The importance of Interactive Network Branding for business relationship development: Insights from emerging markets

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ABSTRACT

Purpose – This paper aims to clarify the meaning of Interactive Network Branding (INB) and demonstrate its importance for business relationship development, within a cross-cultural context of emerging markets (EM). More specifically, it integrates the idea of INB through its three branding dimensions into the first three relationship development stages introduced in the seminal article by Ford (1980). By bringing INB into relationship development, and by considering its embeddedness in a cultural context, the study extends current understanding of business relationships in connection to corporate branding.

Design/methodology/approach – The study is empirical and explorative. In order to reach the research aims, we apply a qualitative approach and present findings from four business relationships in two EM contexts, namely the Croatian and Russian markets. Ten interviews have been undertaken, and the analysis conducted by applying sensemaking and narrative approaches.

Findings – Findings show the influence of INB dimensions on three stages of business relationship development. In both EMs, the external dimension is found to be dominant for the pre-relationship stage while the internal dimension for the early stage. At the same time, mutual INB dimension, which is built on interpersonal interactions, is influencing each stage to a certain manner, while being a dominant dimension in the development stage. Also, the role of each dimension in a specific stage of relationship development is conditioned by the cultural context in which business relationships are embedded.

Research limitations – Based on the chosen qualitative research approach and focus on two countries, the findings might lack generalizability. Thus, future research is needed in order to observe business relationship development through INB dimensions in different cultural environments.

Practical implications – The article provides a new perspective for managers on coping with the development of business relationships and branding in the EM context.

Originality/value – This is the first attempt to study business relationship development through branding perspective in general and INB perspective in particular. It builds a deeper understanding of identity, reputation, and mutual INB dimension, and their manifestation and influence on each relationship stage. In addition, the study has a cultural context, which makes it one of the rare cross-cultural studies related to branding in business marketing research.

Keywords: Interactive Network Branding, business relationship development, culture, emerging markets, Croatia, Russia.

Article Type Research paper
1. Introduction

Previous research in business marketing has been focusing on analyzing the development of business relationships and networks (Ford, 1980; Dwyer et al., 1987; Schurr, 2007; Wilkinson et al., 2005; Håkansson et al., 2009). However, the influence of branding (Melewar et al., 2012; Biraghi & Gambetti, 2015; Koporcic, 2017), and culture (Ivanova-Gongne, 2015) on the aforementioned processes have been predominantly left aside. Another issue that received little attention in business marketing studies relates to the role of individuals for business relationship development (see Axelsson, 2010; Guercini et al., 2014; Halinen & Salmi, 2001; Henneberg et al., 2010; Ivanova-Gongne & Torkkeli, 2018; Koporcic & Halinen, 2018). As Halinen and Salmi (2001, p. 1) argue: “While personal contacts are often seen to enhance initiation of business relationships their role in other critical phases of business relationship evolution have been ignored”.

In addition, although business-to-business (B2B) branding in general, and corporate branding in particular, have been researched quite extensively in recent years, only small number of studies have acknowledged its dynamic and socially constructed nature (see, e.g., Biraghi & Gambetti, 2015; Koporcic & Halinen, 2018; Koporcic et al., 2018; Koporcic & Törnroos, 2019; Melewar et al., 2012; Mäläskä et al., 2011), i.e., the nature that is usually presented in business relationship studies. In particular, Koporcic and Halinen (2018) introduce the concept of Interactive Network Branding (INB) by combining dynamic branding processes and their influence and relatedness with business network processes. However, the issue has been addressed only from the conceptual perspective, thus indicating a need for the empirical study of the phenomenon.

Motivated by these research gaps, the paper aims to clarify the meaning of Interactive Network Branding (INB) for business relationship development, by examining the phenomenon within a cross-cultural context of emerging markets (EMs). We start by examining the relevance and influence of INB on the process of business relationship development. INB consists of both branding and networking aspects and is socially constructed through interactions between individuals (Koporcic, 2017; Koporcic & Halinen, 2018; Koporcic & Törnroos, 2019). At the core, INB is built of three dimensions: internal (denoted through firm identity), external (denoted through the firm reputation), and mutual branding dimension (as an in-between place, between internal and external dimensions). Furthermore, these dimensions are embedded in the cultural context of business operations (see Hatch & Schultz, 1997; Ravasi, 2016). Yet, the question is how these INB dimensions are manifested in each stage of business relationship development, and how are they embedded in the cultural context throughout the process? Hence, we are focusing on the first three stages of business relationship development, namely the pre-relationship stage, the early stage, and the development stage (Ford, 1980), and the impact of culture on the phenomenon under investigation.

However, it is important to highlight that business relationship development is not strictly a linear process (Halinen et al., 2012), and these stages are not necessarily pre-set or time-constrained. Instead, we use Ford’s (1980) stages for denoting a process of business relationship development that unfolds over time in its context. By bringing INB into relationship
development, and by considering its embeddedness in a cultural context, the study extends current understanding of B2B relationships and provides new knowledge for managers on coping with the development of relationships in emerging business markets. In this view, the cultural background of individuals that represent their organizations plays a vital role in interactions and business relationship development (Weck & Ivanova, 2013; Ivanova & Torkkeli, 2013).

The paper is divided into five sections. After the introduction, the second section elaborates on the theoretical background of the research, by focusing on the first three stages of business relationship development, following the seminal article written by Ford (1980). Afterward, INB is presented, focusing on its three branding dimensions, as well as on a cross-cultural context of EMs. The third section presents the methods of the study, after which the main findings follow in section four. This section is divided into two parts, focusing on Croatian and Russian cases and their specific relationship development processes with INB dimensions embedded in each stage. Finally, a discussion follows in section five, after which concluding remarks are presented, together with the implications, limitations of the study, and future research suggestions.

2. Theoretical background

A considerable amount of research has been done on complex and multi-faceted business relationships. The Industrial Marketing and Purchasing (IMP) group studies have been particularly relevant for highlighting the importance of business relationships for each company, as well as for a broader network of business actors (e.g., Anderson et al., 1994; Håkansson & Snehota, 1995; Håkansson et al., 2009). And although these studies have focused on examining business relationship development process, and the networking aspect of it, they have neglected the importance of branding as a relational and social process (see also Biraghi & Gambetti, 2015; Koporcic & Halinen, 2018). In addition, IMP literature has traditionally been studying business relationships in the context of large companies, only recently acknowledging the importance of small and medium-sized enterprises (SMEs) (see, e.g., Aaboen et al., 2016).

Thus, in order to investigate the importance of networking and branding for the business relationship development of SMEs, we focus our theoretical conceptualization on two interrelated sections. The first section elaborates on business relationship development and its phases, focusing on networking part of the phenomenon, while the second section moves into identity and reputation building, i.e., corporate branding part of the phenomenon, and its connection to networking. In addition, the second part is supplemented with elaboration on the cross-cultural context of the study.

2.1. Business relationship development

For this article, we are focusing on the first three stages of business relationship development,
introduced in the seminal work of Ford (1980). These phases are most fruitful to consider when the research is focused on the process of construction of business relationships, as is the case in this paper. The final two stages proposed by Ford (1980), i.e., the long-term and the final stage, are more stable and routine-like and therefore may not contain as many events facilitating the intense development of business relationships as in the first three stages. The stages are analyzed through an SME perspective, which significantly differs from the perspective of large firms. However, it is important to highlight that this article does not consider “stages” being delimited by a strict start or an end. Instead, the stages of relationship development in this article are solely regarded as a framework for structuring the data, while preparing it for the analysis of managerial actions and interactions. We thus apply a processual perspective, where stages unfold overtime in their context, through Interactive Network Branding processes (see more elaboration in section 2.2).

The Pre-Relationship stage (Ford, 1980) denotes the process of evaluation of a potential business partner. It is characterized by no commitment between parties since there has been no previous experience with each other. This occurs when companies are in need of a new supplier, distributor, or a buyer that can help in performing specific tasks. First contacts may be initiated by any company from a current business network, or by a company that is planning to become a part of a particular network. In addition to the study by Ford (1980), some supply chain management studies claim that in SME settings, evaluation of a potential business partner is more informal than in large firms and often happens without prior planning (Pearson & Ellram, 1995; Ellegaard, 2006).

Furthermore, studies in entrepreneurship have been highlighting the importance of social relationships of the founder for the initiation of a relationship and networking (e.g., Fayolle et al., 2016; Jack, 2010). Besides, particular happenings in existing relationships, certain policy decisions, or negative evaluation of existing partner performance, can all affect a need for a change in business partners (Ford, 1980). A distance between partners in this stage can be described by the following aspects (see Ford, 1980): social, cultural, technological, time, and geographical distance. In terms of cultural distance, cultural stereotypes have been said to play an essential role in this stage, with reputation being a result of stereotypical assessment (Weck & Ivanova, 2013). Furthermore, the way of obtaining information about the partners for evaluation and first contacts may differ depending on the cultural background of the respondent (Ivanova & Torkkeli, 2013).

The Early stage (Ford, 1980) denotes the next period in business relationship development in which a potential buyer, supplier, or distributor has already contacted its desirable partner. These initial interactions and negotiations are foundations of future trust and commitment and forerunners of a potential relationship. During this stage, companies are often having only a little experience with each other and high uncertainty of future costs and potential benefits. These uncertainties are then often substituted with human interactions. As Ford (1980, p. 343) argued: “This investment of human resources is likely to precede any investment in the physical plant.” However, a lack of trust at the pre-relationship and early stages corresponds to an increase in relying on national cultural stereotypes for evaluating the partners and interacting with them (see Weck & Ivanova, 2013). As Ford (1980, p. 344) listed: “a customer may attach
importance to the alleged ‘discipline’ of German suppliers, as opposed to a lack of faith in ‘undisciplined’ British suppliers.” Furthermore, the cultural background between individuals is especially visible at this stage and manifest itself through differences in, e.g., how one party verify information provided by another party, how sales details, such as price are negotiated, etc. (Ivanova & Torkkeli, 2013). Being able to culturally adapt to each other’s ways of doing business is especially viable during this and the following stage, and may facilitate trust development (Weck & Ivanova, 2013). Besides building the trust, this phase corresponds to an increase of commitment, reduction of uncertainty, and creation of first business experiences.

The Development stage (Ford, 1980), as the following phase of business relationship development, is characterized by reduced uncertainty for both partners through acquired experiences and social exchange. Individual actors are becoming closely connected, and companies are learning from each other. As a result, trust and commitment are created between partners (Andersen & Kumar, 2006; Håkansson et al., 2009). In international business relationships, geographical and cultural distances might be reduced “through the establishment of a local office and employment of local nationals as the business builds up” (Ford, 1980, p. 345). In addition to rules from official contracts, informal adaptations are also appearing. This results in overcoming some of the challenges that appeared in previous stages. Thus, moderate adaptation to the cultural traits of the partner through experiential learning may enable partners to reach commitment in business relationships (Weck & Ivanova, 2013). However, one should not omit the importance and relevance of branding for the issues presented above.

2.2. Interactive Network Branding

Corporate branding, as a multidisciplinary field of study, has been attracting the attention of scholars since 1990s. Since then, there have been three significant shifts in research related to the concept (see Biraghi & Gambetti, 2015). Moving the focus from products towards organizational view on branding (1st shift), and from being the focus of marketing to corporate strategy (2nd shift), corporate branding has finally evolved as a dynamic and processual phenomenon (3rd shift). However, although it is perceived as dynamic, the importance of corporate branding is still neglected in business relationship development research. This is especially the case in its role in business relationship development process. However, since this process is indeed a part of corporate brand co-creation, it should be acknowledged and researched as such.

Therefore, in this paper, we focus on INB as part of the latest wave of corporate branding literature development. The underlying argument is that Interactive Network Branding consists of the unfolding processes of firm identity and reputation building in business networks, which are socially constructed through interactions between firm representatives (Koporic & Halinen, 2018; Koporíc & Törnroos, 2019). These representatives are individuals who are initiating, developing, maintaining, and ending relationships in business networks. As such, individuals are both implementers of branding and networking (e.g., relationship building) processes. In simple terms, “Interactive” characterizes human interactions that occur during the relationship development stages; “Network” describes a place where those relationships are
embedded, and “Branding” presents processes of identity and reputation building (Koporcic, 2017). Next, we will elaborate on INB dimensions and their role for business relationship development.

**External branding dimension** is understood here through the concept of a reputation, which is described as a general perception of a firm shaped by other firms from a business network. It describes “how others see and value us” and is thus oriented towards the firm’s business partners (e.g., Brown et al., 2006; Abratt & Kley, 2012). However, the reputation does not solely refer to the corporate brand reputation. Instead, through INB processes, besides corporate, i.e., organizational reputation, it is important to note the existence and importance of a personal reputation. This reputation refers to the character of a firm representative that has been judged by other representatives from the business network (Ford, 1980). The personal reputation oftentimes has a direct influence on corporate reputation. This is especially relevant for SMEs, where oftentimes the owner and company are inseparable units. Thus, the external dimension incorporates the overall impression that business partners have on a focal company and its representative(s).

**Internal branding dimension** is focused on understanding the concept of corporate identity, which is described as an internal perception of the firm shaped by the firm’s employees (Koporcic & Törnroos, 2015, 2019). Corporate identity, in this sense, relates to relationships that individuals have inside their companies. It focuses on their personal insights and seeks to understand “how we see and understand ourselves” (Simões et al., 2005; Brown et al., 2006). These perceptions can change over time, during which the company encounters specific small or big intrinsic changes. In addition, through interactions with other business actors, companies are communicating their identities, in order to influence their reputation building. This furthermore corresponds to the following, mutual INB dimension.

**The mutual INB dimension** (see Figure 1) presents an intersection between internal and external dimensions (Koporcic & Törnroos, 2015, 2019). In other words, it is an “in-between space”, where internal dimensions influence the external ones through the process of interaction. The process of interaction alludes to the individual, personal interactions between firm representatives. Here we follow Granovetter (1985) line of thought that describes interaction and communication process as driven by economic but also social gains. Throughout these processes, representatives are influencing the perception of others, i.e., co-creating their reputation. At the same time, these perceptions of other representatives will have a bearing on a firm identity, i.e., how individuals perceive their own companies. Thus, only through an aligned manner of internal and external dimensions, all network actors can benefit from interactions.

**Figure 1.** Interactive Network Branding dimensions
2.2.1. Interactive Network Branding processes in a cross-cultural context

The overviewed INB processes may have different specifics depending on the cultural context in which they are operated. In this paper, we focus on two distinct emerging market contexts, namely Croatian and Russian. Both countries have some shared history in terms of the influence of Soviet and communist ideologies, which to some extent predefines, in particular, the importance of interpersonal interactions in business relationships and networks (Ivanova-Gongne et al., 2018).

Thus, both in Croatia and in Russia, the external branding dimension, presented by corporate reputation is primarily built on references from personal or social connections. In Croatia, word-of-mouth, and recommendations from close personal contacts (previous business partners, friends, and family), predominantly serve as a source of credibility and means of risk reduction when choosing a business partner (Koporcic, 2017). In Russia, the concept of “gossip” may additionally describe how reputation is gained. Within the Russian context, gossip is one of the components of business communication and a part of the Russian linguistic image of the world (Osetrova, 2011). In Russian social relationships, gossip is still highly credible and may be regarded as an authoritative source of information with a high level of trust towards it, due to its interpersonal character (ibid.). Gossip, however, cannot be perceived as official information or recommendation (e.g., customer reference), since the information distributed via a gossip may as well be false or incorrect (Osetrova, 2011).

The internal dimension and corporate identity are deeply embedded in the cultural context as well. For instance, the identity of Russian companies is intertwined with their cultural specifics, as a need for getting to know each other personally before doing business. This relates to the cultural concept of ‘dusha’, which is literary translated as a soul. Russian ‘dusha’ is the symbol of the irrationality and represents the importance of emotions. “One’s dusha opens when one shows to other people what one thinks and feels— and when one does it impulsively, spontaneously, because one wants to say to someone else what one thinks and feels, and not because of anything else” (Wierzbicka, 2002, p. 428). Thus, for example, being able to have a ‘razgovor po dusham’, which can be translated as heart-to-heart talk, is a crucial element of interpersonal interaction and friendship in Russia (Wierzbicka, 2002; Shmerlina, 2006).
Similarly, in Croatia, unrestrained interpersonal interactions are a crucial part of cultural identity, which is present in the business context as well.

*The mutual INB dimension* arises in already created business relationships in which different corporate identities and the firms’ reputations collide. In these settings, companies are coming together through interactions between their representatives, which furthermore denote the embeddedness in their cultural context. Thus, cultural adaptation within the business relationship is an essential part of the development of the mutual INB dimension. Cultural adaptation is “an attempt to accommodate the perceived foreignness of the participant from another culture” (Weck & Ivanova, 2013, p. 212). In other words, by means of cultural adaptation, a company can adjust the way in which their partners perceive them, by adapting to their cultural expectations.

Next, we present an analytical framework of INB in business relationships development (see Figure 2). The framework demonstrates that business relationship development is not strictly a linear process, and stages presented by Ford (1980) are not necessarily pre-set or time-constrained. Instead, the model denotes a process of business relationship development, as a result of interpersonal interactions that occur inside and outside of firms. In a similar manner, all of the INB dimensions are present throughout the business relationship development process. However, specific INB dimensions manifest in a more explicit manner at specific stages of relationships, thus being dominant for that particular stage. These interaction processes unfold over time in their different cultural contexts.

**Figure 2.** The analytical framework of Interactive Network Branding in Emerging Markets
3. Method

The study is empirical and explorative. In order to reach the research aims, we apply a qualitative approach and present findings from four business relationships in two EM contexts, namely Croatian and Russian markets. Those markets are chosen based on their similar cultural backgrounds and due to the lack of research on Central and Eastern European markets within the IMP tradition (Tretyak, 2013). Three Croatian SMEs are involved in the study (one company being the mutual partner), focusing on their domestic relationship development processes. The Russian SMEs showcase three international dyadic relationships with Western European counterparts, i.e., three Russian and three Finnish companies. While the Russian companies are all operating within the mechanical engineering field, the Croatian ones operate in the service industry (see Table 1). It should be noted that the aim of applying these different cases is not in comparing them, but rather complementing their findings. It is deemed possible to regard the cases as complementary due to cultural similarities between Croatian and Russian business environments (Ivanova-Gongne et al., 2018). Finally, this all enabled us to obtain a holistic perspective on the role of INB in business relationship development within the context of two EMs.

Table 1. A list of companies and interview data

| Companies (SMEs) | Representative (positions in the firm) | Industry | No. of employees | No. of interviews | Time period | Targeted EM |
|------------------|----------------------------------------|----------|------------------|-------------------|-------------|-------------|
| Ivy Commerce     | Ivan (CEO)                             | A distributor of beverages (wholesale & retail) | 51               | 3                 | 2015-2017   | Croatia     |
| Transport Ltd.   | Stjepan (Owner)                        | Service industry, transport                      | 8                | 2                 | 2015-2017   | Croatia     |
| Pivovara SB      | Monika (Marketing manager)             | Catering services, food & beverage              | 33               | 2                 | 2015-2017   | Croatia     |
| RusVent          | Leonid (Technical director)            | Manufacturer and distributor of ventilation solutions | 700              | 1                 | 2012        | Russia      |
| Rus Machine Dist | Petr (CEO)                             | Manufacturer and distributor of mechanical engineering products | 20               | 1                 | 2012        | Russia      |
| Rus Vacuum       | Pavel (CEO)                            | Distributor of vacuum solutions for             | 15               | 1                 | 2015        | Russia      |
In total, 10 interviews were collected: seven interviews with Croatian managers and three interviews with Russian managers. The interviews lasted for 1-2.5 hours each and were conducted in the native language of the informants, i.e., in Croatian and Russian. Conducting the interviews in the local language allowed for more expressivity from the informants and enabled us to uncover “subtle nuances” (Welch & Piekkari, 2006). The interviews with Croatian managers were conducted in Slavonski Brod area during the years 2015-2017, while with Russian managers in St. Petersburg area during 2012 and 2015. The taped interviews were transcribed verbatim. For the names of companies and managers, we are using pseudonyms in order to ensure anonymity.

The analysis of the obtained interviews was conducted considering the original languages of the interviews. Since the authors of the paper are of Croatian and Russian origin, this adds further credibility to the cultural interpretations of the data. The analysis of the informant’s narratives consisted of the following steps. First, we read the whole narrative in order to obtain its general sense. Second, we outlined the parts of narratives that described the stages of business relationships development in particular. Third, we looked at the structural components of the extracted parts of the narrative in order to understand the specific issues described by the informants within the frame of each relationship stage. The structural elements of a narrative consist of an “abstract (what the story is about); orientation (time, place, situation, participants); complicating action (what actually happened); evaluation (the “so what”); resolution (what finally happened); and coda (the ending and exit)” (Makkonen et al., 2012, p. 291). In order to understand the meaning behind the informants’ narratives, we particularly focused on the ‘evaluation’ component (Huberman & Miles, 2002), as well as on the ‘complicating action’ element of the narrative.

4. Findings

The study provides an enhanced understanding of the influence of INB on the first three stages of business relationship development. Findings are presented by focusing on Croatian and Russian cases separately. The aim is not to compare these cases or to achieve generalizability of findings, instead, to complement each other and show the relevance of INB for two different business network settings, i.e., emerging markets.

4.1. The Croatian case

The Croatian case is built of two dyadic relationships that are part of a business network. The first relationship is between Ivy Commerce (distributor) and Transport Ltd. (service provider), where Transport Ltd. is delivering products (beverages) to Ivy Commerce. The second relationship is between Ivy Commerce and Pivovara SB (buyer), where Ivy Commerce is selling
its products to Pivovara SB – which is then selling it to the final customers. Although these three companies present one supply chain or a triadic business network, we are here focusing on their individual, dyadic relationships and their processual characteristics.

The pre-relationship stage of the Croatian case demonstrates no direct interactions between potential business partners. During this stage, companies chose to rely on some other factors for evaluating a potential partner. The reputation comes into play here, as a part of the external INB dimension. In other words, during the time when firms are not familiar with each other, positive reputation and recommendations serve as a risk reduction mechanism and as a proxy for trust: “Besides Mr. Ivan, who was my partner from the beginning, I found other partners through word-of-mouth and recommendations from other connections.” - Stjepan (Transport Ltd.)

“Now, when our company is the second biggest in the Croatian market, everyone is contacting us and wanting to work with us!” - Ivan (Ivy Commerce)

It is important to highlight that the reputation at this stage consists both of a corporate, i.e., organizational reputation, as well as an individual, i.e., the reputation of a founder: “We choose our business partners based on their quality, which is shown through their reputation on the market. However, the reputation of the company and the reputation of a person who represents the company are equally important.” - Monika (Pivovara SB)

The importance of being recognized on the market is shown specifically in the second relationship. There was no previous experience between partners, and no reputation that could act as a proxy of trust: “At the beginning, when we first opened Pivovara SB, no one believed in our project. It was a great innovative project, but we were new on the market. So, we realized that before entering any business relationship we first need to have some evidence of good business results and a reputation. Otherwise, no one will trust us and take us seriously.” - Monika (Pivovara SB)

Hence, attractiveness, recognition, and perceived trust based on social network connections (references, word-of-mouth), and stereotypical knowledge, can influence how others perceive a certain company, especially in EMs: “Croatia presents a small market where everyone knows each other. Thus, in order to survive on the market, companies need a good quality of products, positive reputation, and strong connections.” - Stjepan (Transport Ltd.), Croatia

The cultural embeddedness of reputation at this stage manifested itself in the form of the importance of existing social network connections. During this phase, newly founded companies are approaching their first business partners, in order to connect with ‘the right’ ones, which will, in turn, lower risks, and influence the creation of their own reputation. However, what can be seen here is that through cultural embeddedness, dominating external INB dimension is overlapping with the mutual INB dimension, which is manifesting through interpersonal interactions. Although in the pre-relationship stage there is no direct interpersonal interaction between potential partners, there is an indirect interaction, which occurs between external actors, i.e., existing social network connections.
Furthermore, in the Croatian case, the early stage shows the dominance of internal INB dimension over external. In other words, it is characterized by the development of the firm identity, which is thus built inside of a company. However, at the same time, the identity of a firm can be influenced through initial interactions between business partners, denoting the manifestation of the mutual INB dimension in this early stage as well. In other words, INB comes to existence through first interactions between firm representatives, which can sometimes even act as triggers for the development of the firm’s core identity: The relationship with Ivy Commerce started through our conversation one day. Ivan needed a service provider, and he offered me to buy his trucks and start a partnership. I remember that moment as if it was yesterday! I would never dream of doing something risky like that if there wouldn’t be Mr. Ivan and all of his support.” - Stjepan (Transport Ltd.)

However, in certain situations (as presented above), when potential partners already know each other from before, their interpersonal interactions may result in bypassing the pre-relationship stage and moving directly to an early stage.

Finally, the development stage of business relationships in the Croatian case shows the importance of mutual INB dimension and answers on a question of “how we see ourselves together.” In this stage, business partners have already developed trust and commitment, and are focusing on a win-win situation. All written and unwritten rules of a relationship are known, and the reputation of each firm is having an influence on the reputation of its business partners. The same goes for identity. Through interactions between individuals, the identity of each company is getting adapted: “If any problem arises, you know you will solve it together. Your partner is protecting you. Also, if you are doing something wrong, your partner will tell you. And you will fix it since he told you so. And this is exactly what we have with Ivy Commerce.” - Monika (Pivovara SB)

Croatian case furthermore shows that for both relationships, at this stage, the identity and reputation as such are not crucial for surviving on the market anymore. Instead, the mutual, in-between place, in which individuals interact, is essential: “Everything functions great with Mr. Ivan. There is no need even to think about moving to some other business partner.” - Stjepan (Transport Ltd.)

“When you find a great partner as we did with Mr. Ivan, the only thing you need is to develop further and maintain that relationship. We can completely trust him, and thus we are not planning to replace him. And the satisfied business partner is the best reference on the market. The best advertisement and a reputation for your business.” - Monika (Pivovara SB), Croatia

4.2. The Russian case

The Russian case represents three dyadic relationships between Russian and Finnish partners. Although all of these relationships are embedded in a business network context, here we focus solely on the dyads and the Russian perspective on business relationships.

The pre-relationship stage in this case also shows the importance of reputation, i.e., external
INB dimension. Thus, all of the dyads established their first contact through some sort of connections and internal knowledge, or based on word-of-mouth: “A person with knowledge of Finnish language has worked in our company, and I asked him to look for something else [for other suppliers]... We considered several companies in Finland, and this young man [person] somehow knew Joonas... and advised to consider FinnFilt. And so we have met...” – Leonid (RusVent), Russia

Furthermore, information on the specifics and business actors on the market is also often gained through social networks and “gossip” in Russia, thus denoting the manifestation of mutual INB dimension, in a similar manner to the Croatian case (see section 2.2.1 for more information on the concept of “gossip”): “We know what’s going on [on the market] even without communicating with the plant. If people go to another business, then we know exactly what’s going on there [in their new business]. So we have no problems with this [getting information about the market]. The information is so rich, well, and Russian people love to talk... So everybody knows everything, this information often atrophies of course, like gossip usually does, but you can read between the lines and get the necessary information.” – Petr (RusMachineDist), Russia

However, in most situations, when individuals do not know each other, there is a slow progression towards the trust and commitment building during the early stage of relationships. Thus, in the case of the Russian companies, personal relationships did not precede business, due to the relationships being with a foreign partner. Despite social networks playing a big role in establishing the first contact with foreign companies, real trust and commitment are not built yet. Instead, they are developing through social events, and sometimes even by investigating a partner: “Our Finnish colleagues made a sample for us... If we understand that the price is ok for us, we further go onto the technical issues. If the technical issues are ok, we then buy a sample and test it here. If this sample meets our quality requirements and the parameters are the same as promised, then we sign a contract.” – Leonid (RusVent), Russia.

These aspects derive to some extent from the cultural backgrounds of the respondents. In particular, a Russian proverb “Trust, but verify” describes quite well the trait of Russian character to check the information carefully even if it is first-hand and reliable. Thus, having activities outside of the work context, in order to get to know the partner on a personal level, is important in the Russian context (see Week & Ivanova, 2013). That, in turn, shows that corporate identity, i.e., internal INB dimension, is embedded in the traditional culture. Another cultural specific of Russian business identity that frequently appears during this stage is high price-consciousness, which may surpass personal relationships and quality of the product: “The [Russian] mentality is such that it is necessary to bargain... Everyone knows that FinnMachines has expensive equipment, highly efficient, fancy, but expensive. But our people [Russians] want a discount...” – Petr (RusMachineDist), Russia.

“...yes they are an assembly company; they have their ideas, some thought, but it did not work, although there is a Russian-speaking employee and we have very good [personal] relationships with Irina. And we often visit them [as guests], have meetings with the owner and go to the sauna together, etc.... but the business does not work, because of the expensive equipment... but
I have offered them some options, but they said: "Well, we better sell less but earn more"... - Leonid (RusVent), Russia

In other words, the early stage presents the cultural identity of a company and individuals that represent the company. It is manifested through the culturally specific structure of communication, and other business and social interactions occurring during this stage. At the same time, the interaction between parties and the mutual INB dimension is crucial for this stage. This would overcome the distrust barrier and enable the start of cultural adaptation to each other’s ways of doing business. Finally, cultural adaptation will help partners to develop trust further (Weck & Ivanova, 2013).

The development stage in the Russian case also shows the importance of the mutual INB dimension. In this stage, a certain trust level has been reached, and necessary adaptations have been made, thus making identity and reputation of the partners mutually influenced through business interactions: “In spite of the peaks [in prices during the period of sanctions], together with the Finnish party we were making the deliveries at that time. We were not expecting anything: we were just moving ahead. Not as if nothing happened, it happened, there were difficulties, but the relationship became even more trustful...it turns out that the partner shows himself in trouble. If we are meeting them halfway, they are doing the same.” – Pavel (RusVacuum), Russia

It should be noted, however, that although business relationships between Russian companies and their Western partners were also trustful and loyal at this stage, they have not been as close as those between Croatian companies, due to cultural distance and possible need for more cultural adaptation: “Well, you know, we have a lot of communications, exhibitions together, etc... We talk a lot about our customers, our motives... But when talking about putting oneself in another's shoes, there are two different things. One can understand our motives, but cannot put oneself in our shoes. Well, when it comes to an understanding, they understand well... [But] there was a situation where one [Finnish] manager almost ruined the deal...Basically because of a translation problem and strange, “cold-hearted” principles. Well, it all came up to the highest leadership of all parties on the matter, but we managed to save the situation.” – Petr (RusMachineDist), Russia

5. Discussion

The empirical analysis of this study presents the role of Interactive Network Branding in the relationship development process, within the context of two emerging markets. Figure 3 presents the resulting framework, which was derived from the empirical analysis.

On the basis of our findings, the pre-relationship stage in both cases corresponds to the interactive nature and dominance of an external INB dimension. In other words, the findings from both Croatian and Russian cases show that the choice of a new partner is frequently based on recommendations from common acquaintances or friends. Recommendations and connections are thus creating a way for deeper interactions (Håkansson & Snehota, 2006).
However, at the same time, mutual INB dimension manifests itself in this stage, by demonstrating the importance of interpersonal interactions and their influence on potential business partners. This corresponds to findings from previous research on the importance of social connections for a business relationship development (see, e.g., Halinen & Salmi, 2001; Fayolle et al., 2016; Jack, 2010). In addition, our study confirms the findings of Larson (1992) where it is proposed that relationship initiation is often a result of the founder’s reputation, friendships, and partners’ mutual history, as well as with the study by Pearson and Ellram (1995) where partner selection is found to be informal and often a result of some problems in network settings. In addition, our paper is inspired by the study conducted by Mäläskä et al. (2011), which shows how social and business network relationships can influence B2B SME branding. Finally, our study adds empirical findings on a conceptualization of interpersonal interactions and their importance for branding and networking in business markets, proposed by Koporcic and Halinen (2018).

Figure 3. Interactive Network Branding dimensions within business relationship development

However, although Ford’s seminal article initially suggests for the early stage that “many of the judgments made of each company will be on their reputation, as a substitute for experience of their abilities” (Ford, 1980, p. 344), we would argue that the reputation is even more crucial for the pre-relationship stage. These differences in relationship development, however, can be due to an emerging market context, which is predominantly different from developed markets, where most of the existing studies are based.

Moreover, while Croatian business relationships developed quite quickly, Russian relationships with their Western partners took time to develop and to get to the development stage. In other words, while in both contexts the initiation of business relationships was based on personal connections, in the Croatian case the personal connections were on the level of friendship already before business relationships, which influenced the first two stages being short and almost skipped. In these cases, reputation and identity did not play the most significant role for
relationship development, but instead, actors created the mutual dimension rapidly after the first interactions (resulting into somewhat limited findings for the early stage). Thus, both Croatian dyadic relationships went on development stage quickly after relationship foundation, during which their identities and reputation were mutually influencing and being influenced by business partners. It should be noted, however, that while interpersonal relationships are part of business relationships, the presence of solely interpersonal relationships without any business activities does not imply that the business relationships had started at the time when these purely interpersonal interactions were initiated.

On the other hand, the Russian international case that presents three dyadic relationships has a different relationship development process. This case presents business relationships with partners from West European developed markets, which followed the traditional three stages of development. However, the EM context influenced how the stages were performed, i.e., how identity, reputation, and mutual dimension were manifested. For instance, the pre-relationship stage was mostly dominated by reputation, where personal contacts and social networks played a significant role. The early stage was characterized by strong identities from the Russian side, which was manifested in how they communicated with international partners (in terms of formal-informal communication). Thus, the development stage appeared later than in Croatian relationships. However, the necessity of building trust and commitment between partners from the very beginning, and the foreignness of the partner prolonged the complete creation of mutual INB dimension. In general, business contacts in Russia and Croatia are often personalized, in order to help companies to overcome some of the uncertainties they are facing in emerging market contexts. These findings correspond to previous literature on Russian markets (see, e.g., Salmi & Mattsson, 2015).

To summarize, it is essential to pinpoint that despite certain INB dimensions being dominant in specific stages of business relationship development, both cases demonstrated the presence of the mutual dimension (to some extent) in all of the stages. This finding indicates the need for branding to be socially constructed and thus interactive throughout business relationships development.

6. Conclusions

In conclusion, it is important to note that this article does not aim to generalize findings. Nor it is stating that the stages of relationship development strictly correspond to INB dimensions for every existent case. Instead, this paper aimed to elaborate on the importance of INB for business relationships development, within a cross-cultural context of two EMs. This is the first attempt to study business relationship development through branding perspective in general and INB perspective in particular. It builds a deeper understanding of identity, reputation, and mutual INB dimension, and their manifestation and influence on each relationship stage. In addition, the study has a cultural context, which makes it one of the rare cross-cultural studies related to branding in business marketing research.
Thus, our main theoretical implication is towards the relatively new concept of Interactive Network Branding that combines a) business relationship and networks (IMP approach) and b) B2B branding literature. More precisely, we add to the 3rd shift of branding research development (introduced by Biraghi & Gambetti, 2015), where branding is finally understood as socially constructed and dynamic process of co-creation of value between business partners (Koporcic & Halinen, 2018; Koporcic et al., 2018; Koporcic & Törnroos, 2019; Melewar et al., 2012; Mäläskä et al., 2011). We add to this shift by introducing branding as part of business relationship development, while examining this interconnectedness empirically. Finally, we add a cultural perspective on this business phenomenon (Hatch & Schultz, 1997; Ravasi, 2016). By bringing INB into relationship development, and by considering its embeddedness in a cultural context, the study extends current understanding of business relationships and corporate branding.

The role of individuals for business relationships development (Axelsson, 2010; Guercini et al., 2014; Halinen & Salmi, 2001; Henneberg et al., 2010; Koporcic & Halinen, 2018; Koporcic & Törnroos, 2019) and INB process (Koporcic & Halinen, 2018; Koporcic & Törnroos, 2019) have been highlighted, by bringing individuals in the spotlight of interactions. As Halinen and Salmi (2001, p. 6) argue: “Ultimately all business relationships are formed and developed in the interaction between people.” When dealing with individuals, management of these relationships can be challenging. Since this research presents empirical findings with a positive connotation on personal relationships, a further research suggestion denotes the importance of studying adverse effects that those connections could have on business relationship development (see Halinen & Salmi, 2001). These adverse effects can, for instance, result in destroying the reputation of a company in its business network (see, e.g., Cederqvist et al., 2018).

Additionally, since all the personal and business relationships are formed at a certain point in the past, they are ‘past-oriented’ (Halinen & Salmi, 2001). At the same time, while developing relationships and interacting with partners in the present, the orientation of these processes is always towards the future. Thus, the past-present-future orientation of INB requires more attention.

Although INB predominantly focuses on processes occurring in a business network context, we delimit our empirical work on dyadic relationships, which are part of broader business network settings. This allows us to focus in more detail on their specific relationship development, which results in more in-depth findings. However, based on the chosen qualitative research approach and focus on Croatian and Russian markets, the findings might lack generalizability. Thus, it is important to note that every EM is slightly different, as well as every business relationship. Therefore, these findings are not aiming towards generalizability, but instead, towards a more profound understanding of the phenomenon. Thus, future research is needed in order to observe business relationship development through INB dimensions in different cultural environments and EM settings.

Finally, another contribution of the paper lies in being one of the first empirical examples of INB, as well as a rare example of a study taking a cultural perspective on branding in business.
relationships development. Thus, managerial implications of this paper concern bringing relevant insights for practitioners who are owning an SME or having a partnership with one, especially in turbulent EMs. In other words, the article provides a new perspective for managers on coping with the development of business relationships and branding in the EM context.

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