineered-enzyme-washes-whiter-than-white/> [Accessed 6 May 2018].

Word, J. (2009). Business Network Transformation: Strategies to Reconfigure Your Business Relationships for Competitive Advantage. p. 198

Zadek, S.; Radovich, S. (2006). "Governing collaborative governance" (PDF). John F. Kennedy School of Government. Retrieved 22 April 2018.