BUSINESS RELATIONSHIPS IN THE INTERNATIONALIZATION PROCESS:

A case study of Wipf AG and their expansion to the US valve market

EMELIE KARLSSON (31 JANUARY 1990)
AND
KASPAR SCHERTENLEIB (31 JANUARY 1990)

Mälardalen University
School of Business, Society and Engineering
Bachelor Thesis in Business Administration, 15 ECTS
Course code: FOA2014
Tutor: Magnus Linderström
Examinator: Evan Maaninen-Olsson
E-post: eva.maaninen-olsson@mdh.se
Date: 2015-01-02
# ABSTRACT

<table>
<thead>
<tr>
<th>Date</th>
<th>January 2nd 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level</td>
<td>Bachelor Thesis in Business Administration, 15 ECTS</td>
</tr>
<tr>
<td>Institution</td>
<td>School of Business, Society and Engineering, Mälardalen University</td>
</tr>
<tr>
<td>Authors</td>
<td>Emelie Karlsson, Kaspar Schertenleib</td>
</tr>
<tr>
<td>Title</td>
<td>Business Relationships in the Internationalization Process: A case study of Wipf AG and their expanding to the US valve</td>
</tr>
<tr>
<td>Examiner</td>
<td>Eva Maaninen-Olsson</td>
</tr>
<tr>
<td>Tutor</td>
<td>Magnus Linderström</td>
</tr>
<tr>
<td>Keywords</td>
<td>Wipf AG, Internationalization Process Model, Network Theory, Business Relationship</td>
</tr>
<tr>
<td>Research Questions</td>
<td>Is there a connection between the internationalization process model and Wipf AG’s expanding to the US valve market? What roles do business relationships play in the internationalization process model?</td>
</tr>
<tr>
<td>Purpose</td>
<td>The aim of this thesis is to research the connection between the business network internationalization process theory and a real business case. The thesis researches furthermore the role of business relationships in the internationalization process in a network perspective.</td>
</tr>
<tr>
<td>Method</td>
<td>In order to fulfill the purpose of this thesis, former studies on the topic were examined and semi-structured interviews were the base for collecting information from the management at Wipf AG. To develop a conclusion, critical analysis was made in order to answer the research question and suggestions were given at the end.</td>
</tr>
<tr>
<td>Conclusion</td>
<td>The connection between the business network internationalization model by Johanson &amp; Vahlne (2009) and Wipf AG’s expanding to the US valve market became evident during the research. The findings show that the model is applicable and suitable to explain the internationalization process of Wipf AG. Furthermore, the business relationships were identified as a crucial element in the model and the expansion of Wipf AG’s business network. The relationships have an influence on the opportunity creation and exploitation, which is the driving force behind the internationalization process.</td>
</tr>
</tbody>
</table>
ACKNOWLEDGEMENT

We would like to thank our tutor Magnus Linderström for his guidance through the whole process of this bachelor thesis. He helped us to develop and refine the research approach and kept us on track with his constructive critique and input. Furthermore, we would like to thank the co-asseror Sikander Kahn for his revising at the final seminar.

Moreover, we would like to thank all the groups in the seminars for their time and effort to give us constructive feedback to develop our thesis.

We would like to express special gratitude to Wipf AG, in particular Malte Jonsson, Melanie Hauser and Karin Weidmann, which made this thesis possible by their collaboration and openness. We are grateful for the trust and the opportunities they offered.

Last but not least we would like to thank our families and friends for their support and help during the writing process.

Emelie Karlsson
Västerås, January 2, 2015

Kaspar Schertenleib
Västerås, January 2, 2015
# TABLE OF CONTENT

1 **INTRODUCTION** ............................................................................................................. 1  
   1.1 Problem Discussion ................................................................................................. 2  
   1.2 Purpose of the research .......................................................................................... 3  
   1.3 Research Question .................................................................................................. 3  
   1.4 Delimitation ............................................................................................................. 3  
   1.5 Chapter Overview .................................................................................................... 4  

2 **COMPANY BACKGROUND** .......................................................................................... 5  
   2.1 The Wipf Group ....................................................................................................... 5  
      2.1.1 Elco AG & Direct marketing AG division Brugg, Switzerland ......................... 5  
   2.2 Wipf AG, Volketswil, Switzerland .......................................................................... 6  
      2.2.1 Historical Background of Wipf AG ................................................................ 6  
      2.2.2 Products and product segments ..................................................................... 7  
      2.2.3 WICOVALVE® ................................................................................................. 7  
   2.3 The US valve market ................................................................................................ 7  
      2.3.1 The competitors in the United States valve Market ....................................... 8  
   2.4 The Business Network of Wipf with focus on the US Market .................................... 9  

3 **THEORETICAL FRAMEWORK** ..................................................................................... 12  
   3.1 Definition of Industrial Marketing .......................................................................... 12  
   3.2 Definition of Network Theory ................................................................................ 12  
   3.3 Definition of Business Relationship ...................................................................... 12  
      3.3.1 Business-to-Business Relationship ................................................................ 12  
      3.3.2 Trust and Commitment in a business relationship ........................................ 13  
      3.3.3 Business relationship complexity .................................................................... 13  
   3.4 The Uppsala internationalization process model in a network perspective ............. 14  
   3.5 Conceptual Framework ........................................................................................... 18  

4 **METHODOLOGY** ....................................................................................................... 19  
   4.1 Selections on research question ............................................................................. 19  
   4.2 Approach and Research strategy ........................................................................... 19  
   4.3 Theories .................................................................................................................. 20  
   4.4 Data collection ........................................................................................................ 20  
      4.4.1 Primary data ..................................................................................................... 20  
      4.4.2 Analysis of theoretical literature .................................................................... 21  
      4.4.3 Secondary Data ............................................................................................... 21  
   4.5 Operationalization .................................................................................................. 21  
   4.6 Reliability & Validity ............................................................................................... 24  

5 **EMPIRICAL FINDINGS** ............................................................................................... 26  
   5.1 The Marketing Department at Wipf AG ............................................................... 26  
      5.1.1 Budget .............................................................................................................. 26
5.1.2 Approaching new customers ..................................................................................... 26
5.2 Internationalization experience ..................................................................................... 27
5.3 General internationalization strategy ............................................................................. 27
5.4 The internationalization experience in the US valve market ........................................ 28
5.5 Internationalization and market strategy of Wipf AG in the US .................................... 29
5.6 Market knowledge in the US market .............................................................................. 29
5.7 Current activities in the US valve market ...................................................................... 30
  5.7.1 Fairs in the US ......................................................................................................... 30
  5.7.2 The agent in the US market ..................................................................................... 30
5.8 Business Relationships in the US market .................................................................... 31
  5.8.1 Duration of a business relationship ....................................................................... 32
  5.8.2 The complexity of business relationships .............................................................. 32

6 ANALYSIS AND DISCUSSION ....................................................................................... 33
  6.1 Internationalization experience ................................................................................... 33
  6.2 Wipf AG’s general internationalization strategy ............................................................ 33
  6.3 The internationalization experience in the US market ................................................ 34
  6.4 Market knowledge in the US market ............................................................................ 35
  6.5 The internationalization strategy .................................................................................. 35
  6.6 Current activities in the US valve market .................................................................... 36
  6.7 Business relationships and the influence on the internationalization process ............ 37

7 CONCLUSION ................................................................................................................... 40
  7.1 Recommendations ....................................................................................................... 41
  7.2 Future research ............................................................................................................ 41

APPENDICES

APPENDIX 1 SEMI-STRUCTURED INTERVIEW 4/12-14
APPENDIX 2 SEMI-STRUCTURED TELEPHONE INTERVIEW 16/12-14
APPENDIX 3 UNSTRUCTURED INTERVIEW 30-28/11-14

LIST OF FIGURES AND TABLES

Table 1 Ranking of Global Sales of Valves in 2014 ................................................................. 8
Table 2 Operationalization (Semi-Structured Interview) ......................................................... 22
Table 3 Operationalization (Unstructured Interview) .............................................................. 24

Figure 1 Group Overview of the Wipf Holding AG .............................................................. 5
Figure 2 The US Business Network of Wipf AG ................................................................. 11
Figure 3 The business network internationalization process model ..................................... 15
Figure 4 Research Model of this thesis ............................................................................... 18
## GLOSSARY

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Network</td>
<td>This thesis makes use of the business network internationalization process theory by Johanson &amp; Vahlne (2009). The theory has a general character and describes the process of internationalization in foreign markets with four variables. The main element in their concept are the business relationships in a business network.</td>
</tr>
<tr>
<td>Internationalization Process Theory</td>
<td></td>
</tr>
<tr>
<td>Business Relationship</td>
<td>A relationship is defined in this study as the joint ventures that exist between individuals involved in the business process. It is the result of a communication process where linking has been developed between two parties that produce a mutual trust and commitment. (Håkansson &amp; Snehota, 1995)</td>
</tr>
<tr>
<td>Business Network</td>
<td>A business network consists of different actors (business relationships) that are in a interconnected relationship with each other and thus create a dynamic business network. (Johanson &amp; Vahlne, 2009)</td>
</tr>
<tr>
<td>Wipf AG</td>
<td>is the case company, located in Volketswil, Switzerland. Wipf AG produces various products, like laminated foils for flexible packaging and degassing valves for packaging. The focus in this study will lie on the degassing valve product: WICOVALVE®</td>
</tr>
<tr>
<td>Degassing valves</td>
<td>are overpressure valves with the function to take out the gas of a packaging without letting oxygen or water vapor enter. The product developed by Wipf AG is called the WICOVALVE®. The measurements of valves for coffee beans are: 23mm Ø, and 3.65mm thickness.</td>
</tr>
</tbody>
</table>
1 INTRODUCTION

This section of the thesis presents an introduction to the subject, followed by the problem discussion, the purpose of the research, the research question and the chapter overview.

Firms all over the globe meet an increasingly globalized and interconnected business environment. (Johanson & Vahlne, 2009) Alone between 1990 and 2010 the world’s exports increased by 327 per cent. (Forsgren, 2013, p. 6) Multinational companies with their respective subsidiaries are embedded into international dynamic business networks of different, but interconnected business relationships. The business network has thus not to coincide with country borders, but is rather a dynamic structure, that reaches beyond national borders. (Forsgren, 2013, p. 116) In business network theory, business relationships play an important role. The structure of a business network consists thus of different interconnected business relationships. In this dynamic structure, the business network and business environment influence the business relationships as well as the relationships have an influence on the business network itself. (Ford D., Gadde, Håkansson, & Snehota, 2006, p. 38) Since business networks are borderless the focus of internationalization of a firm lies no longer on how to overcome different barriers, but rather on how to extend one’s business network and thus strengthen the firms network position. (Johanson & Vahlne, 2009)

In the recent article of Hohenthal, Johnson, & Johanson from 2014, the researchers found out that experiential network knowledge correlates, and has thus a direct influence, on the business relationship value in a foreign business network. Experiential network knowledge in a foreign market means the knowledge a firm is experiencing i.e. learning when expanding to foreign markets i.e. foreign business networks. It is the knowledge gained by interacting with the actors in the foreign business network. (Hohenthal et al., 2014; Johanson & Vahlne, 2009; Forsgren, 2002) The business relationships in a business network are an important element in the process of internationalization and influence not only the process itself, but also the business network. (Coviello & Munro, 1997; Johanson & Vahlne, 2009) To learn from current business relationships in a foreign market could thus have an influence on the success of international expansion of a firm. (Johanson & Vahlne, 2009; Forsgren, 2002)

Wipf AG is a Swiss, family owned company with a history as long as 100 years. The company is highly internationalized and thus embedded into different business networks around the globe. They are specialized in producing various laminated flexible packaging and degassing valves for different applications. Currently the Wipf Group (holding) makes approximately 40% of their turnover outside Switzerland, with the EU as the largest export destination with approx. 35% of net sales. (Wipf Holding AG, 2014) Wipf Holding AG and the Wipf AG (flexible packaging division of the holding) were expanding to the EU quite early with acquiring a company in Austria in 1991. They continue to internationalize by acquiring a subsidiary in Turkey (Wipf Doypak A.S.) and exporting in a vast number of different regions like the US, South America and Asia. (Jonsson, Introduction to Wipf, 2014) Wipf AG is thus a company with international experience and in an ongoing internationalization processes. In this thesis the focus will lie on the expansion to the US valve market of Wipf AG. This is particularly interesting from a business network internationalization point of view. There is a historical wanting from the side of Wipf AG to enter the, largest degassing valve market (volume of valves applied, due to internal reports of Wipf AG (2014)) for packaging, as well as it is possible to see their network position evolving. (Jonsson, Introduction to Wipf, 2014; Jonsson, US Valve Market and Internationalization Strategies, 2014)
1.1 Problem Discussion

When expand to foreign markets, a firm faces different obstacles and challenges, which create a certain degree of uncertainty and risk for the firm. (Johanson & Vahlne, 1977) However, when Johanson & Vahlne first researched the internationalization process of a firm in 1977, the world economics and politics looked quite different than nowadays. One example of how the economic conditions changed in Europe is the evolution of the European Union in the latest decades. (European Union, 2014) The European Union is, currently in 2014, the largest economic area measured by GDP, and it stands for 20% of all global exports and imports with only 7% of the world’s population. (European Union, 2014) Companies face new challenges and obstacles with the creation of the single European Union market and the continuous reduction of import and export barriers to third party states, but experience also new opportunities. Furthermore, international trade agreements between large economies like the USA and the European Union or the USA and China have drastically changed the global conditions of the business environment since the 1980’s. (Johanson & Vahlne, 2009) Thus marketers in small and large firms are facing higher pressure from continuously more interconnected and global business networks when doing business in their home market or abroad. (Ford D. et al., p. 6)

Network theory suggests that a firm is embedded into a network of different business relationships. (Forsgren, 2013, p. 113) This allows researching the internationalization process of a firm in a more global perspective, because business networks have a dynamic structure without a clear boundary, like country borders. The delimitation of a network can only be done by the researcher’s definition of the examined network. (Ford D. et al., 2006, p. 4) Because of the dynamic structure of networks, the business network theory is able to reflect the continuous changing economic conditions a firm faces on the international markets. (Johanson & Vahlne, 2009) In a business network, business relationships are an important part of the model. (Hohenthal et al., 2014) In their paper from (1997), Coviello and Munro argue that firms acquire knowledge about foreign market opportunities through their social business relationships. This knowledge has then an influence on the internationalization process of a firm. (Evers & Knight, 2008; Johanson & Vahlne, 2009)

The internationalization experience and knowledge of the Swiss company Wipf AG is high and the company is integrated in different global business networks. However, it could still be a difficult task for a firm to enter a foreign market, because different variables in the internationalization process could have impacts on the process and the expanding of a business network. (Johanson & Vahlne, 2009; Johanson & Vahlne, 2003) In the light of the changing business environment and in the light of industrial marketing with its network and business relationship theory, as well as the internationalization theory, the authors would like to venture into an in depth understanding of the mechanics when an already internationalized firm expands to foreign markets. The subject of research is the expanding of the business of valves in the US market of Wipf AG.
1.2 Purpose of the research
The aim of this thesis is to research the connection between the business network internationalization process theory by Johanson & Vahlne (2009) and a real business case. The thesis aims to research the casual relationships of the different variables involved in the model, as well as the role of business relationships in the internationalization process in a network perspective. Furthermore, it should allow the management of Wipf AG to see their internationalization strategy and the expanding of the US valve market from an academic perspective.

1.3 Research Question
Is there a connection between the internationalization process model and Wipf AG’s expanding to the US valve market?

What roles do business relationships play in the internationalization process model?

1.4 Delimitation
One of the limitations of this thesis is he focus on only one company, Wipf AG. They produce a wide variety of different products, which could be considered in a broader study. However the study will only emphasis on one product, the degassing valves, and one of market, namely the United States market. These limitations were due to the scope of the thesis, as well as time constrinctions. Furthermore, the study will only emphasis on Wipf AG’s relationships with its customers and ignore more or less its connection with the suppliers. In addition, a case study of only one firm delimitates the applicability of this thesis to other cases or to generalize its outcome.
1.5 Chapter Overview

1. INTRODUCTION
This section of the thesis presents an introduction to the subject, followed by the problem discussion, the purpose of the research, the research question and the chapter overview.

2. COMPANY BACKGROUND
This section of the thesis presents background information about the case company Wipf AG and their products. In addition, an introduction to the US market for degassing valves and the company’s business network in the United States of America is presented.

3. THEORETICAL FRAMEWORK
In this section, the relevant theories are presented to build a theoretical background with the aim to support the subject of the thesis. First, the definition of industrial marketing allows an overview of the business-to-business perspective of this thesis. Secondly, the network theory is defined to develop the greater framework of the following theories. Thirdly, the internationalization process model in a network perspective from Johanson & Vahlne (2009) is presented, as well as the definition of the business relationship and the role of it in the internationalization process of a firm.

4. METHODOLOGY
This section of the thesis describes the methodology and methods used to gather the necessary data and information to fulfill the purpose of this research. In the end of this section, reliability and validity is discussed, as well as the limitations of this thesis.

5. EMPIRICAL FINDINGS
In this section, the collected data from the conducted interviews, as well as the information gathered and observed from the visit at Wipf AG in Volketswil, Switzerland are presented.

6. ANALYSIS AND DISCUSSION
In this section of the thesis the collected empirical findings will be analyzed and discussed in the context of the theories previously presented in the theoretical framework.

7. CONCLUSION
In this section of the thesis, the conclusion is drawn, with the purpose to answer the research questions. In addition, recommendations to the management of Wipf AG are given and further research is suggested.
2 COMPANY BACKGROUND

This section of the thesis presents background information about the case company Wipf AG and their products. In addition, an introduction to the US market for degassing valves and the company’s business network in the United States of America is presented.

2.1 The Wipf Group

Wipf Holding AG consists of around 500 employees worldwide and has operations in three divisions, Flexible packaging, Envelopes and stationary, and Direct marketing. Each division is individually managed. The net sales for the whole group in 2013/2014 was 122.3 million Euros, which was 0.4 million Euros more than in the last period. (Wipf Holding AG, 2014) The focus of the group lies on a strategic export and foreign expansion to strengthen their network position within emerging markets. (Wipf Holding AG, 2014)

![Group Overview of the Wipf Holding AG](Wipf Holding AG, 2014)

2.1.1 Elco AG & Direct marketing AG division Brugg, Switzerland

The Elco division, seated in Brugg, Switzerland, stands for high quality products such as envelop and stationery. They provide all kinds of envelopes, writing pads, writing cards, file folders, archiving etc. Elco AG has its main market in Switzerland, with only 8 per cent of their net sales in export, mainly to the European Union. (Wipf Holding AG, 2014)

The Direct Marketing AG division, situated in Brugg, Switzerland, stands for the development and implementation of multichannel direct marketing campaigns. The combination between classical print, direct marketing and online media, creates innovative communication solutions that generates above average response according to Direct Marketing AG. (Wipf Holding AG, 2014)
2.2 Wipf AG, Volketswil, Switzerland

Wipf AG is installed near the Zurich Airport in Volketswil, Switzerland. Wipf AG’s core competences are printing and conforming (laminating, slitting and pouching) flexible packaging. Their main products are pouches in different forms. Additionally, Wipf AG produces WICOVALVES®. These overpressure valves are high quality products that are used to degas packaging containing fresh roasted coffee beans, dough containing yeast, sauerkraut or fully closed packaged and processed food that consumers can steam cook in their microwave.

The printing technologies available at Wipf AG are two gravure machines for bigger volumes, slitting machines and pouching machines. One of the four first ever ready to produce digital printing machines (HP Indigo 2000) in Europe is running at Wipf AG, which is a pilot project between Hewlett-Packard and Wipf AG. Furthermore, according to Wipf AG (2014), the company developed the first biodegradable valve in the world, which is used with biodegradable foils as an environmental friendly packaging solution. (Wipf Holding AG, 2014)

2.2.1 Historical Background of Wipf AG

Wipf AG’s history goes 100 years and four generations back, with positions in high quality and innovation. (Wipf AG, 2014) The founder of the company Heinrich Wipf, purchased the mechanical paper bag production from Carl Lüdin the innovator, and introduced flexographic printing in the year 1914 in Switzerland. (Wipf AG, 2014) Wipf AG grew during the first period of the 1900’s, resulting from their flexibility of developing new products and following trends in the society i.e. dried food was to be packed in bags instead of being served fresh over counter. (Wipf AG, 2014) Wipf AG therefore, started to sell paper bags with an appealing graphic design, which increased their sales. (Wipf AG, 2014) They continued producing new products over the years, like cake boxes, paper plates. In addition, they introduced cellophane and aluminum foil for better protecting the content. During these years the business was a success, and Wipf AG expanded from just operating around the area in Zurich, to all over Switzerland. (Wipf AG, 2014)

When Wipf AG had more than 200 employees they expanded into producing envelopes with Seetal Papier AG in Seon. (Wipf AG, 2014) Later on, Wipf AG started to produce packaging with protecting functions to follow growing trends e.g. self-shopping and the expansion of supermarkets. Not long after that, they continued to specialize in flexible packaging and launched gravure printing, film lamination and the production of sealing pouches. (Wipf AG, 2014) The company continued to grow and Wipf Holding AG was incorporated, and became the umbrella corporation for Wipf AG and Seetal papier AG. Wipf AG increased their specialization in laminates. Additionally they developed and patented the degassing valve, the WICOVALVE®. (Wipf AG, 2014) Wipf AG expanded its business abroad in the beginning of the 1990s to countries close Switzerland and progressed to other foreign markets. (Wipf AG, 2014)
2.2.2 Products and product segments

Wipf AG is producing a variety of flexible packaging solutions namely triple laminated foil, printing, slitting, pouching, and degassing valves. The company operates within five core segments, which are Food, Non-Food, Pet-Food, Medical and Specialties. (Wipf AG, 2014) To match all demands, Wipf AG produces different types of laminates for these sorts of products (Packaging in the Food Segment, 2014). Wipf AG produces also preformed pouches. They have a wide variety of pouches that are side-sealed, stand up pouches, zip-solutions and other pouches in different shapes and sizes. (WICOVALVE, 2014).

2.2.3 WICOVALVE®

Wipf AG started to produce the WICOVALVE®, an aroma-protection and pressure relief valve in 1976. (Wipf AG, 2014) The overpressure valve was firstly developed to degas roasted coffee. The WICOVALVE® allows the generated gas by the freshly roasted coffee escape from the packaging without letting oxygen or water vapor enter. (Wipf AG, 2014) This one-way valve helps to sustain the quality of the product as when it was packed. Developed for coffee in the first place, Wipf AG has refined and modified the product for a variety of different applications. (Wipf AG, 2014)

A growing market for degassing valves is the fresh pizza dough packaging. In this segment, Wipf AG’s fastest growing market is the German market. Currently the WICOVALVE® is generating around 10% of the net turnover with the tendency to rise, mainly because of the expansion to the US valve market. (Wipf Holding AG, 2014) The newest valve product is the first biodegradable valve in the world. (Wipf Holding AG, 2014) It is fully biodegradable, and is currently qualified for usage by Wipf AG’s customers in the US. The greatest demand of biodegradable valves is in the United States of America. (Jonsson, US Valve Market and Internationalization Strategies, 2014) This is because of the landfill problem in the USA, where trash gets dumped on landside and not burned for energy generation like in Europe. (Jonsson, Wipf's Business Network and Internationalization, 2014)

Three different suppliers in Switzerland currently manufacture the components for the degassing valve developed by Wipf AG. The components are then assembled at Wipf AG in Volketswil. They are long lasting relationships between the suppliers and Wipf AG. (Jonsson, Introduction to Wipf, 2014) Furthermore, to guarantee the quality requirements of Wipf AG, the valve component suppliers underwent a rigorous qualification process. These requirements towards their valve suppliers are important. Since Wipf AG’s sales arguments are superior quality and storage life than of their competitors could offer. (Jonsson, Introduction to Wipf, 2014)

2.3 The US valve market

The focus in this study will lie on the US degassing valve market, which is also the largest market for degassing valves according to internal investigations at Wipf AG. (Jonsson, Wipf's Business Network and Internationalization, 2014) The US market is one of the fastest growing markets for valves for Wipf AG, when comparing the current with the last year sale volumes. (Jonsson, Valve World Sales Wipf, 2014) The sales volumes increased about 66% from the previous year (2013), and around 100% in the current year (2014). (Jonsson, US Valve Market and Internationalization Strategies, 2014) According to Malte Jonsson, VP Sales & Marketing, the US market is one of the most important export destinations besides the European Union for Wipf AG concerning valves. (Jonsson, Introduction to Wipf, 2014)
Nevertheless, the German valve market is still the largest market for Wipf AG, followed by the home market in Switzerland. Those two markets together are currently approximately five times larger than the US market, or four times larger if you count in Canada. (Jonsson, Valve World Sales Wipf, 2014)

Table 1 Ranking of Global Sales of Valves in 2014

<table>
<thead>
<tr>
<th>Ranking of Sales of Valves (Jonsson, 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Germany</td>
</tr>
<tr>
<td>2. Switzerland</td>
</tr>
<tr>
<td>3*. Great Britain</td>
</tr>
<tr>
<td>4. United States of America</td>
</tr>
<tr>
<td>5. Taiwan</td>
</tr>
<tr>
<td>6. France</td>
</tr>
<tr>
<td>7. The Netherlands</td>
</tr>
<tr>
<td>8. Spain</td>
</tr>
<tr>
<td>9. Austria</td>
</tr>
<tr>
<td>10. Portugal</td>
</tr>
<tr>
<td>11. Belgium</td>
</tr>
<tr>
<td>12. Canada</td>
</tr>
<tr>
<td>* USA and Canada combined on 3d place</td>
</tr>
</tbody>
</table>

To simplify the export process and to guarantee the US customers more service quality, faster delivery times and less uncertainty, Wipf AG maintains a distribution center close to Chicago. Malte Jonsson pointed out that this helps Wipf AG to appear more as an US player, which streamlined the processes of exporting and also reduced the uncertainty of the US customers towards foreign companies. (Jonsson, Introduction to Wipf, 2014) He explained also that US customers tend to have a higher perception of risk and uncertainty towards foreign customers, and thus prefer US companies. (Jonsson, Introduction to Wipf, 2014)

Wipf AG is mainly targeting coffee roasters and co-packers. Co-packers are packaging producers e.g. pouch producers, that are only producing packaging, but do not produce valves. They buy them from valve producers to apply them to their pouches, which then are sold to a coffee roaster for example. (Jonsson, US Valve Market and Internationalization Strategies, 2014)

2.3.1 The competitors in the United States valve Market

Wipf AG operates and expands in the United States coffee market with degassing valves because it is the leading coffee consumer market in the world (Euromonitor International, 2014; Euromonitor International, Coffee in the US, 2014). With a retail sales volume of about 800’000 tons of coffee in the year 2013, the US coffee retail market is the largest in the world. (Euromonitor International, 2014). The second largest coffee market is Brazil, with 676’000 tons of retail sales volume. Because of the growth in different coffee trends, especially in the whole beans segment, the US coffee market is continually growing (Euromonitor International, 2014). An increase in retail volume in the whole bean segment is positive for Wipf AG, since the valves are used for the whole bean packaging. (Wipf AG, 2014)
According to Malte Jonsson, VP Sales & Marketing (Jonsson, US Valve Market and Internationalization Strategies, 2014), Fres-co is the leading valve supplier, measured by market share and volume. Fres-co is therefore Wipf AG’s largest competitor. Fres-co has been in the US valve market longer than Wipf AG. They were founded 1978 in Pennsylvania. (Fres-co, 2014) Fres-co is owned by the Italian company Goglio and has two different manufacturing facilities in the US, one in Pennsylvania and one in Iowa. (Fres-co, 2014) Goglio introduced their valve solution around the same time as Wipf AG. Goglio is world number one in producing degassing valves, followed by Wipf AG according to internal reports of Wipf AG. (Jonsson, Wipf's Business Network and Internationalization, 2014) Goglio operates also in Europe and Asia and employs today around 1600 employees. (Goglio, 2014)

Another competitor of Wipf AG in the US valve market is the company Pacific bags. Pacific Bags are located and have their warehouse in Woodinville and Landsdale. They have been in the US market for about 25 years. (Pacificbag Inc, 2014)

Pack Plus, situated in Chino, California (Pack Plus, 2014), and is another competitor within the US valve market. They sell bags with valves and not only valves themselves. Compared to the companies mentioned above, Pack Plus is not as big (market shares) in the United States market as Fres-co and Pacific Bags according to internal reports of Wipf AG. (Jonsson, US Valve Market and Internationalization Strategies, 2014)

2.4 The Business Network of Wipf with focus on the US Market

To demonstrate the different relationships and links between the different actors in Wipf AG’s business network, with focus on the US market, the creation of an illustration of this specific network was necessary. This should allow the reader to distinguish the different actors and make the connections between them more visible. To understand the different actors, they are briefly explained and drawn in figure 2.

**Wipf AG:** Represents the flexible packaging division of the Wipf Holding AG located in Volketswil, Zurich, Switzerland. (Wipf Holding AG, 2014) There are some of the main departments mentioned. It is the center of this network. Wipf AG is thus the focal firm of this study.

**Wipf Holding:** The Holding has the role of a mere juridical construct. It is the organizational structure in which Wipf AG is embedded. Knowledge can be shared. Wipf Holding and Wipf AG is owned by the same person, which makes knowledge sharing implicit. (Wipf Holding AG, 2014)

**The suppliers for valve components:** The three main suppliers of valve components have worked close with Wipf AG’s product developers, a so-called resource tie (Ford D., Gadde, Håkansson, & Snehota, 2006), high-quality degassing valves. All the three main suppliers for valves are located in Switzerland. The qualification process to become a valve component supplier is very rigorous and time-consuming process. (Jonsson, Introduction to Wipf, 2014) Because of this process and the trust and knowledge involved, the business relationships with the suppliers are designed for a long-term collaboration. (Jonsson, Introduction to Wipf, 2014)

**System suppliers:** Those are the suppliers of different production systems that Wipf AG uses to produce their products. This area of the network could be a subject for itself, thus the system suppliers are all treated as one group to make it easier. However, through their resource ties, the system suppliers influence the products of Wipf AG. (Ford D., Gadde, Håkansson, & Snehota, 2006)
Investing in new systems, like the digital printing machine from HP, allows Wipf AG to produce and develop new product solutions. On the other hand, the knowledge gained by Wipf AG is shared with the suppliers to develop even better system solutions tailored to Wipf AG’s needs. (Jonsson, Introduction to Wipf, 2014)

The competitors: All of Wipf AG’s global competitors. Since the flexible packaging industry is rather small in terms of actors, Wipf AG is in contact (knowledge sharing) with different competitors and mostly up to date. In the US market the main competitors are Fres-co (Goglio) and Pacific Bags. (Jonsson, US Valve Market and Internationalization Strategies, 2014)

US Agent: Wipf AG employs an agent in the US who represents the company to customers and potential customers. The agent’s main task is to acquire new customers through contacts, maintain business relationships with the current customers and coordinate Wipf AG’s business in the USA. The agent is also the first contact point for a customer when they have a problem. As an agent and US citizen that person knows the business culture and customer behavior of the US business network. (Jonsson, US Valve Market and Internationalization Strategies, 2014)

US Warehouse: Wipf AG had to open up a warehouse in the US to improve the delivery, administration and services for US American customers. It is based outside Chicago, Illinois in the state of Wisconsin. (Jonsson, Introduction to Wipf, 2014)

Potential customers: All the customers who are not yet customers of Wipf AG and could potentially be interested in their products. The main targeted potential customers of Wipf AG are the already existing customers of Fres-co and Pacific Bags. Potential customers mean mainly coffee roasters. (Jonsson, US Valve Market and Internationalization Strategies, 2014)

Existing customers: The customers (coffee roasters) currently in a business relationship with Wipf AG. They place orders of valves through the US agent. Currently there are 15 customers that Wipf AG is delivering to in the US market. Most of them are located on the West Coast of the United States of America. (Jonsson, US Valve Market and Internationalization Strategies, 2014)

End consumers: In the case of this thesis it is the coffee consumers in the United States of America and not directly in contact with the focal firm. They essentially influence the customers and potential customers of Wipf AG with their behavior. They steer the demand curve of Wipf AG’s products. For example if eco friendly packaging is demanded of the end consumers, the customers of Wipf AG will demand more eco friendly packaging of Wipf AG and their competitors. (Jonsson, Introduction to Wipf, 2014)

In this study’s model of Wipf AG’s business network for the US market, the focus lies mainly on the right side of the network, meaning the customer side on the US market. The left side, the supplier’s side, has a more supporting function in this model. The suppliers of the valve components and the system suppliers have both long lasting business relationships with Wipf AG. (Jonsson, Introduction to Wipf, 2014) The exchange of knowledge about processes and products is essential to maintain an efficient business relationship together and also to maintain a competitive advantage with the core products of Wipf AG. (Jonsson, US Valve Market and Internationalization Strategies, 2014)
Figure 2 The US Business Network of Wipf AG (created by the authors, inspired by the interviews)
3 THEORETICAL FRAMEWORK

In this section, the relevant theories are presented to build a theoretical background with the aim to support the subject of the thesis. First, the definition of industrial marketing allows an overview of the business-to-business perspective of this thesis. Secondly, the network theory is defined to develop the greater framework of the following theories. Thirdly, the internationalization process model in a network perspective from Johanson & Vahlne (2009) is presented, as well as the definition of the business relationship and the role of it in the internationalization process of a firm.

3.1 Definition of Industrial Marketing

Industrial marketing can be defined as business-to-business market, which is a more complex market compared to business-to-consumer market, because the purchasing involves a network of buying influences (Jackson & Cooper, 1988). Another factor that contributes to the complex nature of business-to-business market is the technology involved in the purchase of products by the industrial sector (Jackson & Cooper, 1988). Buyers usually have specific needs and require greater amount of goods to purchase (Håkansson & Östberg, 1975). The buying relationship is an on-going process and both parties are more involved with one another (Jackson & Cooper, 1988). However, business-to-business market can be explained as simple in a sense because there are fewer customers, which make it easier to reduce the probability that a problem might occur. It is also easier to identify any specific needs a customer has (Jackson & Cooper, 1988).

3.2 Definition of Network Theory

In this paper, a business network is defined as a network of different business actors like customers, competitors, agencies, and suppliers etc., which are interconnected through business relationships with each other. (Hohenthal et al., 2014; Forsgren, p. 113) The business network is a dynamic structure, which relates actors to each other, based on their relationships. (Ford D. et al., 2006) The firm itself is embedded into this network and itself as an actor that is influenced by the network itself, but also has influence on the concerning business network. (Johanson & Vahlne, 2009) A business network is thus a rather abstract construct and tool, which helps to understand different relationships and links within a certain area of interest. (Ford D. et al., 2006, p. 4) The area of interest could be a global market, a single company or a single process in a company. It is thus up to the researcher and or the area of interest, to subjectively define a business network (Ford D. et al., 2006, p. 4).

3.3 Definition of Business Relationship

A relationship is defined in this study as the joint ventures that exist between individuals involved in the business process. It is the result of a communication process where linking has been developed between two parties that produce a mutual trust and commitment (Håkansson & Snehota, 1995, p. 16). When explaining business relationship it is either described in the characteristics of the company or of the buying and selling process (Håkansson & Snehota, 1995, p. 20).

3.3.1 Business-to-Business Relationship

Business-to-Business relationships are described as “an exchange between two or more parties”. (Friman, Gärling, Millett, Mattsson, & Johnston, 2000) Well-established business relationship provides important benefits for all parties involved. (Ford D., Gadde et al., 2006, p. 131) A relationships development and establishment over time can be viewed through the variables of experience, uncertainties, distance, commitment and adaption. Taking these variables into account the relationship can be seen through a five-step evaluation process, pre-relationship, early, development,
long term and final stage. (Turnbull, Ford, & Cunningham, 1996, p. 49) The characteristics of relationship between companies can be described as followed.

Business agreements often appear throughout a longer period but it can also continue between two parties for several years (Håkansson & Snehota, 1995, p. 20). Relationships are usually not a short-term agreement it is rather a long-term agreement that has established over a longer period of time.

A business relationship can be explained as very complex in various ways. One component is that the characters involved have different training, organization roles and statues when they contact the other companies different departments. (Håkansson & Snehota, p. 20)

Companies acting in a relationship tend to have assets and capabilities that are more established compared to the consumer market. A reason is that the purchaser has resources that are greater than those of the providers. Even though, the amount of more assets coordinated, these interactions seem to be more balanced. (Håkansson & Snehota, 1995, p. 21)

Informal mechanisms, where experience and trust are the building blocks between two different parties, have shown to be more effective for the development of the relationship. (Håkansson & Snehota, 1995, p. 21)

3.3.2 Trust and Commitment in a business relationship

Trust and commitment within a business relationship are both essential to maintain, and develop the relationship. Commitment can be defined as “the perceived importance of a relationship”. (Friman, et al., 2000) Commitment is also a result from wanting to continue a relationship and guarantee its continuance, supposing that it will take future value or profits. (Friman et al., 2000) If a relationship is trustworthy a significant increase in commitment occur from both parties involved. Trust is defined as “the willingness to rely on an exchange partner in whom one has confined”. (Friman et al., 2000) Trust is the certainty that the other partner is honest, reliable and stands by its words. Trust is affected by the communication involved between parties. Higher degree in quality when communicating, i.e. timely, relevant, result in more trust. Although when a company tries to exploit its own result i.e. “opportunistic behavior” on other parties cost, decline in trustworthiness will occur. (Friman et al., 2000)

3.3.3 Business relationship complexity

The Substance dimension in business relationship can describe its complexity and is defined as the relationship affect on both sides of the companies. There are three layers identified in substance. These three layers of substance show how strong a relationship is between two parties. (Håkansson & Snehota, 1995, p. 39)

The first substance dimension, Activity links, is all the activities within a company that can be connected together with those of another company when a relationship develops. (Håkansson & Snehota, 1995, p. 41) The relationship may link the basic service, or production activities of the companies. A difficult task is to know which activities to link with its customers. This process is decided on the customer’s problem and the value of the relationship through the customer’s eyes as well as the supplier’s own strategy for that relationship. (Ford D. et al., 2006, p. 28)

Secondly, there are resource ties. As a relationship evolves, resources are connected between these two companies; resource elements such as technological and material resources can be tied together
However the most common resource is the knowledge resource. Through that sharing of knowledge the two companies adapt to each other incrementally. (Ford D. et al., 2006, p. 29)

Thirdly there are Actor bonds. Individuals become connected when a relationship between two companies is developing. (Ford D. et al., 2006, p. 29) Bonds are then established which affect how the people interact and treat each other. The importance of developing trust between the two parties comes in to play. (Håkansson & Snehota, 1995, p. 45)

These three layers can be described as different parameters, that can determine the value involved and its outcome of a relationship. (Håkansson & Snehota, 1995, p. 39) The more outcome there is in the relationship the more complex the relationship becomes. Relationships that are bigger tend to have a rather complex substance. The activity links, resource ties, and actor bonds are not independent. There is an ongoing interaction between these three layers. (Håkansson & Snehota, 1995, p. 47)

3.4 The Uppsala internationalization process model in a network perspective

The internationalization Process of the Firm - A Model of Knowledge Development and Increasing Foreign Market Commitments from 1977 by (Johanson & Vahlne), or commonly known as the Uppsala Internationalization Model is still widely used and cited model. In short, Johanson and Vahlne explained through methodical and empirical observation the mechanisms of the internationalization of a firm. A firm is basically trying to overcome uncertainty and perceived risk when entering foreign markets by gradually increase, integrate and use of knowledge of foreign markets and then incrementally increase the commitment to those. (Johanson & Vahlne, 1977) The more knowledge a firm has about a foreign market the more commitments, i.e. investments are made into it. This means that a firm is step-by-step, entering foreign markets, with i.e. export, agencies, joint ventures and finally subsidiaries in the foreign market.

However, due to the changing economic environment and the development of theories like the network theory and a better understanding of those, Johanson & Vahlne revised their model in 2009. (Johanson & Vahlne, 2009) In their new model, the firm is seen as an embedded actor in a wider business network with no clear boundaries. (Johanson & Vahlne, 2009) The entry into foreign markets in a sense of an entry into a foreign country becomes less important, as networks are dynamic without national borders. Since business networks are borderless the focus of internationalization of a firm lies no longer mainly on how to overcome different barriers, but rather on how to expand one’s business network and thus strengthen the firms network position. (Johanson & Vahlne, 2009)

Even though there are no boarders implied in the network model of internationalization, the firm has still to overcome the liability of foreignness and outsidership. (Johanson & Vahlne, 2009) The liability of outsidership means if a firm does not have a network position in a business network, it is considered as an outsider. (Johanson & Vahlne, 2009) The liability of foreignness means how foreign, i.e. different (cultural and business practices) firms are in a business relationship (Johanson & Vahlne, 2009). This is also measured as psychic distance. (Johanson & Vahlne, 1977) The foreignness of a firm in a foreign network could complicate the process of becoming an insider of the network. (Johanson & Vahlne, 2009)

The revised model implies two reasons for firms to expand into foreign markets. The first one is the “…likelihood of finding interesting business opportunities…” through the exploitation of knowledge
of the network and its actors. (Johanson & Vahlne, 2009) The second reason to enter foreign markets is to follow a business relationship abroad. Maybe the relationship is already established in a foreign network and wants the firm to follow or finds opportunities for both to go abroad together. (Johanson & Vahlne, 2009) The goal of an expansion into foreign network should allow a firm to strengthen their network position in the home network as well as in the foreign network. (Johanson & Vahlne, 2009)

The revised model by Johanson and Vahlne (2009) uses four variables to explain the internationalization process as in their model from 1977. The four variables, two state and two change variables, have been adapted and developed to better reflect the business network theory approach.

![Figure 3 The business network internationalization process model](image)

As showed in Figure 3 “The business network internationalization process model by Johanson & Vahlne (2009)” the four variables are in a reciprocal relationship. State variables have an influence on the change variables and vice versa. (Johanson & Vahlne, 2009)

The first state variable is “Knowledge and Opportunities”. Knowledge is seen as a subset of opportunities. (Johanson & Vahlne, 2009) Through knowledge, i.e. market knowledge, network knowledge; a firm is able to recognize opportunities in the foreign business network. (Johanson & Vahlne, 2009) This could be either through knowledge of market facts, like production volumes or through knowledge of a partner, a competitor or a customer that is active or would like to be active in the foreign network. Opportunities are seen by Johanson & Vahlne (2009, p. 1424) as “the most important element of the body of knowledge that drives the process”, thus recognizing and exploiting opportunities and having the knowledge about them is driving the process of internationalization in a business network perspective.

The second state variable in figure 3 is “network position”. It is basically the outcome of the internationalization process of a firm. (Johanson & Vahlne, 2009) The process and the outcome of the learning, trust and commitment building in the foreign network will, desirably for the focal firm as a reward, lead to a network position in the foreign business network and thus expand the global business network of the focal firm. (Johanson & Vahlne, 2009)

“Learning, creating and trust building” is one of the change variables in figure 3 and the business network internationalization process model. (Johanson & Vahlne, 2009) The three aspects of this variable; learning, creating and trust building, should make the current activities the focal firm executes in the foreign business network explicit. (Johanson & Vahlne, 2009) Learning is an essential part of the model, and experiential learning, i.e. learning by doing business in the foreign network
especially. (Forsgren, 2002; Johanson & Vahlne, 2009) Through learning the firm creates knowledge about the foreign network, as well as new opportunities become visible. (Johanson & Vahlne, 2009) Furthermore, through learning from current activities, the firm creates new opportunities and the trust-building process with the business relationships and the commitment to these business relationships is affected. The opportunity creation process is also important for the development of the business relationship and seen by Johanson & Vahlne as a critical part of the concept of business relationships. (Johanson & Vahlne, 2009) Without opportunity creation in the relationship process the value of a business relationship becomes naught. (Hohenthal et al., 2014) However, as stated by Johanson & Vahlne (2009, p. 1424), “the speed, intensity, and efficiency of the processes of learning, creating knowledge, and building trust depend on the existing body of knowledge, trust, and commitment, and particularly on the extent to which the partners find given opportunities appealing.” This shows, that the current activities mentioned are very much dependent on other variables like; trust and commitment of business relationships, creating and exploiting opportunities and the willingness of exploiting and creating, and prior knowledge. The business network thus affects them, but also have an effect on the network itself, as well as the current activities affect the internationalization process as a whole. (Johanson & Vahlne, 2003; Johanson & Vahlne, 2009)

The other change variable in the model is “relationship commitment decisions”. (Johanson & Vahlne, 2009) The variable means the decision of the focal firm to increase or decrease the level of commitment to one or several relationships in their network. (Johanson & Vahlne, 2009) Commitment is visible by different factors. It could be the change in entry mode, the size of investments, organizational changes, and the dependency upon a business relationship. (Johanson & Vahlne, 2009) For example if a firm decides to increase its commitment to a customer that is active in a foreign network, it could choose to invest money into a subsidiary in the foreign network to better serve the customer or building a joint venture with a competitor abroad to get access to a certain foreign network etc. This means that the relationship does not necessarily have to be in the foreign business network, as you have seen in the example of following an existing “home” business relationship into a foreign market. However, “every change in commitment will either strengthen or weaken the relationship.” (Johanson & Vahlne, 2009, p. 1424)

All four variables are interrelated and affect thus each other. Since the focal firm is active in a business network of interdependent relationships, the business relationships are the center of this theory. (Johanson & Vahlne, 2009; Johanson & Vahlne, 2003) Through current business relationships in its network, the firm discovers and develops new opportunities. The business relationships and their opportunities steer where the firm is committing more resources. Furthermore, the relationships themselves need commitment to strengthen and maintain them and create new opportunities. (Johanson & Vahlne, 2009) Through the current activities of learning, creating and trust building, the firm is then increasing their knowledge stock about the foreign network and their own business network. (Johanson & Vahlne, 2009) As Forsgren (2002) stated in his article, experiential learning through current activities in a foreign market is an important part of building market knowledge and deepening the activities in the foreign market i.e. increasing the commitment to its relationships. (Forsgren, 2002). As well as it is influencing the creation and exploitation of opportunities and thus has an effect on the business relationships itself. (Johanson & Vahlne, 2009) This was shown in the study of Hohenthal et al., (2014) where they showed that experiential network knowledge is positively correlated with the business relationship value in foreign markets. Experiential network knowledge is defined as the network knowledge a firm has “...gained form participating in business networks in foreign markets.” (Hohenthal et al., 2014, p. 14) More knowledge gained through experience in
foreign networks helps to develop relationships in a foreign business network. However, the implications on the commitment of business relationships in foreign markets is not yet developed. (Hohenthal et al., 2014)

Evers & Knight (2008) found out that trade fairs enable the focal firm to create new business relationships in a foreign business network. Trade fairs have the ability to act as a neutral ground with a high density of important network actors. (Evers & Knight, 2008) This platform mirrors the foreign business network to a certain extent. (Evers & Knight, 2008) It enables the firm to become visible in the foreign business network, but it gives also the opportunity to become a proactive actor in it. This is well connected to the theory of Johanson & Vahlne (2009), who emphasize on the importance of identify important network actors. Furthermore, it allows the focal firm to take up activities in the foreign market without large investments. (Evers & Knight, 2008; Johanson & Vahlne, 2003)

The process of internationalization could be described as followed. Through business relationships, opportunities are made visible, created and finally exploited through increasing relationship commitment that depend on trust, commitment and knowledge, which is learned and created by current activities with the current relationship. This finally influences the network position of the focal firm in the foreign network. A firm becomes thus an insider of the foreign network, loses its outsidership and liability of foreignness and expands its network. (Forsgren, 2002; Johanson & Vahlne, 2003; Johanson & Vahlne, 2009; Hohenthal et al., 2014; Coviello & Munro, 1997)
3.5 Conceptual Framework

In this research model presented in figure 4, the authors are displaying the conceptual framework of how the research for this thesis was constructed. First, the company is presented with important background information of their products and markets. Second, the expanding of the valve market to the United States of America is the main focus of this case study; it is the research problem area. Thirdly, the relevant theories for this research are presented, defined and explained to give the reader a theoretical background. Following this, the Empirical Findings from the interviews conducted with Malte Jonsson, VP Marketing & Sales, Melanie Hauser, Head of Sales and Karin Weidmann, Marketing Manager, as well the information collected through secondary research are presented. In the Analysis section, the relevant theories and the Empirical Findings are connected, analyzed and discussed. All this steps lead to the Conclusion of this thesis.

Figure 4 Research Model of this thesis
4 METHODOLOGY

This section of the thesis describes the methodology and methods used to gather the necessary data and information to fulfill the purpose of this research. In the end of this section, reliability and validity is discussed, as well as the limitations of this thesis.

4.1 Selections on research question

The company Wipf AG was chosen before the formulating of an idea or a possible topic for the thesis. One of the authors is acquainted to the Head of Sales at Wipf AG, Melanie Hauser through former work at the same employer. The first purpose was to conduct a marketing research for Wipf AG of the Swedish coffee market. The idea was to examine the results of the marketing research in an academically way in this thesis. However, due to the circumstances of a more longitudinal analysis approach to measure the actual outcome of the marketing research, the authors decided to research another aspect of the company.

The research topic was developed when visiting the company Wipf AG for three days in Switzerland, which found needed to receive a more thorough idea of the organization. After an unstructured interview with three different managers at Wipf AG in order to gain as much information possible about the company, the authors sat down, discussed and came to the conclusion that the research area should be based upon how Wipf AG enters foreign markets. There was a connection found, between how Wipf AG targeted, approached and managed current customers as well as potential customers through their network. After literature research the interest into the theories of internationalization processes, network and business relationship started to grow. At this point the idea of explaining the effect of business relationships on their network in the internationalization process began to develop.

At first, the idea was to get a thorough understanding of Wipf AG’s expansion to the United States market and apply it to the Swedish market and connect it to the marketing research. However, it was decided to only focus on how the company entered the market in the United States of America with their products, through different business relationships, earlier experience and how they managed to build trustworthy relationships within their network. Later on it was determined only to focus on one product namely the degassing valves for the clarity of this study.

4.2 Approach and Research strategy

There are usually two different research approaches to choose from, qualitative and quantitative research. Qualitative research is a method used when the aim is to receive information verbally rather than through numbers (Bryman & Bell, 2011, p. 26).

Opposite qualitative research namely quantitative researched is valued through measurement (Bryman & Bell, 2011, p. 26).

In order to investigate the purpose of this study, qualitative research approach was found to be suitable. The decision was based upon the idea to study a specific case of a company, Wipf AG. The material and problem research were to receive information about the company’s linking in their business network and how they created new business relationships in the expansion to The United States market. Since Wipf AG has previous knowledge about expansion to foreign markets it was decided to examine earlier experience influences of the expanding in the US.
The purpose of this research is to study how a company enters and expands in a new market and create business relationships in that market. The strategy was decided as to make a case about Wipf AG’s expansion to the United States market and use it for the empirical finding. To receive all information needed for the empirical research, interviews were conducted. To accomplish this, interviews were undertaken with employees within the organization, with right knowledge of the decided area. Furthermore, relevant theories were selected which could be connected to the research question.

### 4.3 Theories

A literature review in the research area was used as an instrument to identify the theories needed for this study. The main article used were, “Uppsala Internationalization model revisited: From liability of foreignness to liability of outsider ship” written by Jan Jonsson and Jan Erik Vahlne and “Network Knowledge and Business-relationship value in the foreign market” written by Jukka Hothenthal, Jan Johanson and Martin Jonsson.

The Books utilized were, “Managing Business Relationships” written by David Ford, Lars-Erik Gadde, Håkan Håkansson and Ivan Snehota and “Theories of the multinational firm” written by Mats Forsgren to reach a further understanding of the theories.

The theories carried out for this study was The Business Relationship Theory, Network Theory and Internationalization Theory. The choice of these theories was mainly because they were interesting and a connection could be found to the chosen company.

### 4.4 Data collection

When finding out material both primary and secondary data were used. The primary data, interviews, have been chosen based upon the intention to receive the empirical insight of Wipf AG. Secondary data was collected through different medias like the Internet, different databases such as Euromonitor and the Google search engine, or received from company internal sources.

#### 4.4.1 Primary data

Primary data mostly involves interviews. (Bryman & Bell, 2011, p. 465) Both unstructured and semi-structured interviewing was conducted to fulfill the purpose for the empirical finding.

The authors flew, 30-28/10-14 to Wipf AG headquarters in Zurich, Switzerland to meet Vice President Malte Jonsson, Sales and Marketing, Melanie Hauser, Head of Sales and Karin Weidmann, Marketing Manager. The interviews undertaken with the respondents were unstructured interviews, very informal, where they spoke freely about the business situation at Wipf AG. The interviews were preformed in Wipf AG’s facilities. First with Malte Jonsson approximately for three hours, later on with Melanie Hauser for about 40 minutes and Karin Weidmann for approximately 30 minutes. It was executed to receive a detailed view of Wipf AG’s business and their different departments within the organization. The open discussion was an instrument for the research question, since at this stage there were no clear ideas of what to investigate. The respondents had many years of experience within their business area, which were the reason why they were chosen for the empirical research. All answers thought to be relevant and significant (Bryman & Bell, 2011, p. 467) from the interviews were written down on paper and a laptop. Malte Jonsson made a tour with the authors at the Wipf AG’s facility to show the production process of the different products. Melanie Hauser made a second tour about the digital print machine, both for the purpose of the marketing research and for the thesis.
A semi-structured interview was executed with Vice President Malte Jonsson, Sales and Marketing, in a later period here in Sweden, 4/12-14. When a topic to write about was definite, it was decided in order to fill out possible gaps. The interview was performed in a car when driving between two destinations, since besides receiving knowledge for the thesis; four different meetings were booked for the purpose of the marketing research mentioned earlier. The respondent was driving the car and it was an informal atmosphere. The interview questions were planned beforehand (Fisher, 2010, p. 183) but were more general in nature, based upon the selected theories and Wipf AG’s business relationship, network and the approach of The United States market. The interview was recorded, afterwards carefully listened through and notes were written down to identify relevant issues (Fisher, 2010, p. 199). The interview lasted approximately 98 minutes.

When following Malte Jonsson to the four meetings the authors acted like an observant, an unstructured observation (Fisher, 2010, p. 177), to obtain an idea of Malte Jonsson’s approach towards customers and potential customers, since it could not be done in The United States market and Malte Jonsson is the manager for Wipf AG’s US market.

4.4.2 Analysis of theoretical literature

Secondary analysis is previous collected data by other researchers, companies or organizations (Bryman & Bell, 2011, p. 312-313). The theoretical literature for this research was gathered through different books and articles. These literatures and articles could be found through Mälardalens University search engine, through Goggle Scholar. Books with relevant theories, which had been used in previous courses, were also utilized.

4.4.3 Secondary Data

Secondary data can be described through either, data collected by and stored within an organization or data collected by the people outside the organizations. (Bryman & Bell, 2011, p. 550) In this study secondary data was collected through Wipf AG’s website. A presentation of the company, information of the company’s background and organizational records could be found on their website. Additionally, internal materials received from Malte Jonsson, VP Sales & Marketing, containing general information of Wipf AG were used. Moreover the website Euromonitor, which offers market research (Euromonitor International, 2014) was accessed to gather information of the coffee market in the United States of America.

4.5 Operationalization

Operationalization is a tool to measure the empirical data. In this study unstructured- and Semi-structured interviews were selected as instruments to receive significant empirical information. The interview questions were interconnected with the theoretical framework for the purpose of the research question. The theories Internationalization theory, Network theory and Business Relationship Theory are each described in the theoretical framework section. The different theories are characterized with key concepts that have been correlated with the questions and were earlier mentioned in the chapter theoretical framework.

The semi-structured interviews were conducted during two different occasions. The first semi-structured interview were performed, 4/12-14, with Wipf AG’s vice president Malte Jonsson Sales & Marketing, in person in Sweden. The interview questions were based upon the Network theory, Business Relationship theory and Internationalization theory, where 17 questions were discussed (see appendix 1). The questions were designed in a general manner, because the amount of time during a
car trip, and the interest in Malte Jonsson’s own ideas and thoughts on each question. Even though all questions were broad the result when asking follow up questions during the discussion covered more than one of the theories, since they are interrelated. The second interview, on the 16th December 2014, was conducted by a telephone conference with Malte Jonsson. Additional 14 questions were discussed (see appendix 2). The questions for this interview were more structured, detailed and specifically targeted to the internationalization theory, to fill out gaps.

Table 2 Operationalization (Semi-Structured Interview)

<table>
<thead>
<tr>
<th>Theories</th>
<th>Key concept</th>
<th>Interview Question (4/12-14)</th>
<th>Interview Question (16/12-14)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internationalization Theory</td>
<td>Opportunities, Foreign market entry, International experience, Learning</td>
<td>1, 10, 11, 12, 15, 16, 17</td>
<td>1, 3, 7, 8, 9, 11, 12, 13</td>
</tr>
<tr>
<td>Network Theory</td>
<td>Network Relationships, B2B, Bonds, Actors, Interdependence</td>
<td>1, 2, 3, 7, 8, 14</td>
<td>2, 4, 6, 10</td>
</tr>
<tr>
<td>Business Relationship theory</td>
<td>Commitment, Trust, Resources</td>
<td>1, 2, 3, 4, 5, 6, 9, 11, 12, 13, 14, 15, 17</td>
<td>1, 5, 11</td>
</tr>
</tbody>
</table>

The theories and questions were linked together in Table 2 through different key concept, which are building blocks to the theories. The first interview was conducted on the 4th of December 2014. The internationalization theory is examined through question 1. This can be seen in table 2. It discusses if relationships are important to Wipf AG when expanding to a new market. While question 10-12 involved how Wipf AG expands their new market through earlier experiences and knowledge. It was also asked about the trade fairs. Who decides what fair to attend and what are the different goals when attending those. Question 15 and 16 mention how Wipf AG in their internationalization process receives information about other competitors. Question 17 included the use of an agent and its positive and negative features. When getting in contact with customers, because their knowledge about the culture versus the cost of using an agent was discussed. The network theory is evaluated through the questions 1-3 where information about how Wipf AG’s network look likes is mentioned. Question 7, 8 and 14 discuss further Wipf AG’s organization roles and their position within their network and relationships to its suppliers and customers. Moreover, business relationship theory is evaluated through questions 1-6. The questions 1-6 mention how Wipf AG is managing, creating and developing relationships within their network, as well as the challenges that might occur in a business network is highlighted. Question 9, describes the different resources Wipf AG links together with its suppliers and customers. Questions 11-13 include the fairs and the approach of customers through them. While questions 14 and 15 examine Wipf AG’s relationships to suppliers and their knowledge about competitors in the US market. Furthermore, question 17 mentions different aspects of relationships with their agent in the US market.

Table 2 indicates that question 1 in the interview on the 4th of December 2014, could be related to all three theories. It asked about the importance of business relationships when expanding to foreign markets. While question 2, 3 and 14 could be connected to both network theory and business
relationship theory. Business relationship and business network theory are closely interrelated. Additionally, question 7, 11-12 could be linked to both the internationalization theory and business relationship theory, which mentioned what fairs to attend and goals to achieve through the fairs.

The second interview on the 16th of December 2014 was more structured than the previous semi-structured interview. The interview evaluates the internationalization theory through question 1, 3 and 13, which discusses why they decided to operate in the US market. Furthermore, what customers they have acquired during the passed years and what future expectations they have from these relationships. The questions 7-9 discuss the number of countries Wipf AG is active today. Since they are an experienced company of expanding to foreign markets, the questions were further discussed. In particular, how these experiences influence their decision-making process and what kind of knowledge they possessed about the US market before expanding to this market. Question 11 and 12 include questions about the use of an agent in the US market. In addition the questions focus on whether Wipf AG considered other entry modes or strategies to expand to the US market besides the agent. Network theory is evaluated in the questions 2 and 4. The Questions 2 and 4 then further discuss Wipf AG’s network relationship with its customers and the knowledge about their competitors. In addition, how Wipf AG first interacted with its customers and the number of competitors in the degassing valve market of the USA. Question 6 asks about the future goals Wipf AG might have in the US market. Question 10 involves weather or not knowledge was transferred from the former to the new agent the US market. Business relationship theory is assessed by questions 1, 5 and 11, which discuss further about their different relationships in the US market. How many customer relationships they have acquired over the last years and what strategy Wipf AG has if they want to increase their business relationship commitment. Further the questions ask about Wipf AG’s reflections about competing with the already integrated competitors in the US market. Furthermore it was asked when they started their business relationship with the current agent in The US. Because after he was hired as agent, the number of customers, and the return from the US market increased.

Question 1 and 11 in the second interview could both be related to internationalization theory and business relationship theory, where the increase of customers acquired in the US from the year their current agent began to work are discussed.

Unstructured interviews were conducted with “key actors” (Bryman & Bell, 2011, p. 531) at Wipf AG in Zurich, Switzerland. At this time there was no research topic decided. Therefore the interviews were conducted in a general way to receive information about the company. This helped, to come up with a research area. The idea was to listen to the respondents as they talked freely and write down anything thought to be of interest for the purpose of the thesis. Unrelated information was expected to be gathered by this technique. The unstructured interview covered 8 questions (see appendix 3) and was conducted with 3 persons. Malte Jonsson, the VP Sales & Marketing, Melanie Hauser Head of Sales, and Karin Weidmann, Marketing Manager.
Table 3 Operationalization (Unstructured Interview)

<table>
<thead>
<tr>
<th>Theories</th>
<th>Key Concepts</th>
<th>Interview Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internationalization theory</td>
<td>Foreign market entry,</td>
<td>3, 4, 5, 6, 7</td>
</tr>
<tr>
<td></td>
<td>Opportunities, International</td>
<td></td>
</tr>
<tr>
<td></td>
<td>experience, learning</td>
<td></td>
</tr>
<tr>
<td>Network Theory</td>
<td>Network relationships, Bonds,</td>
<td>6, 7, 8</td>
</tr>
<tr>
<td></td>
<td>Actors, B2B, Interdependence</td>
<td></td>
</tr>
<tr>
<td>Business and Relationship</td>
<td>Commitment, Trust, Resources</td>
<td>1, 2, 3, 8</td>
</tr>
<tr>
<td>Theory</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Interview questions from the unstructured interview were linked together with the different theories. The key concept can be seen in table 3. Internationalization theory is evaluated by the questions 3-7. Information about Wipf AG’s internationalization approach was asked. In particular new markets and how they approach new customers in these new markets were discussed. Network theory is examined by the questions 6-8. Furthermore, it was asked if Wipf AG conducts market research about their competitors.

Business relationship theory is assessed through questions 1-3. They include questions about how marketing research looks like and what strategy Wipf AG uses when approaching potential customers. Question 8 was intended to gather information about Wipf AG’s thoughts of their business network and customer relationships.

Question 3 included both Internationalization theory and business relationship theory. The question point out how Wipf AG creates new relationships in their internationalization process. While question 6 and 7 can be linked to the internationalization theory and Network theory, because it mentioned Wipf AG’s knowledge about their competitors in foreign markets. Question 8 can both be connected to network theory and business relationship theory, since the question mentioned Wipf AG’s customer relationship, which relates to business relationship theory and Wipf AG’s reflections about its business network, which connects to network theory.

4.6 Reliability & Validity

When doing a qualitative research to collect data, Guba and Lincoln (2001) state that the measuring of the quality of the gathered information should be evaluated in different manners than through Reliability and Validity. (Bryman & Bell, 2011, p. 399) The alternative is trustworthiness, which can be described by four elements: credibility, transferability, dependability, and conformability.

According to Bryman & Bell (2011), the researcher is the main tool in the data collection process in a qualitative research. It can therefore be argued to be too subjective, since it relies upon the researchers ideas of what is important. What is observed, understood, and where the focus lies, is decided by the researcher. (Bryman & Bell, 2011, p. 408) Therefore to increase the trustworthiness when conducting the interviews, the interviewers tried to not influence the respondent in any way. The participants
spoke freely and the interviewers never interfered during the interview to achieve credibility. Since total “objectivity is impossible” (Bryman & Bell, 2011, p. 398), the interviewers tried to encourage the respondent to ignore any personal values and to be as objective as possible when answering the interview questions to accomplish conformability.

Furthermore, The respondents interviewed had all long working experience within their business area, which increased their answers credibility. The Semi-structured interview were recorded, therefore no information would be lost. This increases the credibility in the interview further. Although, The semi-structured interview questions were written in English, the interview itself was done in Swedish. This decision was based upon the fact that all parties involved felt more comfortable conducting the interview in Swedish. The objectivity of the answers might be questioned because of the subjectivity that might occur when translating. However, when analyzing the collected data and translating it from Swedish to English, when writing the empirical data the authors tried to have an objective state of mind and ignore any personal values to build stronger trustworthiness. Furthermore, the semi-structured interview conducted with Malte Jonsson while driving could be viewed as biased. The respondent was the one driving and therefore could not pay full attention to the discussion. However, since this circumstance was known beforehand, the questions were sent and pre discussed with the interviewee to increase the credibility of the data.

When doing observations it should be considered that the person being observed needs time to ignore the fact that they are being watched. (Fisher, 2010, p. 177) Therefore the first part of an interview should be disregarded because the materials were not collected in a regular manner.
5 EMPIRICAL FINDINGS

In this section, the collected data from the conducted interviews, as well as the information gathered and observed from the visit at Wipf AG in Volketswil, Switzerland are presented.

5.1 The Marketing Department at Wipf AG

The marketing department is rather small at Wipf AG and consists of two employees, Karin Weidmann, the marketing manager, and her assistant. (Weidmann, 2014) The marketing department at Wipf consists of 60-70% of the following marketing methods. Direct mailing, newsletters, website updates, Christmas cards, and fairs. Other marketing tools are the Wipf day, where customers and suppliers are invited to visit the Wipf production site, and other activities. (Weidmann, 2014) Furthermore, agents and the sales department as well as the CEO have an additional marketing function. The agents provide diverse market knowledge, like market analyses and market evaluations through their current activities in their respective countries. (Weidmann, 2014) The sales department is communicating their needs of marketing actions, e.g. attending trade fairs, sending product samples or direct mailings to customers, to the marketing department. (Weidmann, 2014) Besides, the CEO is analyzing the global competitiveness of Wipf AG in comparison to their competitors and the global markets to find opportunities to grow as a company. (Hauser, 2014; Weidmann, 2014)

5.1.1 Budget

Karin Weidmann stated that Wipf AG has a small marketing budget, compared to other multinational Swiss companies. (Weidmann, 2014) Therefore, the marketing department tries to use their resources for very specific marketing actions, as mentioned above. (Weidmann, 2014) When comparing the different marketing tools, the marketing department at Wipf AG invests mostly into trade fairs. The budget is done in accordance with the CEO, Christian Wipf. (Weidmann, 2014) However, it is very important that the different managers give their opinions and ideas on what they would like to do in the coming year. This concerns which fairs should be visited, and what actions should be taken to attract customers or retain them. Because of the good financial structure and the family organization, it is possible to make some propositions, or other unplanned marketing actions during the year. (Jonsson, Introduction to Wipf, 2014; Wipf Holding AG, 2014)

5.1.2 Approaching new customers

The main channels through which Wipf AG is acquiring new customers are their website, fairs and the agents. (Jonsson, Wipf's Business Network and Internationalization, 2014; Hauser, 2014)

Website

On the markets where Wipf AG has already a certain name and visibility, some customers are contacting the company directly over the website or by e-mail and phone. For example a customer, say a new coffee roaster company, starts selling coffee packages with fresh roasted coffee beans and has the need of degassing valves. Through Internet research the customer comes upon Wipf AG’s website and sends an inquiry for an n amount of degassing valves for packages. This happened rather often in the Asian market for Wipf AG. (Jonsson, Wipf's Business Network and Internationalization, 2014)

Fairs

As mentioned before, special trade fairs are one of the most important marketing-tools for Wipf AG according to Karin Weidmann and Malte Jonsson. Trade fairs allow Wipf AG to become visible in a foreign market and help to get in contact with local decision-making actors in the industry. (Jonsson, Wipf's Business Network and Internationalization, 2014; Weidmann, 2014)
Agents
The agents are, besides the trade fairs, an effective tool to approach new customers for Wipf AG, according to Malte Jonsson and Karin Weidmann (2014). Through their localism, their already existing business network and their market knowledge, they are able to identify and target potential customers in their respective country. (Weidmann, 2014; Jonsson, Introduction to Wipf, 2014)

Currently, Wipf AG employs agents in the following countries: USA, France, UK, India, South Africa, Costa Rica, Taiwan, China, Korea and Russia. (Wipf AG, 2014) According to Malte Jonsson, Wipf AG’s preferred method to approach foreign markets is through agents. This is mainly because it is the most cost effective way for Wipf AG. (Jonsson, US Valve Market and Internationalization Strategies, 2014) An agent takes a cut of around 5% on generated turnover. For Wipf AG, agents are as long an alternative as they cost less than installing a permanent employee in the respective country. (Jonsson, US Valve Market and Internationalization Strategies, 2014)

5.2 Internationalization experience
Wipf AG started already early in their history to export goods to the culturally and geographically close German market. (Jonsson, Introduction to Wipf, 2014) But in 1991 the company expanded fully to the European Market by acquiring the Austrian company Paka Verpackungen, later renamed to Wipf Austria. (Wipf AG, 2014) However, Wipf already exported valves to different customers in Asia, the United States and South America. (Weidmann, 2014) According to Malte Jonsson, (Introduction to Wipf, 2014) the flexible packaging market is highly international market and packaging producers are facing a global customer base.

In the business year of 2013/2014 the Wipf AG was active in 51 different countries around the globe. Furthermore, 40% of Wipf Holding AG’s turnover is made outside their home market Switzerland. (Wipf Holding AG, 2014) The share of turnover made outside the Swiss market at the flexible packaging division Wipf AG with 63% is even higher. (Wipf Holding AG, 2014) Furthermore, Wipf AG was internationally present with exports to Germany in the early years of its history. The company elaborated a wide network of different international representatives. The network includes active agents from Asia, South Africa, the United States of America, South America and Europe, as well as joint ventures in Thailand and Turkey (Wipf AG, 2014)

5.3 General internationalization strategy
Wipf AG focus lies on a strategic export and foreign expansion to strengthen their network position within evolving markets. In 2013 the Wipf Group incorporated, with a local business partner, a premium pouch production site in Turkey to secure its a position in one of the few growing markets. Together with Wipf Asia Pacific Ltd. and a local business partner in Thailand, they set up a joint venture in Bangkok, which will start producing in spring 2015 (Jonsson, Introduction to Wipf, 2014). Their focus on emerging markets and expansion into foreign business network is mainly due to the fact that the Swiss market is mostly saturated for Wipf AG’s products. (Wipf Holding AG, 2014) Volume and profit growth is expected to evolve out of other markets than the Swiss market. (Jonsson, Introduction to Wipf, 2014)

To manage new business relationship internationally Wipf AG use agents all over the world that have inside knowledge about whoever to approach in different countries. (Weidmann, 2014; Jonsson, Wipf's Business Network and Internationalization, 2014) Another instrument to get in contact with different actors is by attending trade fairs, which according to Malte Jonsson and Karin Weidmann, is
the most important marketing-tool for Wipf AG. (Jonsson, Introduction to Wipf, 2014; Weidmann, 2014) There are different types of fairs for Wipf AG. Firstly, there are the packaging fairs, where Wipf is representing their products as an exhibitor. The most important fairs for packaging in Europe for Wipf AG, is the Interpack in Germany. Every three years the fair takes place in one of the major cities in Germany. All the important packaging producers are present, as well as potential customers. (Jonsson, 2014) Secondly, there are specialty fairs. For example the specialty coffee fair in the US, where Wipf AG is present with a small stand. Thirdly, Wipf AG’s managers are visiting different fairs of their customers’, suppliers’ and competitors’ products without having a stand. (Weidmann, 2014) It allows the managers of Wipf AG to get in contact with different network actors including potential customers, suppliers, competitors and other business relatives. The main goal of visiting or exhibit at fairs, is to get in contact with new customers. (Jonsson, 2014; Weidmann, 2014) Nevertheless, the fairs are a place where a lot of market knowledge lies. According to Malte Jonssons, the fairs help him to gain knowledge about the market situation, the current product trends, the competitors and the network position of Wipf. (Jonsson, 2014) Karin Weidmann, marketing manager, stated that the costs for the fairs take up to 70% of the marketing budget. A exhibition at a fair costs around 20’000 Swiss francs (approximately 16’600 €). (Weidmann, 2014)

5.4 The internationalization experience in the US valve market

The US valve market is one of the fastest growing markets for Wipf AG. The experiences of using agents as a marketing tool when expanding into foreign markets are rather positive and opportunistic. (Jonsson, Wipf's Business Network and Internationalization, 2014) However, Wipf AG’s first agent employed in the US valve market, only managed to acquire two business relationships during a 20 years period. Even though this relationship did not have satisfactorily outcome, instead of trying to find another entry mode for expansion, Malte Jonsson met the current agent by serendipity at a trade fair. The relationship developed positively. (Jonsson, Wipf's Business Network and Internationalization, 2014) This will be described further in the agent in the US market part.

By using an agent for years, Wipf AG learnt that operating and developing relationships in the US market could be challenging. US companies perceive a higher risk and uncertainty towards foreign companies, explained Malte Jonsson. (Jonsson, Introduction to Wipf, 2014) To overcome this obstacle Wipf AG opened a warehouse in the US, to raise the availability for their customers, and to reduce uncertainties (Jonsson, Wipf's Business Network and Internationalization, 2014). Wipf AG also learnt from their current activities, that US companies are comfortable with communicating through a middleman, i.e. the agent of Wipf AG. While, according to Malte Jonsson, Asian companies prefer to have direct contact with the company when doing business. (Jonsson, Wipf's Business Network and Internationalization, 2014)

---

1 Swiss National Bank monthly average course, November CHF/€ 1.2026
5.5 Internationalization and market strategy of Wipf AG in the US

As mentioned before, Wipf AG started to export first to Germany in their early history. However, expanding into other foreign markets happened mostly through opportunistic business contacts and relationships. (Weidmann, 2014) According to Malte Jonsson, Wipf AG’s market strategy in the US degassing valve market for coffee packaging, is an exclusionary strategy. Wipf AG is systematically targeting, contacting, and visiting existing customers of their two main competitors Fres-co (Goglio) and Pacific Bag. Wipf AG is trying to systematically gain a larger market share of the US market by pushing out their competitors and “stealing” their volumes. In addition, according to Malte Jonsson, Wipf AG targets coffee roaster who are new in the degassing valve market. To accomplish these objectives, visibility and availability are achieved through fairs and the market knowledge gained from the agent. Another strategic approach is the commitment of opening a warehouse in the US, in order to be more accessible and trustworthy for US customers. (Jonsson, Wipf's Business Network and Internationalization, 2014).

5.6 Market knowledge in the US market

Wipf AG has gained their market knowledge mainly through their agent and the membership in the National Coffee Association, with the Annual National Coffee Convention. Wipf AG’s former agent for the US market was active more than 20 years. The current agent is active for around two years. Thus both, and especially the later one, transferred a lot of market knowledge, like the market dynamics, business culture and business network knowledge to Wipf AG. (Jonsson, US Valve Market and Internationalization Strategies, 2014) Through the membership in the National Coffee Association of the United States of America, Wipf AG gained access to market facts, e.g. production volumes of the coffee industry, potential customers with respective volumes and shares in the US coffee market. (Jonsson, US Valve Market and Internationalization Strategies, 2014) Malte Jonsson stated that through meeting people face-to-face at fairs, you get valuable market knowledge just by interacting and communicating with these people. You identify potential customers, competitors and other actors in the market. This information might otherwise go lost if you are not accessible and visible enough. (Jonsson, Wipf's Business Network and Internationalization, 2014) As Malte Jonsson stated, Wipf AG has, in their view, and through their channels of the agent and the fairs and the membership, access to enough market information to know the market conditions and actors i.e. that they can identify the potential customers, the competitors and other important business actors in the network. (Jonsson, US Valve Market and Internationalization Strategies, 2014).

Wipf AG’s main competitors in the US degassing valve market are and Fres-co (Goglio) and Pacific bags. Goglio is Wipf AG’s global competitor as well.

A trend in the US market that is growing is compostable products. Since garbage in the US is not combusted, instead put on large piles in the countryside, the demand for compostable products, i.e. valves, is increasing. People in the US want to be more environmental conscious; therefore, Wipf AG developed the first ever-compostable degassing valve in the world, resulting from this knowledge and opportunity. (Jonsson, US Valve Market and Internationalization Strategies, 2014)
5.7 Current activities in the US valve market

The two historic customers Wipf AG have been in a business relationship for over 10 years. According to Malte Jonson, Wipf AG is in business relationships with 15 valve customers today, in the US market. (Jonsson, Wipf’s Business Network and Internationalization, 2014) Besides the two historic customers, the remaining customers were acquired between 2012 and 2014, through their current agent in the US. At the moment Wipf AG is developing a relationship with one of the major coffee chains on the west coast of the USA. If this potential customer becomes a regular one, it would be the largest for Wipf AG in terms of volumes, according to Malte Jonsson. (Jonsson, Wipf’s Business Network and Internationalization, 2014).

5.7.1 Fairs in the US

In the US, Wipf AG is visiting the Pack Expo, the world second largest packaging exhibition after Interpack. In the year 2014 it was held in Chicago from the 2nd-5th November. According to Malte Jonsson, the exhibition is very important to get in contact with different suppliers, customers and competitors in the US market. Sometimes, the company is able to print special packaging laminates with their logo for ffs-machine (form-fill-seal) suppliers. In their turn, they run Wipf AG’s material on their machines. This is a great promotion for Wipf AG’s products and new business contacts arise through such opportunities. (Jonsson, Wipf's Business Network and Internationalization, 2014) The most important trade fair for Wipf AG’s WICOVALVE® is the Annual National Coffee Association Convention. In March 2014, the convention took place in New Orleans and Wipf AG was exhibiting their valves with a stand and their agent. Through this trade fair, new business contacts and relationships arose in the US market.

5.7.2 The agent in the US market

The first agent in the US market was installed between 1990 and 2000. An exact date of employment was not available. (Jonsson, US Valve Market and Internationalization Strategies, 2014) The agent was based in Atlanta, and was mainly focusing on customers on the east coast of the United States of America. The relationship between the responsible export manager and the agent was a social one. When the export manager was going into pension, Malte Jonsson took over the US market and ceased the relationship with the former agent. Since the relationship value was not as expected. (Jonsson, Wipf's Business Network and Internationalization, 2014) According to Malte Jonsson, the former agent was not interested in selling valves for Wipf AG, or driving the business and expanding their business network. Despite the agents’ abilities, he was rather interested in selling other products for other companies, than valves for Wipf AG. This resulted in a lack of commitment towards Wipf AG and their product. Therefore Malte Johnson was looking for a more committed US agent to build up a more systematic approach of the US valve market to strengthen Wipf AG’s network position in the US market. Wipf took over two customers from the former agent, which is rather a small number when taking the long relationships of Wipf AG and the former agent into account, as well as the size of the US degassing valve market. (Jonsson, US Valve Market and Internationalization Strategies, 2014)

In 2012, Malte Jonsson recruited a former US sales manager from Goglio. Malte Jonsson met the manager by chance at the National Coffee Association convention. (Jonsson, US Valve Market and Internationalization Strategies, 2014) He is now the current agent for Wipf AG’s degassing valves in the US market. As Malte Jonsson stated, the current agent is more committed to selling Wipf AG’s degassing valves and finding new customers, than the first one. Malte Jonsson said that “he had a much more systematic approach to target the US valve market. The transparency how and with whom he works and contacts was from the beginning there”. (Jonsson, US Valve Market and
Internationalization Strategies, 2014) Every second month the agent and the management of Wipf AG communicate by telephone conference to evaluate the current situation in the US market. In addition, they discuss problems and opportunities. (Jonsson, US Valve Market and Internationalization Strategies, 2014) Furthermore, according to Malte Jonsson, the agent informs and adjusts his actions in the US market with Wipf over e-mail. For example whenever he contacts new customers, makes price offers or has new ideas. At the moment, as mentioned earlier, the agent overseas 15 customers in the US market, mainly on the West Coast, where he is based. Because the agent is an American, he overcomes cultural differences and barriers easier than when a Swiss sales person would contact potential customers in the USA, explained Malte Jonsson. (Jonsson, Introduction to Wipf, 2014) Furthermore, the agent possesses about 20 years of experience in the degassing valve market and has thus a lot of market knowledge in the US market, as well as a lot of different business contacts and relationships from his former work at Fres-co (Goglio). (Jonsson, US Valve Market and Internationalization Strategies, 2014)

5.8 Business Relationships in the US market

Building relationships takes quite a while in the packaging industry. It can take over a year until the first delivery reaches its destination from the first contact at for example a trade faire. (Jonsson, Introduction to Wipf, 2014) While in the degassing valve market, since valves are always in stock, it takes less time from the first contact until the first delivery. Even though delivery time is quicker in the degassing valve market, building a relationship and regulatory certification and qualification process needs time. (Jonsson, US Valve Market and Internationalization Strategies, 2014) Thus for Wipf AG, building up new business relationships is time and resource intensive. But according to Malte Jonsson, business relationships are an essential part of the profitability of Wipf AG. (Jonsson, Wipf's Business Network and Internationalization, 2014) Malte Jonsson stressed the importance of creating mutual trust and commitment when building a business relationship out. (Jonsson, Wipf's Business Network and Internationalization, 2014) Malte Jonsson explained, that in order to create trustworthiness on the customer side, one must live up to ones promises and the thereby created customer expectations. For example, the first delivery should be on time, the products have to be of the best quality, to avoid customer claims, and a top flexible and reachable customer service is necessary. This builds a trustworthy and positive picture of Wipf AG for the customer. These aspects create a mutual trust between the new customer and Wipf AG, and reduce uncertainties. (Jonsson, Wipf's Business Network and Internationalization, 2014)

Another important aspect when developing new business relationships is the presence and visibility towards the customer. Malte Jonsson stated, that customer visits, presentations at potential customers and general presence in the foreign market, allows one to learn how to approach a customer. (Schertenleib & Karlsson, Observation at business meetings, 2014) Direct and physical contact allows Malte Jonsson to connect and learn more about the customer and their problems. If for example he visits a customer and learns about the dissatisfaction of a current valve supplier, he can quickly connect and try to sell Wipf AG’s valves as a problem solution. (Schertenleib & Karlsson, Observation at business meetings, 2014) According to Malte Jonsson, this is more difficult just over the phone or by e-mail. The physical closeness gives Malte and his team more flexibility and reactivity to solve their customers’ current problems. However, Malte Jonsson stated that the visits and the physical presence should not be forced upon the customer; this could give the customer the impression of desperation. (Jonsson, Wipf's Business Network and Internationalization, 2014)
For customers in the USA, a local business representative, in the case of Wipf, their agent, is important. According to Malte Jonsson, Wipf AG reaches higher trustworthiness in the American market through their presence at fairs and their local agent. (Jonsson, Wipf's Business Network and Internationalization, 2014) The agent has not only the task to maintain business relationships, but also to identify and approach new customers in the US market.

5.8.1 Duration of a business relationship
As mentioned earlier besides the two historical customers, who are in a business relationship with Wipf AG over more than 10 years, the business relationships in the US market are of a shorter nature. The agent and Malte Jonsson started to systematically expand the business in the US valve market in 2012; therefore business relationships with customers in the US market are at the most 2 years long. (Jonsson, US Valve Market and Internationalization Strategies, 2014)

5.8.2 The complexity of business relationships
In a business relationship between Wipf AG and a customer there are several people and partner involved in actor bonds and resource ties (Jonsson, Wipf's Business Network and Internationalization, 2014)

Actor bonds
On Wipf AG’s side there is Malte Jonsson, as head of the valve sales team, the customer service employee, a technician and the agent located in the United States of America. All these people are in touch with a customer. Malte Jonsson and the agent are mostly in contact with the customers in the US, when developing and building a new relationship (Jonsson, US Valve Market and Internationalization Strategies, 2014). They are visiting the customer, making contracts and prices. The agent is then responsible to maintain the relationship and stay in contact with the customer. The customer service employee is the one actor with the most contact with the customer. The customer service employee is responsible for the day-to-day business, like receiving orders, claims and organizing deliveries to the customer. However, there are usually no physical meetings of the customer and the customer service employee. (Jonsson, Wipf's Business Network and Internationalization, 2014) Then there is the technician, which is responsible to guarantee the technical support for the customer. The technician is in contact with the customer to solve current problems. When for example the valve applicator makes problems at the customers’ production site, the technician will be sent to the customer to try to solve the issue and give the customer as much technical support as needed (Jonsson, Wipf's Business Network and Internationalization, 2014).

Resource ties
When a business relationship with a company in the US valve market was about to evolve. Different resources were tied together between a coffee roster and Wipf AG. The company purchased degassing valves, and Wipf AG showed commitment by providing the coffee roaster company financial support to install a new valve application machine. This was basically Wipf AG’s introduction to a new customer who was using another valve technology and valve applicators, not compatible with the WICOVALE® (Jonsson, Wipf's Business Network and Internationalization, 2014).
6 ANALYSIS AND DISCUSSION

In this section of the thesis the collected empirical findings will be analyzed and discussed in the context of the theories previously presented in the theoretical framework.

6.1 Internationalization experience

In the article of Hohenthal et al. (2014), the researchers measure the internationalization experience in terms of the number of different countries the focal firm is active, and the length of time of international business. Internationalization experience means the prior internationalization knowledge stock (Johanson & Vahlne, 2009) or what prior knowledge a firm has about internationalization and its processes. The flexible packaging division, Wipf AG, which is in the focus of this thesis, operates in 51 different countries around the globe. With the early exports to Germany, they have a long history of international business. Furthermore, 63% of their turnover in the financial year of 2013/2014 is generated outside Switzerland, their home market. In addition, current internal investigations show that the Swiss market for Wipf AG’s products is mostly saturated and growth is achieved mainly outside the home market. (Jonsson, Valve World Sales Wipf, 2014; Jonsson, US Valve Market and Internationalization Strategies, 2014) Given the fact that Wipf AG is active in several foreign markets since their early days, the company can be defined as highly internationalized and has thus a high internationalization experience. The company has an ongoing global business network.

6.2 Wipf AG’s general internationalization strategy

With its current internationalization strategy, Wipf AG tries to strengthen their network position through building up new foreign business networks. With foreign market Johanson and Vahlne (2009) mean in their article “The Uppsala internationalization process model revisited”, foreign business networks; which in their definition have no clear boarder, and are defined as business networks where the focal firm is not an “insider” i.e. does not have access to knowledge and relationships. This is an ongoing process, and Wipf AG is trying to expand their business network in different directions and in different ways. The latest international activities of Wipf AG aim to strengthen the company’s global network position by high commitment investments in two developing countries. (Jonsson, Introduction to Wipf, 2014; Wipf Holding AG, 2014) Wipf AG acquired and installed a pouch producing company in Turkey (Doypak) to enter the business networks in Turkey and the Middle Eastern region. In addition, Wipf AG started a joint venture in Thailand with a local foil producer to secure and exploit the supply of packaging foils, to strengthen their network position on a global scale. (Wipf Holding AG, 2013; Wipf Holding AG, 2014) Those internationalization actions imply high relationship commitment, identification and exploitation of opportunities coming out of the reciprocal relationships and a high learning, trust building and creating process. (Johanson & Vahlne, 2009) However, this paper would like to focus more on the US degassing valve market to understand the internationalization process when Wipf AG extended their business network to the US market, in the product segment of degassing valves one of the most potential markets for Wipf AG at the moment. (Jonsson, Valve World Sales Wipf, 2014; Jonsson, US Valve Market and Internationalization Strategies, 2014)
6.3 The internationalization experience in the US market

As mentioned above Wipf AG operates in a wide range of countries over the world. According to Hohenthal et al. (2014), an earlier internationalization experience improves the development of business relationships in other networks. The US market, for Wipf AG is one of the fastest growing markets for degassing valves and according to Malte Jonsson vice president Sales & Marketing, the most important export destination besides the European Union (Jonsson, Valve World Sales Wipf, 2014).

According to the article “Network knowledge and business-relationship value in the foreign market”, the prior experience accumulated in foreign markets has most likely a positive effect on the knowledge of how to do business in foreign business networks. (Hohenthal et al., 2014) The former internationalization experience Wipf AG gained through their international activities around the globe with different products, could have a positive effect on the choosing of the approach i.e. mode of internationalization, of the US degassing valve market. The decision to introduce an agent in the US market over 20 years ago was mainly the outcome of the former internationalization experience with agents of Wipf AG and the trust in a positive outcome of this decision. (Hohenthal et al., 2014; Jonsson, Wipf's Business Network and Internationalization, 2014)

Nonetheless, in the case of Wipf AG’s expansion of the US market through the former agent, the international experience affected the internationalization process i.e. the expanding of the business network of Wipf AG, negatively. The outcome of more than 20 years of work of the former agent was minimal. The evolving of only two ongoing business relationships in 2012 out of the largest degassing valve market for Wipf AG in the world, (Jonsson, Wipf's Business Network and Internationalization, 2014; Jonsson, US Valve Market and Internationalization Strategies, 2014) could be seen as a failure of trusting in the former international knowledge and experience. (Johanson & Vahlne, 2009)

However, the problem of creating only a minimal value for Wipf AG by the agent is not lying in the decision of using an agent as an entry mode, but it lies rather on the level of the business relationship between Wipf AG and the former agent and his commitment, as well as the business relationship of the agent and the potential customers. (Johanson & Vahlne, 2003; Jonsson, Introduction to Wipf, 2014) This will be analyzed more thoroughly in the following section of “business relationships and their influence on the internationalization process” on page 37.

One could state that international experience from earlier international business network expansions could help the firm to choose the right entry mode, like the agent for Wipf AG. The success of the expansion or the relationship value that comes from the chosen entry mode does not have to be positive. There are other variables such as the complexity of business relationships between the different actors that could influence the outcome of the network expansion negatively, or slow it down instead of enhancing it.
6.4 Market knowledge in the US market

The agent should transfer market knowledge, culture and business network knowledge of the US market back to Wipf AG. The agent is acting as a middleman between the foreign business network and the company. (Johanson & Vahlne, 2009) The agent has already a stock of prior knowledge about the business network and the market and helps thus Wipf AG to overcome the “liability of outsidership”. Wipf’s agent identifies the local and important business actors in the network with his former knowledge and operation in the network. Meaning that Wipf AG is transferring from an outsider to an insider of the US valve market. (Johanson & Vahlne, 2009; Johanson & Vahlne, 1977) In Johanson & Vahlnes article “The Uppsala internationalization process model revisited” from 2009, transferring from an outsider to an insider is a crucial element in the internationalization process model. Essentially, becoming an insider in a foreign business network means expanding a firms’ network out of the home network and thus internationalization itself. (Johanson & Vahlne, 2009)

Through the membership in the National Coffee Association of the United States of America, Wipf AG gained further information about The US market, which Johanson & Vahlne (2009) claim to be essential knowledge when operating in foreign markets. Market knowledge is according to Johanson and Vahlne (2009) enabling the opportunity development process. With the market knowledge learned through the membership of the National Coffee Association of the United States of America, Wipf AG was able to see the potentials and opportunities of the US degassing valve market. (Jonsson, US Valve Market and Internationalization Strategies, 2014) Wipf AG was able to get information about market volumes, market actors, their shares and thus potential new customers. (Jonsson, Wipf's Business Network and Internationalization, 2014; Jonsson, Introduction to Wipf, 2014)

With the more systematic approach and higher communication between the current agent and Malte Jonsson, respectively Wipf AG, the flow of market knowledge should be guaranteed. (Jonsson, US Valve Market and Internationalization Strategies, 2014) Through market knowledge that comes from current activities i.e. the agent, makes it possible for Wipf AG to adapt to the foreign network i.e. the US business network. (Hohenthal et al., 2014; Jonsson, US Valve Market and Internationalization Strategies, 2014) Furthermore, the membership of the National Coffee Association of the United States of America, allows Wipf AG to access a market knowledge stock to even better adapt their business strategy to the US business network. The market knowledge, especially the unhindered flow between the involved actors, affects the internationalization process in a positive way. It allows Wipf AG to adapt their strategy and even products (demand of biodegradable valves in the US) (Jonsson, Introduction to Wipf, 2014) to the foreign business network, which integrates the company into the foreign business network. (Hohenthal et al., 2014) The liability of foreignness and outsidership is thus overcome successfully. (Johanson & Vahlne, 2009)

6.5 The internationalization strategy

In general the strategy that Wipf AG is using to expand their business network to the US valve market is a combination of three different approaches. First of all the approach with the agent to overcome the liability of foreignness, which is an important barrier in the model of Johanson & Vahlne (2009) and to gain institutional and network specific business knowledge to overcome the outsidership in the network. Secondly, with the membership of the National Coffee Association of the United States of America, Wipf AG gains market knowledge, the market facts like volumes, market shares and competitors in the network, which creates opportunities. Thirdly, they exploit the opportunities i.e. they try to reach out to potential customers by attending and presenting at fairs to start and develop
new business relationships with the network actors to further integrate and finally expand their business network. (Weidmann, 2014) The final goal is then to sell their products to customers that are using valves of their competitors and replace them with the WICOVALVE® and target start-up companies (new coffee roaster) that will use valves. (Jonsson, US Valve Market and Internationalization Strategies, 2014)

6.6 Current activities in the US valve market

In the internationalization process the identification of relevant network actors like potential customers, competitors and relevant institutions is important. It helps the firm to determine how they are or are not connected in the foreign business network they would like to enter. (Johanson & Vahlne, 2009) The often invisible and complex patterns of a network are, according to Johanson and Vahlne (2009), identified and revealed through the action of the expanding firm. Through current activities in the foreign network a firm “increases its competence to continue with and deepen its activities in that particular market” (Forsgren, 2002, p. 261).

Wipf AG’s current activities are; the agent, who is working as a middleman for Wipf, fairs, direct mail and the delivery form a US warehouse near Chicago. The agent allows Wipf AG to identify the network pattern and the actors within the US degassing valve market. The strategy with the agent for Wipf AG is, as stated by Malte Jonsson (Wipf's Business Network and Internationalization, 2014), to be present and close to the market, which helps to overcome the liability of outsidership. (Johanson & Vahlne, 2009) In addition, Wipf AG is presenting themselves at the Annual Coffee Convention to not only identify the complex network patterns of the US market, but also to get in contact with different “decision making actors” as Malte Jonsson mentioned. (Jonsson, US Valve Market and Internationalization Strategies, 2014) Furthermore, Wipf AG is trying to contact different actors in the network such as, coffee roasters, pouch producers and other packaging producers by direct mailings with product samples and brochures about the company to identify and create opportunities i.e. building up relationships to the mentioned network actors. (Weidmann, 2014)

In the Uppsala internationalization model from 1977 by Johnson & Vahlne, psychic distance was an important barrier to overcome in the process. Psychic distance means that a firm perceives a psychic distant (culturally and institutionally) country as a higher risk when considering expanding. Thus a firm enters first psychic close countries, like Wipf AG did when they first entered the German market, because the culture, language and geographic market were close. However, in a network perspective and with the evolvement of research in internationalization as well as the changed and globalized business environment nowadays, Johanson & Vahlne speak of a liability of foreignness in the foreign network; meaning a firm is seen as an outsider of a network if not active in one, not depending on country borders or nations. Since US customers prefer to buy from US companies, or at least from a US representative (Jonsson, Introduction to Wipf, 2014), Wipf AG overcomes this liability of foreignness and outsidership by using an US agent as well as sending their products from an US warehouse. This reduces the perceived uncertainty on the customer side, as well as it gives Wipf AG access to act like an insider of the US business network and consequently enables Wipf AG to integrate into the network and expand their own business network to the US market. Without integration into a business network as an active actor, the firm is not able to make a successful expansion of their network. In this context, success means the expansion of the business network itself, not success in a profit or accounting measurement. (Johanson & Vahlne, 2009)
Fairs and conventions are one of the most important marketing tools and internationalization strategy tools of Wipf AG, according to Karin Weidmann, Marketing Manager and Malte Jonsson, VP Marketing & Sales (2014). This is in line with the conclusion that Evers and Knight draw in their article (2008, p. 544) that trade fairs “make an important contribution to establishment and enhancement of a network infrastructure enabling firms to grow and expand internationally”. The annual convention of the National Coffee Association enables Wipf AG and their US agent to get in contact with different actors of the US degassing valve market. Subsequently Wipf AG tries to set up new business relationships with the new contacts to finally sell their product. (Weidmann, 2014; Jonsson, US Valve Market and Internationalization Strategies, 2014) Even though the development of business relationships can be a time and resource-consuming activity (Jonsson, US Valve Market and Internationalization Strategies, 2014), trade fairs act as neutral territory with a high density of decision making actors of the concerning business network, on which new social ties can be tied and the network expanded. (Evers & Knight, 2008) The trade fairs play an essential role in Wipf AG’s strategy to approach foreign markets (Weidmann, 2014) and this holds true for the US degassing valve market as well. The trade fairs have positive effects on the network expansion of Wipf AG’s business network in the United States of America. (Jonsson, Wipf's Business Network and Internationalization, 2014) Since the engagement into more trade fairs like the Pack Expo and the Annual Coffee Convention of the National Coffee Association, Wipf AG was able to expand their business network from two customers in 2011/2012 to fifteen customers in the financial year of 2013/2014. (Jonsson, US Valve Market and Internationalization Strategies, 2014) This shows the positive effect of trade shows on the internationalization process, the same as Evers & Knight (2008) concluded in their article. The findings also point towards the importance of identifying the relevant network actors. The identification could be done by the actions of the agent, or the attendance at trade fairs. The trade fairs affect the integration process, and the overcoming of the liability of foreignness and outsidership positively, as well as it deepens the activities of Wipf AG in the US market. This is in line with the theory of Johanson & Vahlne (2009) and Forsgren (2002), that learning from current activities is a crucial variable in the Uppsala model of internationalization when a firm expands its business network to a foreign market.

6.7 Business relationships and the influence on the internationalization process

Business relationships are a social construct, where at least two actors in a network are in a social exchange. (Håkansson & Snehota, 1995) Those relationships connected in a web of relationships become then a business network. (Johanson & Vahlne, 2009) Each relationship in the business network has a reciprocal effect on the other relationships in the network and thus the network itself. (Johanson & Vahlne, 2009; Håkansson & Snehota, 1995) Business relationships are a base of knowledge of the foreign business network and can create opportunities, like the current US agent for Wipf AG does. However, business relationships could be difficult to develop or simply not profitable for a firm. (Johanson & Vahlne, 2009) This can be seen at the example of Wipf AG’s former US agent. From the relationships and the network of the former agent, two US customers evolved out of the relationship between the former US agent and Wipf AG. (Jonsson, US Valve Market and Internationalization Strategies, 2014) Which is not much if one recognizes that the degassing valve market in the United States of America is the largest in the world and Wipf AG one of the leading degassing valve producers. (Jonsson, Introduction to Wipf, 2014)
With the decision to approach the US degassing valve market more systematically, the value of the business relationship with the former agent was no longer in line with the desired future value creation in the US market. (Jonsson, US Valve Market and Internationalization Strategies, 2014) This became mostly evident when Malte Jonsson, VP Marketing & Sales, started to work at Wipf AG five years ago and started to work together with the former US agent. Due to lack of communication between the two actors and a different vision of how to approach the US market, it was difficult to build up trust and commitment. (Jonsson, US Valve Market and Internationalization Strategies, 2014) The process of building trust in the relationship was interrupted and negatively affected by the lack of communication of the current activities performed by the former agent. There were no opportunities coming out of the relationships with the former agent. (Jonsson, Introduction to Wipf, 2014) The absence of willingness to rely on the agent made it impossible to increase the commitment to the relationship as well as the US degassing valve market. (Jonsson, US Valve Market and Internationalization Strategies, 2014; Johanson & Vahlne, 2009) This evidence shows the interdependence of the variables in the internationalization process model of Johanson & Vahlne (2009). The knowledge i.e. the perception and exploitation of opportunities is dependent on the business relationships a firm maintains in the foreign network. If the firm is in a trust-building process with another actor like the agent, the commitment to the relationships and the foreign market increases as well as the trust. With the increase of commitment to the relationships, new opportunities arise and decisions to raise commitment to the foreign network, like opening a distribution center in the US, increase. (Johanson & Vahlne, 2009; Jonsson, US Valve Market and Internationalization Strategies, 2014) However, when there is lack of trust in a business relationship, it slows the whole internationalization process or makes it even impossible for a firm to continue their plan to enter a specific foreign market. (Johanson & Vahlne, 2003) This is reflected by the lack of opportunity creation in the US degassing valve market of Wipf AG respectively by their former agent. (Jonsson, US Valve Market and Internationalization Strategies, 2014)

“Developing opportunities is a critical part of any relationship.” (Johanson & Vahlne, 2009, p. 1424) Furthermore, opportunities are a subset of knowledge in the foreign market that drives the process of internationalization. (Johanson & Vahlne, 2009) Create, detect and exploit opportunities are an important part of the process when expanding to foreign business networks. (Johanson & Vahlne, 2009) By hiring the current US agent, Wipf AG is building up its US business network like the company expected to do it in their internationalization strategy. (Jonsson, Wipf's Business Network and Internationalization, 2014)

Through the negative outcome of the relationship with the former agent, Wipf AG learned new knowledge about the internationalization process when expanding to the US valve market. (Johanson & Vahlne, 2009; Jonsson, US Valve Market and Internationalization Strategies, 2014) They gained important experiential knowledge through the negative experience and were thus inclined to terminate this relationship. (Hohenthal et al., 2014; Johanson & Vahlne, 2003) This shows how the experiential knowledge gained by current activities in foreign markets are correlated to the business relationship value in the foreign market. (Hohenthal et al., 2014) Wipf AG experienced a negative incidence, which then let to a decrease in the business relationship value of the former agent. It was exactly the opposite when Wipf AG hired the current agent. The relationship value is much higher with the current agent (15 customers instead of 2), because through learning and experiencing, Wipf AG was hiring a more suitable business partner. Evidentially, this demonstrates the interrelation between the variables in the internationalization process model. The current activities, learning, creating and trust building are influenced by former knowledge i.e. internationalization experience, commitment and
trust. (Johanson & Vahlne, 2009) The experiential knowledge gained through working with the former agent transferred to the knowledge stock (state variable) and then influenced the change variables as well. (Johanson & Vahlne, 2009) Through the new knowledge, there was opportunity seeking by Wipf AG, namely to find a new way to enter the US valve market. (Jonsson, US Valve Market and Internationalization Strategies, 2014)

Even though the employment procedure of the current agent was based on serendipity, Wipf AG recognized the possibility to create opportunities with the current agent. (Jonsson, US Valve Market and Internationalization Strategies, 2014) By starting to work with the new agent the trust-building development process started, and with time, the trust and commitment into the new agent increased. (Jonsson, US Valve Market and Internationalization Strategies, 2014; Johanson & Vahlne, 2009) With the increased trust and commitment by working together in the US valve market, the relationship value could be increased. This is shown in the sales figures of the financial year of 2013/2014, where the US valve market is the fourth largest market for degassing valves for Wipf AG. From the financial year of 2011/2012 to the current forecast of the financial year 2014/2015 the degassing valve market in the US increased, or will increase, by almost 350% according to Malte Jonsson. (Jonsson, US Valve Market and Internationalization Strategies, 2014) The trust in the business relationship with the current agent as well with the customers in the US is also reflected in the commitment decision to invest in a distribution center in the Midwest. Increased knowledge, trust and experience in the US market lead to a stronger network position in the US market and a successful expansion of the business network of Wipf AG.
7 CONCLUSION

In this section of the thesis, the conclusion is drawn, with the purpose to answer the research questions. In addition, recommendations to the management of Wipf AG are given and further research is suggested.

The aim of this thesis was to study, if there is a connection between the business network internationalization process theory of Johanson & Vahlne (2009) and the expanding of the US valve market of Wipf AG. The findings of this thesis point towards a strong connection between the theory of business network internationalization process of Johanson & Vahlne (2009) and the expanding of the US degassing valve market of Wipf AG. The general scope of the business network internationalization process model by Johanson & Vahlne (2009) allows seeing the interplay between the four variables mentioned in the model. The knowledge consisting of international experience, market knowledge and knowledge, that Wipf AG gained through their international activities, as well as through their agent and membership in the National Coffee Association of the USA, facilitated the opportunity development and exploitation in the US valve market. Through current activities; consisting of learning, creating and trust-building process in the relationship development and actions in the foreign market, Wipf AG consequently increased their commitment to different relationships in the US business network. The increased relationship commitment manifested itself in the investment of a distribution center in the US and in the higher trust and relationship value with the agent. This finally affected the network position of Wipf AG in the US valve market by increasing their market share. The market growth in the US market shows also that Wipf AG is still in the process of expanding and strengthening their network position and that this process is a very dynamic one. With their new network position, gained knowledge through learning and higher relationship commitment into important business actors in the network, new opportunities arise and become visible which drive the process again.

An important role in this process and the model itself play the business relationships. The business network consists of a web of relationships. These relationships have an influence on the network itself as well as the network has an influence on the relationships. (Johanson & Vahlne, 2009; Håkansson & Snehota, 1995; Coviello & Munro, 1997) This connection between the relationships and the network itself has an impact on the internationalization process. This was shown by the fact that the internationalization process of expanding into the US valve market was highly dependent on the functioning of the business relationship between Wipf AG and the agent and the resultant business relationships to the customers in the US market. The outcome of the relationship with the former agent was not successfully as well as it slowed down or even stopped the expansion path of Wipf AG in the US market. It showed also, that sometimes, the commitment to a relationship in a business network need to be terminated in order to restart the opportunity creation process and thus the internationalization process. Investing and developing business relationships in the foreign market is a crucial element of the internationalization process model as well in the expansion of Wipf AG in the US valve market.

In addition, the findings showed not only the importance of business relationships itself, but also the importance of different platforms where these relationships are developed. Especially trade fairs were an important part in the network expansion of Wipf AG. With their ability to act as a neutral ground with a high density of network actors they enabled the process of developing business relationships. (Evers & Knight, 2008) Relationships and the platforms like agents or fairs are the elements that could determine if an international expansion in a foreign network is successful.
7.1 Recommendations

Business relationships are a crucial variable in the process of internationalization and the business network. To successfully expand ones business into a foreign market, it is important to find a way to identify the important business actors in the foreign business network. The opportunistic behavior of Wipf AG has positive effects on the internationalization and should be followed in the future. Creation and exploitation of opportunities coming through business relationships are the driving force of the internationalization process. In the US market the relationship with the current agent is working very good and this strategy should be followed, unless the agent becomes more expensive than a permanent employee. However, the learned network knowledge by current activities in the US valve market should be transferred to all of the team members in the sales and marketing department to optimize the approach of new customers at fairs and other trade shows. The fairs and trade shows, the visibility and the neutral ground they provide for Wipf AG and their products, are an important element to identify and connect to important business actors in the network. Maybe a further internal report should be conducted, on how to make such processes more effective and measurable. This could create advantages in approaching and expanding to foreign business networks in the future.

7.2 Future research

Due to the deductive case study approach of this study, and the small sample size, it would be interesting to research the area of internationalization processes in a business network perspective for a larger industry or a sector. This would help to see the conclusion drawn in this thesis in a larger scope. Furthermore, the subject of business relationship value in foreign markets, and how different variables affect the value and are affected by the relationship itself should be considered for further research. It would be of interest to develop how the variable of relationship commitment in a business network is influenced by expected relationship value. Is there for instance a correlation between a high commitment decision and the expected relationship value in a foreign market? Furthermore, it would be interesting to research ongoing business relationships in a foreign market and if culture and psychic distance have an influence on the business network knowledge. As we have seen Wipf AG is making use of agents to overcome the foreignness in foreign business networks. However, it would be interesting to determine if culture has effects on the relationship itself, if culture is mediated through business relationships or just a given fact, and if it enables or disables growth through network knowledge in foreign markets.
REFERENCES

BOOKS AND JOURNALS


**INTERVIEWS AND OBSERVATION**


**REPORTS AND OTHER SECONDARY DATA**

Wipf AG. (2014,). Flexible Packaging: Packaging is our passion. *Packaging is our passion*. Zürich, Zürich, Switzerland: Direct Marketing AG.

Wipf AG. (2014,). Packaging in the Food Segment: For the ultimate flavour experience. *Packaging in the Food Segment*. Zürich, Zürich, Switzerland: Direct Marketing AG.


Wipf Holding AG. (2014, October 28). Full Presentation of Wlpf. Zürich, Zürich, Switzerland.
INTERNET SOURCES


APPENDIX 1

Semi-Structured interview with Malte Jonsson (4/12-14)

1. How important is it to create new relationship in the network, when entering new markets?

2. How do you connect with other organizations in the network?

3. How do you decide whom to work with within in the network?

4. What are the stages when developing a new relationship?

5. Are the business relationship with Wipf AG, long-term, short-term or both?

6. What might be the challenges for Wipf AG when creating a business relationship?

7. Organization roles? Backgrounds? Formal vs informal?

8. Explain Wipf's network position?

9. What resources are connected to your supplier and customers? Knowledge, technical, financial?

10. When Wipf AG enters a new market how much knowledge and earlier experience are involved in the approach process? Reducing uncertainties and risk?

11. Who decides what trade shows to attend? Is there a criterion?

12. What is your goal when presenting Wipf at these exhibitions?

13. How long does it take from the first contact (at exhibitions) until the first delivery?

14. Your relationship to suppliers? What influences do they have on the customer side?

15. How do you get information about competitors? Home/USA?

16. Is competitor knowledge important when making business decisions?

17. What are the positive and negative aspects when using agents?
APPENDIX 2

Telephone Semi-Structured interview with Malte Jonsson (16/12-14)

1. How many US customers (valves) did you acquire during the previous 5 years?

2. How did you get in contact? And how many new customers did you get through the following channels; agent, Spontaneous (Internet/E-mail), Fairs?

3. Why did you decide to expand in the US market? Triggers?

4. How many competitors (valves) are there besides goglio in the US market?

5. What is your strategy in the market, what do take market shares?

6. Where do you see yourself in the future in the US? 5 years?

7. In how many countries are Wipf active today?

8. What is wipf’s internationalization experience? Do you consider Wipf highly international?

9. How much knowledge about the US market did you have when starting to expand your business there? Facts, figures, culture?

10. Was there knowledge transferred from the first agent/responsible sales executive to you?

11. What year did your current agent start?

12. When you realize that your former agent did not work out as would, did you consider other strategies? Direct export, sales office?

APPENDIX 3
Unstructured interviews with Malte Jonsson, Melanie Hauser, Karin Weimann
(30-28/11-14)

1. How does marketing research look like at Wipf AG?

2. How does the marketing strategy at Wipf AG look like?

3. How does Wipf AG approach new customers?

4. Is there any different approach when entering different long distance markets i.e. Asia or USA?

5. How is the internationalization process working at Wipf?

6. How much does Wipf focus on its competitors?

7. Are Wipf conducting competitor analysis?

8. What are Wipf’s reflection about relationship to customers and business network?