USE OF INTERNATIONAL TRADE FAIRS
FOR THE INTERNATIONALISATION OF SMEs

- A Network Approach

By

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Abstract

The impact of international trade fairs on the internationalisation process of small businesses participating in global value chains remains quite an unstudied field, so are trade fairs’ network-building properties. To date, it appears that there is no literature on the detailed steps of building up business networks. The way these business networks are created and how they are structured is neglected in the literature. The outcomes of this thesis offer a contribution to this area, by examining the use of trade shows as a way to build business relationships. Using a network approach to internationalisation, the purpose of this thesis is to look at the impact international trade fairs have on the internationalisation process of New Zealand SMEs. Based on the experience of six New Zealand SMEs, this study analyses the benefits they feel they perceived from participating in international trade fairs. Qualitative interviews were conducted in these companies to build the cross-case comparison. The study explores for the first time the influence of governance mode and value chain position on the benefits that an SME derives from its participation in trade fairs. International trade fairs offer great network-building possibilities for SMEs, as well as selling, promotion and information gathering potentials. These benefits are also of great importance for born-globals. However, trade fair benefits appear to largely be determined by the governance modes controlling global value chains. The SME’s position and trajectory within the chain appears to have less effect on its use of trade fairs.
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**1. Introduction**

The impact of networks on the internationalisation process of firms has largely been supported in the literature (Johanson & Mattson, 1988; Bell, 1995; Coviello & Munro, 1997; Donckels & Lambrecht, 1997; Johanson & Vahlne, 2009). Johanson and Mattsson’s (1988) approach to internationalisation is the starting point for further research on the impact networks have on the internationalisation process of firms. Indeed, this impact has longer been assessed, leading to address some criticisms to the traditional “stage” theories, if not challenging them.

Many other authors have notified that the traditional internationalisation theories could not suit small businesses and network relationships could be a more relevant explanation to SMEs’ internationalisation (Oviatt & McDougall, 1994; Bell, 1995; Chetty & Campbell-Hunt, 2003; Coviello & Munro, 1995; 1997; Moen, Gavlen & Endresen, 2004). The emergence of born-global organisations and international new ventures is a clear challenge to the traditional theories; the network approach being stressed in these new phenomena.

These views challenged the traditional “stage” theories, which led Johanson and Vahlne (2009) to recently review their original model, which now takes into consideration the network view. Thirty-four years of research suggest that international business is increasingly structured through networks of inter-dependent firms (Uppsala 2) as against within a single firm (Uppsala 1).

In the early 2000’s, the emergence of the global value chain phenomenon emphasised the new structure of international business. Firms add value by being involved in a value chain of a global scope; hence build their position in a network.

These global value chains are governed by rules and regulations that can be a barrier for SMEs (Jorgensen & Knudsen, 2006).

With international business being increasingly done within networks of firms (in contrast to within a single firm), greater emphasis must be put on establishing contacts between potential network partners and on strengthening these relationships once established. Trade fairs offer extensive opportunities to establish and strengthen contacts and so may play a useful – even crucial – role in the emergence of global business networks.

The literature on international trade fairs has shown interest in their potential for networking only recently. By contrast, the selling and promotion aspects of trade fairs have been well
researched (Rosson & Seringhaus, 1995; Letwin, 1978; Lilien & Little, 1976; Browning & Adams, 1988). The network dimension has been suggested (Rosson & Seringhaus, 1995; Evers & Knight, 2009) but not further developed.

The literature tends to focus on the implications of trade fairs for visitors. A greater emphasis must be put on the implications for exhibitors.

This thesis looks at the impact international trade fairs have on the internationalisation of SMEs from a network perspective. The research focuses on how trade fairs help SMEs to enter overseas markets through networks, and how trade fairs will help SMEs to build their position in global value chains. It also seeks to give insights on how this impact will differ depending on the governance that characterises the value chains SMEs participate in.

This thesis is made up of three main chapters:

- An extensive literature review
- A project
- A conclusion summarizing conclusions of the project and comparing its propositions to the conjectures derived from current literature. Implications for researchers and managers are also offered
2. Changes in business practices and theoretical advances

*International business is increasingly structured through networks of inter-dependent firms (Uppsala 2) as against within a single firm (Uppsala 1)*

1- Johanson and Mattsson’s (1988) approach to internationalisation: the network model

Johanson and Mattsson (1988) develop an approach to internationalisation that takes into consideration the relationships a firm has with the actors of a business network; those actors being customers, distributors, suppliers, competitors. This model was developed because of an increasing importance of international interdependencies between firms and within industries. This model is largely associated with the internationalisation process of firms as it describes the relationships between firms within and beyond national boundaries. Internationalisation occurs through building and maintaining relationships with counterparts in other countries. For Johanson and Mattsson (1988), “internationalisation means that the number and strength of the relationships between the different parts of the global production network increase” (p. 296). From their point of view, the internationalisation concept is inevitably associated with the network concept. They explain the concept of network by defining the industrial systems where firms interact with each other and consequently depend on each other. “The industrial system is composed of firms engaged in production, distribution and use of goods and services. We describe this system as a network of relationships between the firms. There is a division of work in the network which means that the firms are dependent on each other, and their activities therefore need to be co-ordinated” (p. 291).

As far as the network model is concerned, three ways are described to reach and maintain positions in foreign networks. First, by creating relationships with counterparts in countries that are new to the firm – international extension. Second, by enhancing the commitment to existing relationships with counterparts in foreign networks – penetration. Third, by enhancing co-ordination between positions in different countries – international integration. Several attributes to the relationships can be identified in that model. The position a firm has within a network will characterise its relation to other firms. Johanson and Mattsson (1988) use the concept of position described by Mattsson (1985) that refers to the role an organisation has for any other organisations it does business with or is related to within the
network. This relation between organisations can be direct or indirect. They are direct when two organisations are linked to each other and depend on each other. They are indirect when two organisations become interdependent through a third party.

A position within a network is governed by norms and the firm is expected to act according to these norms referring to its own position within the network (Merton, 1957). These norms are established by the network’s leading organisations.

Mattsson (1985) views the concept of position from different angles. First, he defines the position a firm has within a network in relation to the functions performed by the firm, e.g. wholesaler, manufacturer. Second, he defines the position a firm has within a network in relation to the identity of the organisational units that the firm is linked to. Third, he defines the position a firm has within a network in relation to the relative importance of the firm in the network, which means that a firm can dominate in a network in terms of market share, or on the contrary, can be marginal.

Because the position of a firm is defined by its relation to one or several other firms, a change in the former’s position is going to impact the latters’ position. In that sense, the network is changing. However, such changes take time, which explains why Mattsson (1985) argues that the network is both stable and changing. A firm might have several positions within the network. It can be the supplier of one firm and at the same time the buyer of another firm. This means that it is important to identify the position a firm has within a value adding chain.

Although Mattsson’s (1985) definition gives great insights on the concept of position used in the internationalisation approach proposed by Johanson and Mattsson (1988), I will come back on that concept in the next section as a more contemporary definition seems to suit today’s context better.

Other attributes of the relationships are fundamental to achieve a certain position. Knowledge, experience, and confidence help build and maintain relationships, although they require effort and time. This type of “friendly business relations” is preferred than “formal business relations” to achieve a certain degree of confidence that will enhance the business (Johanson & Mattsson, 1988).

The complementarity of resources is another aspect of the relationship. A network is composed of firms that interact with each other and are dependent on each other. Hence, they are dependent on the resources controlled by other firms. The firm gets access to external resources through its position within the network. This is perceived as “formal business relations”.
In Johanson and Mattsson’s (1988) model, internationalisation is mainly discussed through two main aspects: the degree of internationalisation of both the firm and of the market. Considering those two elements, the authors highlight the importance of co-ordinating the firms’ activities and of the position they have in the network. They stress the concept of market positioning because they describe the firms’ activities in the market as a “cumulative process” and the firm’s development is dependent on its position. Relationships are subject to change over time and thus the position firms have within the network might change too. In that sense, networks are seen as both stable and changing where the firms’ position might change in order to build long-term relationships.

The network theory has been used in several studies since 1988 notably to better comprehend the internationalisation process of small businesses where the access to external resources can be limited and the difficulty to cope with competition abroad if they are not highly specialised. Johanson and Mattsson (1988) emphasise this issue when the firm has a low degree of internationalisation and wants to enter a market that is highly internationalised.

2- Johanson and Vahlne’s (1977) approach to internationalisation: The Uppsala Model (Uppsala1)

The notion of market knowledge is one of the key points of the Uppsala model. Based on the generalisation of empirical research, Johanson and Vahlne (1977) develop a model and see it as a “process of incremental adjustments to changing conditions of the firm and its environment” (p. 26), where knowledge is acquired through a slow incremental decision-making process. The authors pointed out the importance of market knowledge and market commitment as well as the importance of psychic distance, which are seen as the key drivers to internationalisation. By market knowledge, Johanson and Vahlne refer to information gathered about a specific market and the operations in this market. By market commitment, they refer to a firm’s resources that are committed to the foreign market. The notion of psychic distance refers to differences in language, culture and political systems that disturb the flow of information between the firm and the market (Vahlne & Wiedersheim-Paul, 1973).

Internationalisation should be seen as a dynamic cycle: “this process evolves in an interplay between the development of knowledge about foreign markets and operations on one hand and an increasing commitment of resources to foreign markets on the other” (Johanson & Vahlne, 1990, p. 11). Therefore, a distinction is made between state aspects and change
aspects of internationalisation. State aspects involve the commitment and the knowledge a firm has towards the chosen market. Change aspects involve the current business activities. This means the way activities are led and the way decisions regarding commitment of resources to the targeted market are taken. The state aspects affect the change aspects. Those two aspects explain why market knowledge is salient as it allows the company to identify opportunities in a new market. “The better the knowledge about a specific market, the more valuable are the resources and the stronger is the commitment to the market” (Johanson & Vahlne, 1977, p. 28). This mechanism of internationalisation sets up a cycle of learning and accumulating knowledge about and commitment to a foreign market. The authors differentiate several types of knowledge but see the experiential knowledge as crucial because of its difficulty to be acquired. This knowledge about opportunities and problems is gained successfully during the operations in the targeted country. It is this knowledge that will allow a firm to make or not the decision of going further in terms of business activities in a particular market.

Before acquiring foreign market knowledge and committing the resource to the market, a firm will probably choose a particular country because of very little psychic distance it may have with it. Therefore, to cope with uncertainty, firms will first enter foreign markets they can understand because of their similarities. As experience grows, they will enter more distant markets (Johanson & Vahlne, 1990).

In the Uppsala model, the authors showed how previous export experience can be expected to affect export behaviour and hence the internationalisation process. According to them, this model is useful in the decision-making plan towards international operations.

3- Critical views

Johanson and Vahlne’s (1977) internationalisation model has been criticised by many authors. As far as the importance of knowledge is concerned, this pillar of Uppsala 1 has been questioned. Hedlund and Kverneland (1985) have found evidence that the patterns showed by the firms they studied were at variance with the patterns proposed by the Uppsala model. They explain this difference by arguing that the increased frequency of internationalisation by many firms has led to increased familiarity with and knowledge about internationalisation business.

The first fruits of the criticisms about the concept of psychic distance started in the late 1980’s. Czinkota and Ursic (1987) argued that this concept has become less relevant and
Nordström (1990) explained the psychic distance between countries has decreased as the world has become more homogenous.

Following these ideas, Bell (1995) suggests that client followership is an explanation that could provide more insights on the reasons that lead firms to reach more distant markets: “the process is influenced by domestic and foreign client followership, the targeting niche markets and industry-specific considerations, rather than by the psychological or geographic proximity of export markets” (p. 71-72). Client followership can be defined as the process by which firms enter new foreign markets as a result of international strategies of their domestic clients (Czinkota & Ursic, 1987). The network view provides a relevant explanation in the internationalisation process of SMEs.

In their article, Coviello and Munro (1997) argue that regarding the internationalisation process, an SME’s strategy emerges as a pattern of behaviour influenced by its relationships. For Coviello and Munro (1997), the key step for SMEs’ internationalisation is no longer market entry but network entry. Moen, Gavien & Endresen (2004) also emphasise that the firm’s relationships are a key determinant in its internationalisation process in terms of entry forms and market selection.

Learning, knowledge and commitment are still important for a firm’s internationalisation. However, these activities that happened inside a firm’s boundary must now happen between firms in a network.

Trade fairs offer one mechanism to achieve these ends in a networked structure.

4- Johanson and Vahlne’s (2009) revisited approach to internationalisation (Uppsala 2)

Considering the criticisms addressed to the original Uppsala Internationalisation Process Model and the advances made in the theories, a revision of the model appeared relevant to the authors.

In 2009, Johanson and Vahlne identify that the main domain of research in this area is the ways in which networks influence internationalisation. However, they stipulate that it has been done without either discussing how those networks have been created or considering the network structure in countries firms entered. Although the network view has brought great theoretical advances in the area of internationalisation process of firms, there are still some important points to be covered.

They now see internationalisation in terms of a network development process where a successful internationalisation requires that the firm is well established in one or more networks. Thus, through networks, firms learn, build trust, develop commitment, and identify
opportunities in this environment. Those factors may lead to business development and internationalisation.

In the original model, knowledge is fundamental to a firm’s internationalisation and grows out of experience in current activities, which is crucial to the learning process. In Uppsala 2, this is extended by adding the concept of relationship-specific knowledge, which is developed through interaction between partners. The outcome of such interaction is that they learn about each other’s resources and capabilities. This comes to support Nahapiet and Ghoshal (1998) in the sense that networks provide access to resources.

They also added the concept of trust and commitment building, which is very specific to the network view. Trust appears to be a prerequisite to commitment as it allows sharing information, mostly in a situation of uncertainty, and enhances the desire to continue the relationship.

In the original model, market commitment and market knowledge affect perceived opportunities and risks that will influence commitment decisions and current activities. They admit that the opportunity dimension of experiential learning was neglected and conclude that the opportunity development process is now seen as an interactive process. Learning and commitment are at the heart of this process and the bridge between both is trust.

Regarding the “establishment chain” – which has been strongly criticised in the literature – they argue that the changes in company behaviour observed are due to a change in the international environment rather than in the internationalisation mechanisms. However, they notify that the network view is an explanation of the deviations from the establishment chain.

Regarding the criticisms made about psychic distance and market entry mode order, they admit that there are not of great importance at the firm level anymore, but are still significant at the decision-maker level. At a firm level, they rather think that the choice of entry mode depends on outside opportunities perceived through the network.

Knowledge, trust and commitment (state variables) explain the early stages of the internationalisation process. As knowledge is context-specific, small firms will have the same access to information than large firms. To do business offshore, a company will hence go where its partners see opportunities. The revisited model gives Johanson and Vahlne the opportunity to argue that it is now applicable to both small and large companies. The reason is that it is a matter of experience over size. Experience and knowledge are acquired through engaging in business relationships.

Again, international trade fairs offer SMEs one mechanism to achieve these ends in a networked structure.
5- International New Ventures and Born-Globals: an example of firms using a network approach

Coviello and Munro (1997) support Oviatt and McDougall (1994) when they described the internationalisation process of “international new ventures” (INV). They argue that INV are firms – often small businesses – that reach overseas market from inception. An international new venture is defined as “a business organisation that, from inception, seeks to derive significant advantage from the use of resources and the sale of outputs in multiple countries” (Oviatt & McDougall, 1994, p. 49).

Born-global organisations can be defined as “companies which from inception aim at overseas markets, and consider the domestic market to be just one more market among many” (Jaeger & Rudzki, 2007, p. 5). This notion was first used by the McKinsey & Company when the consulting company made a study of Australia’s high-value-added manufacturing exporters. It showed the rise of SMEs that successfully compete against large players in the global arena (Rennie, 1993). The concept of international new ventures (Oviatt & McDougall, 1994; 2005) is very close to the “born-globals” phenomenon (Rennie, 1993; Knight & Cavusgil, 1996; Chetty & Campbell-Hunt, 2003) as to their rapid internationalisation from inception. Although one could see some slight differences between the two concepts, it does not appear relevant to go into details as companies are really similar; hence are likely to have the same use of trade fairs.

Supporting previous research on the network view, Chetty and Campbell-Hunt (2003) investigated born-globals. They have found that the attitudes of decision makers influence SMEs’ internationalisation process and their pace of internationalisation. They argue that both internal relationships and external relationships play an important role in the firm’s internationalisation process. This argument brings support to see the internationalisation process of born-globals from a network perspective.

Often SMEs, born-globals and INV show that they reach overseas market within the first three years of their life, despite their lack of resources and the fact that they are new to the market.

Knight and Cavusgil (2004) see born global organisations as entrepreneurial and innovative firms acquiring knowledge through their flexibility to adapt to a changing environment and where their organisational capabilities drive their performance. This link between organisational capability and performance support Oviatt and McDougall’s work (1994). Knight and Cavusgil (2004) and Oviatt and McDougall (1994) have shown that born-
globals/international new ventures acquire a significant base of knowledge and experience in a short span of time, which is a real challenge to the traditional theories of internationalisation. In the latter, it is a slow incremental process where knowledge and commitment are acquired through experience in the foreign market. In the two phenomena, internationalisation happens very early as many markets are targeted simultaneously and knowledge is acquired rapidly. In that sense, Knight and Cavusgil (1996) neglected the notion of psychic distance as the targeted markets may be psychically distant from the home country. There is not necessarily the need to do business in a specific country because of its close physical and psychical distance, but rather there is a need due to perceived opportunities. Another element often common to born global companies is that they are highly entrepreneurial in their international activities. Therefore, they are not particularly averse to risk taking, neither regionally nor locally (Campbell-Hunt et al. 2001).

The born global phenomenon has been more investigated because of the size of those companies. Born global organisations are mainly SMEs due to their brief operating life to date. For that same reason, they will also be resource-poor. In order to reach overseas markets from inception, it is argued that they acquire knowledge, learn from the experience and share resources with other actors in their business network (Chetty, 1994; Chetty & Blankenburg-Holm, 2000).

Chetty and Campbell-Hunt (2003) stress the importance of business networks and see them as drivers of the internationalisation process of SMEs. They argue that SMEs face many constraints due to their small size. They have limited financial and human resources and present a lack of knowledge of new markets. Chetty and Campbell-Hunt (2003) argue that SMEs overcome these constraints through networks: “Their business networks also enable them to proceed faster in their international growth” (p.9). Based on Coviello and Munro’s (1997) study as well as Chetty and Campbell-Hunt’s (2003) conceptual model, Ruokonen, Nummela, Puumalainen and Saarenketo (2006) try to see how SMEs engage relationships with other businesses to develop their network and thus access new markets. They underpin the difficulty for small software firms to find partners and to develop networks (p. 557): “from the perspective of a small software firm with a limited ‘window of opportunity’, it is often not a question of how to select a partner, but more of how to find one within a reasonable time frame”.

In this sense, the business network view stresses the salient role of network relationships, facilitating the internationalisation process of firms, notably SMEs. However, entering a network can be a difficult aim to achieve.
Born-global firms build partnerships at the early stage of internationalisation. Moreover, they maintain the relationships with their partners once they have entered the foreign market, which supports the network view of internationalisation. The knowledge acquired once they have entered a new market is useful and used to enter other markets. This group of firms is likely to use international trade fairs to acquire knowledge and simultaneously enter diverse foreign networks by developing business relationships at the fair. Chetty and Campbell-Hunt (2003) suggest this idea: “Entry into a market depended on who approached the firm at a trade fair or on a chance encounter in one of their existing markets. Through their trade fair contacts the firms would get an idea about potential interest from prospective countries” (p. 13).

The implications for trade fairs will later be discussed at the end of the chapter when developing the conjectures (table 1).

6- Foreign market entry strategies for SMEs

The entry into a foreign market has largely been discussed in the literature leading to a decline of the psychic distance concept. In 1995, Bell tested the export behaviour of small computer software firms in three European countries: Finland, Norway and Ireland.

In Bell’s (1995) study, few firms reported licensing or joint-ventures as a first market entry mode. These entry modes could well better suit bigger companies. Bell also reported that very few firms had established overseas subsidiaries, even though they have presented international activities for a long time.

Other entry modes exist, however not really relevant to SMEs scope as it requires resources that SMEs often lack.

His findings showed that exporting was SMEs’ preferred and most used entry mode. Exporting was mainly achieved thanks to existing relationships firms have, giving them the opportunity to reach their partners’ network.

Small exporting firms are likely to get great benefits from participating in international trade fairs. They could well meet potential customers.

There are two types of exports and it is assumed that the implication for the use of trade fairs can be different.

In the case of indirect exporting, the firm does not undertake the international activities itself but operates through intermediaries. Therefore, the company outsources a part of their sales to another domestic company, which sells overseas. Indirect exporting is often used by small and medium-sized businesses rather than multinationals as the formers have to cope with a
lack of financial resources (Evers & Knight, 2008; Kenny & Fahy, 2006; Wall & Rees, 2004). It can be suggested that indirect exporting few implication international for the use of trade fairs. The SME will find a distributor in its own country so there is no reason for attending international trade fairs.

Direct exporting on the other hand appears to have more implications for the use of trade fairs. Direct selling to overseas markets can be achieved through sales representatives, distributors, foreign retailers or direct sales to the end customer. As opposed to indirect exporting, direct exporting generally assumes that the firm is committed to the foreign market on a long-term basis (Beamish, Morrison & Rosenzweig, 1997; Wall & Rees, 2004). Even though direct selling to the end user is going to generate the highest profit as there is no intermediary, firms would often rather go with representatives or distributors and retailers at first, in order to be more credible in the market.

Trade fairs could be seen as the first step in that internationalisation process. It will help identify potential partners to access overseas markets. The SME being long-term oriented is likely to participate several times in trade fairs to be credible in the market place.
3. Emergence of global value chains as an example of network internationalisation

1- GVC, a network approach

Johanson and Mattsson’s (1988) definition of the industrial system is that it “is composed of firms engaged in production, distribution and use of goods and services” (p. 291). They describe this industrial system as a “network of relationships between the firms. There is a division of work in the network which means that the firms are dependent on each other, and their activities therefore need to be co-ordinated” (p. 291).

The network approach to internationalisation proposed by Johanson and Mattsson suggests that activities operated by a firm within a network are inter-dependent with other activities operated by the other firms of the same network. This relationship between firms within a network suggests that firms are dependent on each other. Each firm will have discrete activities within the production chain and the assembly of those activities will create the final good or service. The specificity of Johanson and Mattsson’s view is that networks have no national boundaries. The dependency of firms within a network inevitably leads to the need of co-ordinating their activities. By this, the concept of global value chains could be seen as one example of such networks. In that sense, firms’ access to foreign markets is enhanced by being part of value chains of a global scope (GVC).

2- Access to networks

According to Gereffi, Humphrey and Sturgeon (2005), the notion of a value-added chain is the starting point for understanding the emergence of GVC. The key issue raised from the literature is whether a firm should produce in-house or outsource some of its activities. When several firms are involved in that process, they become part of a network in which each firm adds value to the chain to produce the final good or service. A value-added chain is defined as “the process by which technology is combined with material and labour inputs, and then processed inputs are assembled, marketed, and distributed. A single firm may consist of only one link in the process, or it may be extensively vertically integrated” (Kogut 1985, pp. 15).

A firm becomes an actor of the value-added chain when it gets involved in one of the different functions explained by Porter (1985) and emphasised by Kogut (1985) in the above definition. By being part of that process, a firm can enter a new market thanks to the network created by the value-added chain. Gereffi et al. (2005) emphasise the role of network
relationships in the value chain governance, notably for firms in developing countries. They stress the idea that by operating in the global production networks through global value chains, firms can gain access to global markets.

3- GVC as a form of SME internationalisation

On a global scale, the value-added chain notion implies that the activities are fragmented across countries (Arndt & Kierzkowski, 2001) and need to be co-ordinated between firms. With regard to Jorgensen and Knudsen’s (2006) work as well as Tan, Smith and Saad’s (2006) work, Campbell-Hunt (2008) offers the following definition of a global value chain taking into account the changes that have occurred in the global economy: “a globally-distributed, stable network of inter-dependent value-adding enterprises, potentially including firms of any scale from MNE to SME. These are increasingly seen as a new form of internationalisation of economic activity” (p. 5).

The global scope of value chains provides opportunities for SMEs to internationalise their business because of the co-specialisation on value-adding activities that is going to reinforce the firm’s position in the network (Landry, 1998; Campbell-Hunt, 2008). By getting specialised in a particular activity, SMEs happen to give up on other activities in order to be competitive in their own business. Hence, global value chains can be seen as a form of SMEs’ internationalisation where their activities in the global value chain will help them access new markets through network relationships. This view, notably stressed by Campbell-Hunt (2008), Coviello and McAuley (1999) and Johanson and Vahlne (2009), encourages the recognition of the network as a key explanation of firms’ internationalisation.

4- Co-ordination

One of the key issues of such a network is the co-ordination of firms’ activities. The challenge is not only co-ordinating their activities but also doing so in spite of their location. Indeed, when a network is composed of firms operating across different countries, activities might be more difficult to be co-ordinated because of the geographic distance. Therefore, the need to co-ordinate those activities spread worldwide becomes salient to avoid any break along the chain as firms are dependent on each other. By co-ordinating their activities together, firms add value to the network. Therefore, this added value is distributed across countries.
5- Separability of ownership
In order to co-ordinate those fragmented activities, Arndt and Kierzkowski suggest that “separability of ownership is an important determinant of the organisational structure of cross-border production sharing” (Arndt & Kierzkowski, 2001, p. 4). They saw “separability of ownership” as a crucial determinant because it allows arm’s-length relationships which reduce the role of multinational corporations in the chains, leaving space for firms in developing countries. Research has focussed on developing countries where small firms were involved in value-added chains. Gereffi et al. (2005) support Hughes’ (2000), Henderson et al.’s (2002) and Dicken et al.’s (2001) views that inter-firm relationships in the global economy is complex but the co-ordination and control of the activities operated on a global production scale can be achieved without direct ownership. The “separability of ownership” becomes thus crucial for a good co-ordination of global value chains. Hence, “separability of ownership” is one of the main ways to effectively co-ordinate activities along the global value chains. Another fundamental aspect for a good co-ordination is the concept of governance of global value chains.

6- Governance typology
Jorgensen and Knudsen (2006) have shown that new market opportunities can be difficult for SMEs to leap on because of the existence of rules that govern the market and that can be perceived as entry barriers. These rules are not necessarily implemented by governments through trade policies. They are informal and are set by private parties. They often deal with quality, environmental and labour standards (Kaplinsky & Morris, 2001). These entry requirements can be difficult for SMEs to achieve because they do not own the same resources as large firms and it is more difficult for them to make some changes in order to comply with such requirements (Jorgensen & Knudsen, 2006).

The concept of governance in global value chains appears fundamental in the way global value chains work and in the way activities are co-ordinated. This concept can be defined as followed: “value chains are governed when parameters requiring product, process, and logistic qualification are set which have consequences up or down the value chain” (Kaplinsky & Morris, 2001). By this, one should understand that rules are implemented all along the value chain to co-ordinate the activities and each actor has to comply with the requirements set by these rules. Before explaining how those rules are implemented and by whom, a focus on Gereffi et al.’s (2005) typology of value chain governance seems to help clarify some aspects of the concept, giving implications for the use of trade fairs in the
internationalisation process of SMEs.

Gereffi et al. (2005) develop a typology of global chain governance in order to clarify some situations that are the most likely to occur and make it easier and useful for policy makers. Hence, they base their typology on a framework called “global commodity chains” developed by Gereffi and Korzeniewicz (1994), which ties together the concepts of value-added chains and the global organisation of industries. Gereffi et al. (2005) emphasise the salient role of networks in the co-ordination of activities across countries and the growing importance of new global buyers who will act as key drivers in the creation of those networks. Therefore, they isolate five types of value chain governance. They are the following: 1) markets, 2) modular value chains, 3) relational value chains, 4) captive value chains, 5) hierarchy.

These five types of governance are classified from 1 to 5; 1 being the lowest degree of explicit co-ordination and power asymmetry and 5 the highest. In that typology, network relationships are then perceived with an intermediate mode of value chain governance.

1) Market: in market global value chains, relationships are not complex. The costs of switching to new partners are low for both parties. This is typified by spot markets. Although transactions between two firms can be repeated over time, firms are not tied together in an explicit partnership which explains the low costs of switching to new partners. In market global value chains, price of product is set by sellers and not buyers. In this type of value chain governance, the degree of power asymmetry is low because both parties can easily change to other partners.

2) Modular value chains: in that type of governance, customers’ specifications define the products suppliers have to make. Often, this will be a component or sub-assembly that needs to fit in a final product. Switching partners in this type of global value chains is said to be easy because the different parties have multiple partners, which explains why power asymmetries are low. Relative to markets, some degrees of explicit co-ordination occurs here. Both parties acquire a degree of power: customers make specifications, but suppliers have a technology advantage: they understand the technology and its constraints. A third party may be involved in modular value chains: the turn-key supplier. The latter buys sub-assemblies from the component supplier and make up the final product before selling it to the lead firm. The lead firm is the last one in the value chain and will specify all the product requirements. A good example of SMEs involved in modular value chains would be high-technology sub-
assembly makers. They are dominated by the customers’ specifications (often MNEs) but still have some power thanks to the complex product they provide.

3) Relational value chains: this type of governance implies that the interaction between buyers and sellers is complex and often creates mutual dependency. In this situation, the role of spatial proximity can be important to establish relationships. In this type of network, it is supposed that trust and reputation might work well even though the actors are in spatially dispersed networks. Gereffi et al. (2005) explain this proposition by the fact that relationships have been built-up over time. In relational global value chains, there is an explicit co-ordination between firms’ activities because of their dependency and commitment over time. In the relational global value chains, the power balance between partners is symmetrical because firms’ contribution leads to mutual benefit.

4) Captive value chains: this type of governance implies a “captive relationship” where large buyers have a dominant position over small suppliers because the latter are going to experience high switching costs if they attempt to change partners. What distinguishes the captive value chain to the modular value chain is that SMEs involved in the former do not have a specific advantage in terms of technology. In that sense, the power asymmetry is high and suppliers are highly monitored and controlled by bigger buyers. “In captive global value chains, power is exerted directly by lead firms on suppliers” (Gereffi et al., 2005, p. 88).

5) Hierarchy: this type of governance involves vertically-integrated firms where managerial control is the dominant form of control. In hierarchy global value chains, the degree of explicit co-ordination and the power asymmetry are high. The power is exerted by top management on subordinates who are in an offshore subsidiary. This type of governance implies that relationships are only internal (to the organisation).

Gereffi et al. (2005) provide case studies that highlight the dynamic nature of global value chains where the value chain governance is not a static pattern and firms studied have shifted from one type of value chain governance to another. The way interaction between value chains actors is managed appears to be a crucial aspect of the framework. These findings show some patterns that might occur, which has great implications in terms of maintaining a position within a global value chain or accessing global markets. Those implications are mainly addressed to firms in developing countries and by associations SMEs, as they often
lack power and resources. Before having a discussion about the different implications for the use of trade fairs by SMEs involved in these different global value chains, the concept of position within the global value chain should be explained in depth.

7- Position within Global value chains
To better understand the challenges faced by SMEs in global value chains, it is important to be able to define the “position” they can establish within a chain. A firm’s position affects its power in the global value chain, which is also going to influence the way rules are implemented and by whom.

Mattsson (1985) refers to the concept of position to define the role an organisation has for any other organisations it does business with or is related to within a network. Here the definition is used in a more precise sense and suggests a firm’s position in a global value chain. Porter’s (1996) view appears to be a salient explanation in the evolution of SMEs in global value chains (Campbell-Hunt, 2008). Indeed, what Porter (1996) calls “trade-offs” refers to the need of giving up a part of the firm’s activity to focus on other activities and get a competitive advantage from it. In global value chains, firms’ activities are dependent on other firms’ activities. Therefore, because of this mutual dependency, they focus on one main activity rather than doing what another firm downstream or upstream in the value chain does in a better way. By doing so, firms will become more specialised in their core activities by abandoning less important ones as a result of these trade-offs (Porter, 1996; Campbell-Hunt, 2008). Hence, this process of co-specialisation establishes their position in the global value chain. Campbell-Hunt (2008) highlights the behaviour of SMEs by explaining how they build their position in the network: “Trade-offs arise because of the interdependencies that exist between activities in a firm’s “activity system”. “Over time, inter-dependent activities will come together in a coherent, mutually-consistent whole that “positions” the firm in its competitive environment” (Campbell-Hunt, 2008, p. 7).

A study by Campbell-Hunt (2008) identifies two different patterns in terms of evolution of SMEs within a global value chain. One supports previous research in terms of “captive relationships” they are in and the power they lack in global value chains (Gereffi et al., 2005; Jorgensen & Knudsen, 2006). The term “captive relationship” refers to Gereffi et al.’s (2005) article where they denote this type of relationship where upstream buyers have a dominant position and hence a greater power. Campbell-Hunt’s (2008) findings support other findings from other studies (Gereffi et al., 2005; Jorgensen & Knudsen, 2006). Both Gereffi et al.’s (2005) and Campbell-Hunt’s (2008) articles focus on the notion of power asymmetry when
they explain the relationships that exist between firms. This notion refers to the idea that one firm has a dominant position over another one and thus the power they both have is inequally balanced between each other.

The other pattern allows SMEs to retain considerable power within the chain. From these two patterns observed, Campbell-Hunt (2008) offers a typology of two different trajectories: the global value chain (GVC) trajectory and the micro value chain (MVC) trajectory. In one case (MVC), they are seen as powerful actors with a dominant position and in the other case (GVC), they completely lack power and are dominated by MNEs. Overall, whether they are dominated or they are the dominant players, those two patterns show the high level of power asymmetry between the SMEs studied and their partners. A focus on these two trajectories appears to be relevant as SMEs in those two groups have opposite characteristics and hence might use differently trade fairs for their internationalisation process.

**GVC.** SMEs following the GVC trajectory adopted an upstream position in their value chains, giving them no contact with final consumers. They are involved either at the very early stages of R&D or they produce intermediate or capital goods, serving a small number of downstream partners, often large MNEs that dominate the global value chains. That position of dependency put these SMEs in a “captive relationship” to those large MNEs who have the power to impose their requirements. It appears that the main reason that pushed these SMEs to give up their freedom was the appeal for accessing global markets. They remain focussed on their product and have not extended their product range in a way that could give them more power in the value chain or give them the opportunity to access to another GVC. They rely on a small number of downstream partners.

**MVC.** On the other hand, other SMEs presented a complete different trajectory in global value chains and have effectively established their own MVC. Indeed, they adopted a downstream position in their value chains, giving them possible direct contact with final customers. They serve a large number of either final customers or downstream partners. As opposed to the SMEs following the GVC trajectory, they have been able to extend their product line showing a strategic flexibility. In the MVC trajectory, SMEs are the dominant players. Therefore, they are the ones who impose their requirements as they can easily change partners considering the great number of them. They have developed their own MVC in which they are the dominant players. In order to better comprehend firms’ position in the global value chain; it is crucial to understand the concept of power and its implications in terms of making and keeping the rules in the global value chain.
8- Power (and lack of it) and rules
It seems important to assess the weight SMEs have in the governance of global value chains, thus in rule making and rule keeping. These are seen as two core functions of value chain governance (Jorgensen & Knudsen 2006). On one hand, the notion of rule making refers to the power actors have to set up rules, both inside and outside the value chains. On the other hand, the notion of rule keeping refers to the actors inside the value chains who insure that these rules are applied. They do not necessarily have a great impact in terms of making the rules, but they will insure that rules and requirements are being applied by the other actors of the value chain.

Although SMEs play a role in the production chains, it remains small when MNEs are more likely to act as change agents in terms of governance in global value chains (Jorgensen & Knudsen, 2006). Jorgensen and Knudsen highlight the impact rules and requirements can have on SMEs within the value chain. They also look at how SMEs are going to apply these requirements to their own suppliers.

SMEs have an important role in terms of rule keeping because in most cases, they act on behalf of bigger firms when they act as suppliers. However, they have little power in making rules. On the other hand, they do not have a crucial power when they implement the standards to their own suppliers because of their lack of resources (Jorgensen & Knudsen, 2006), unless they have a dominant position with many downstream suppliers.

Jorgensen and Knudsen (2006) argue that SMEs lack bargaining power and their access to information can be limited in global value chains. In that sense, they have to count on long-term relationships with their counterparts in the network to cope with these difficulties. Indeed, “many researchers have pointed to the importance of long-term relationships of reciprocal dependency, learning and advantage to counteract these risks” (Campbell-Hunt 2008, p. 4).

The use of trade fairs could have great implications here, in terms of building and maintaining long-term relationships that help cope with a lack of power and a difficult access to information.
Depending on their position within the global value chain and the trajectory SMEs adopt, the use of trade fairs will be different.
9- Implications for the use of trade fairs

I now review the literature on global value chain trajectories (GVC and MVC) and types of governance (market, modular, relational, captive, hierarchy) to develop prior conjectures on the use of trade fairs by SMEs of each type. These conjectures are summarised in Table 1 below.

- The use of trade fairs for GVC and MVC trajectories

Considering the global value chain phenomenon, initial conjectures on the use of trade fairs in the internationalisation process of SMEs could be mentioned here.

Rosson and Seringhaus (1995) developed three dimensions of trade fairs: selling, promotion and networking. Rosson and Seringhaus (1995) support Bello and Barczack (1990) and see information collection as a salient motive that drives visitors to participate in trade fairs. It can be argued that information seeking could be seen as fourth dimension. The next section provides details on information seeking being a crucial facet of trade fairs. Trade fairs are seen as an important medium for industrial marketing. When it is possible to attend, SMEs could find great potential in trade fairs for marketing their product and possibly access to a better position in the global value chain. These dimensions could be linked to the five generic functions cited above.

Campbell-Hunt’s (2008) findings concerning the two types of SME trajectories in global value chains are interesting as they might involve different implications for use of trade fairs in the internationalisation process of SMEs.

The differentiation between these two patterns being clearly stated, more specific initial conjectures can be made for the use of trade fairs. They will later be contrasted to the propositions developed from the analysis of cases in this study.

SMEs following the MVC trajectory are more likely to get more benefits from trade fairs than SMEs following the GVC trajectory.

**Micro Value Chain Trajectory.** SMEs following the MVC trajectory have shown more flexibility and better capabilities to extend their value-adding functions as well as their range of products thanks to their position in their value chain. Their powerful position gives them the possibility to easily change downstream partners who are very numerous. Attending trade fairs would give them the opportunity to find other partners who would add value to the chain. There are likely to be successful in this exercise because of their ability to adapt and their powerful position that could even be reinforced by trade fairs.
Due to the particularity of these SMEs, participating in trade fairs could have a positive impact on the four dimensions of trade fairs (selling, promotion, information gathering and networking). Indeed, their position in global value chains allow them direct contact with customers, a good reputation due to their flexibility and value-adding functions, and doing business with a great number of downstream partners.

Attending a trade fair would enhance the dominant position of these SMEs for the four dimensions: direct contact with customers (selling); enhance their reputation (promotion); increase the number of partners by meeting people (networking); enhance their knowledge about the market (information seeking). Trade fairs do not only act as a selling, promotion and research tool, but also as a springboard to build and maintain a network. In that case, it means that they could be interested in building new relationships and hence, attending trade fairs could enhance that goal.

**Global Value Chain Trajectory.** SMEs following the GVC trajectory have a small number of downstream partners, often dominant MNE(s). Hence, they are less likely to have a successful experience at trade fairs as most of their business depends on one (or few more) large partners. By relying on the requirements set by the MNE they serve, SMEs’ global expansion is likely to be constrained. Campbell-Hunt (2008) explains that they end up in a “captive relationship” to the MNEs that dominate the global value chain because of the temptation to access global markets. They managed to access global markets through a dominant MNE which obliged them to give up some freedom in the first place; hence their weak position in these markets. They have few resources and their main goal is to serve the MNE to keep their position in the global value chain. For these reasons, their participation in trade fairs could have limited benefits. However, two reasons could possibly lead them to participate in international trade fairs: looking for new market opportunities and participating with the dominant company. If they participate in trade fairs to look for opportunities, they could well get benefits from visiting a trade fair to look at what the market has to offer (information seeking). Meeting people (networking), getting known (promotion) and getting customers (selling) could happen, but due to their position in the global value chains, these benefits are not expected to be great.

- **The use of trade fairs for different types of global value chain governance**

The influence of governance mode (Gereffi et al., 2005) on the use of trade fairs is also an important phenomenon to explore. As up to date, there is no research conducted in this area.
The following paragraph aims at exploring the benefits SMEs could potentially get from participating in international trade fairs depending on the governance that characterises the value chain they participate in (markets, modular, relational, captive, hierarchy). The goal is to offer a framework suggesting which types of global value chain governance are expected to give SMEs the most benefits from participating in international trade fairs. The following paragraph develops the arguments for these expectations, offering a discussion on the reasons why SMEs would get benefits from participating in trade shows in some types of governance and why they would get less or none in other types of governance.

**Markets.** In this type of global value chain governance, there is little cost of switching partners. Firms governed by market global value chains are likely to participate in trade fairs to find new partners. Trade fairs could be of great use to boost sales because they allow buyers and sellers to meet each other. Therefore, a face-to-face meeting could lead to a one-time - or repeated – transaction(s) where the firms involved do not feel tied to each other. The selling dimension of trade fairs appears to be the most obvious in this type of governance. However, it does not mean that the other dimensions – promotion, information seeking and networking – do not fit in such of global value chain governance. Indeed, trade fairs could be used as a promotional event or just to meet other people. As explained by Rosson and Seringhaus (1995), trade fairs almost become the market over its lifetime. They suggest that trade fairs should be seen as “microcosms of the industries they represent, with a multitude of buyers and sellers, service providers, partners, industry and regulatory bodies all gathered in one place to do business. During the few days of its life, the trade fair almost becomes the market” (Rosson & Seringhaus, 1995, p. 18). Trade fairs therefore offer a unique opportunity to gather information on all aspects of that market. There is not necessarily a desire to build long-term relationships but rather to see what the market can offer. In that sense, trade fairs could be of great use for information seeking and promotion. Due to the characteristics of this specific global value chain –limited commitment to other firms – trade fairs could have a little contribution for networking. It could help to meet people from a business perspective, but there is no desire to create or maintain long-term relationships.

**Modular value chains.** Trade fairs could have important implications for SMEs in this type of governance. As with markets, it can be expected that the implications for selling, promotion and information are more important than for networking. Indeed, networking
implies long-term relationships. In this type of governance, switching cost to new partners is low so companies do not perceive relationships from a long-term perspective. Although firms participating in modular global value chains can easily change to other partners, they might be willing to repeat transactions with the same ones as there are not as many buyers as in the market type of governance. They could do that around trade shows. Hence, firms are likely to show a moderate use of networking. Those types of SMEs often have a technology advantage as a result of customer’s specification that defines the products they have to make. Therefore, they can expect to promote and sell their product at trade fairs. Seeking information also appears to be important as trade fairs are going to help them find out what competitors do.

**Relational value chains.** Trade fairs could be of great use in this type of global value chain governance. In this case, it can be suggested that they have great implications for networking and promotion. Indeed, this type of governance stresses the salient role of spatial proximity to link relationships due to complex interaction between buyers and sellers and their mutual dependency. Trade fairs could have great implications in building and maintaining those relationships over time. They allow buyers and sellers to meet each other several times, which helps build trust, reputation. This helps create relationships where there is mutual dependency. Attendees are expected to get great benefits from meeting again at the same exhibitions and build long-term relationships through that process. The fact that both buyers and sellers come regularly to trade fairs and meet again builds-up their reputation and they are more likely to be considered as serious sellers on one hand, and potential prospects on the other hand (promotion). The interest in building and maintaining a good relationship between both parties might grow as they come to trade fairs on a regular basis (Rosson & Seringhaus, 1995). On the other hand, because firms in this type of governance rely on long-term relationships, trade fairs appear to have a moderate impact on the selling side. It can be expected that firms go to trade fairs to develop sales over the long term but the first motive is to know people (networking) and be known by actors in the market place (promotion). As far as information gathering is concerned, it can be suggested that trade fairs will help gather information – as SMEs have direct contact with the actors of the market – so they can collect information as long as they meet people. Due to the complex interaction between buyers and sellers, firms in this type of value chain governance need spatial proximity to link relationships. It can be suggested that, trade fairs being the market (Rosson & Seringhaus, 1995), this proximity with the market actors will give them the chance to know more about them as well as the market itself (information).
**Captive value chains.** In the captive value chain, SMEs obey the requirements given by their suppliers. They have little power and do what they are told to do. In that type of global value chain governance, large buyers, often MNEs, have the power. SMEs might be willing to participate in trade fairs to find other partners than their main one(s) and be known in the market place. However, because they face high cost of changing partners, they might be reluctant to engage with other partners. It could be suggested that trade fairs have little implication for selling. However, it can be useful to get information at trade fairs about the market in order to see if any opportunities emerge. Because SMEs are closely tied to their partners who have the power to dictate the rules, they can well use trade fairs to maintain and enhance the relationship as long as they try to build new ones. However, it can be suggested that they are likely to fail in this practise. SMEs in captive value chains are not likely to get much benefit from participating in trade fairs.

**Hierarchy.** In the hierarchy type of governance, the use of trade fairs appears totally irrelevant as decisions are made within the organisation. Managerial control is the dominant form of control, which gives no freedom to the different units. Units therefore have no interest in attending trade fairs as they lack the discretion to act independently.

**10- Summary of initial conjectures**
The different conjectures suggested are explained in the table below (Table 1).
As suggested in the first part of this chapter, born-global organisations could also find some implications in the use of trade fairs. Due to their characteristics (new, low knowledge and low resources), trade fairs could be used at the early stage of internationalisation to boost sales, but also to get to know the people (networking) and be known by them (promotion). As new entrants on the market, born-globals will have to learn faster what is done in the market and what competitors offer (information seeking). Trade fairs could be used as an effective platform to get this information in a short time. What also characterises born-globals is their pace to internationalisation. The use of trade fairs could help to enhance the speed of accessing foreign markets. However, due to the characteristics of born-globals, it could be suggested that trade fairs are really useful in the early stage of its creation and hence internationalisation – period known as “the gusher” (Chetty & Campbell-Hunt, 2003). Indeed, it has been shown that born-globals access overseas markets rapidly because they
enter business networks and share resources with the actors of the network as well as learn from their experience. Trade fairs could accelerate the encountering process.

Table 1 summarises prior conjectures developed in the previous discussion on the relative importance of different uses of trade fairs for different trajectories (MVC and GVC) and for different types of governance. It also suggests conjectures on the importance of the use of trade fairs for born-globals. Some suggestions are also provided considering the time dimension. These are used in the conclusion of this study to provide specific points of comparison between current theory and the results developed through the analysis of the experience of SMEs using trade fairs for internationalisation.
Table 1: Initial conjectures on the benefits from participating in international trade fairs: linking SMEs trajectories and types of global value chain governance to the four dimensions of trade fairs

<table>
<thead>
<tr>
<th>Markets</th>
<th>Selling</th>
<th>Great</th>
<th>Promotion</th>
<th>Great</th>
<th>Networking</th>
<th>Less</th>
<th>Information</th>
<th>Great</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modular</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Moderate</td>
<td>Great</td>
<td>Great</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relational</td>
<td>Moderate</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Captive</td>
<td>Less</td>
<td>Less</td>
<td>Less</td>
<td>Less</td>
<td>Less</td>
<td>Less</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hierarchy</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GVC</td>
<td>Less</td>
<td>Less</td>
<td>Less</td>
<td>Less</td>
<td>Moderate</td>
<td>Great</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MVC</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
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</tr>
</tbody>
</table>

| Born-globals | Great | Great | Great | Great | Great |

<table>
<thead>
<tr>
<th>Time</th>
<th>Selling</th>
<th>Promotion</th>
<th>Networking</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early stage of internationalisation</td>
<td>Great importance</td>
<td>Great importance</td>
<td>Exploration</td>
<td>Great importance – help build position by taking into account what the market already offers</td>
</tr>
<tr>
<td>Late stage of internationalisation</td>
<td>Moderate importance</td>
<td>Moderate importance</td>
<td>Deepen relationships</td>
<td>Great importance – help maintain position by seeing what competitors do</td>
</tr>
</tbody>
</table>
4. Different dimensions of trade fairs and actions

Based on Coviello and Munro’s (1997) studies as well as Chetty and Campbell-Hunt’s (2003) work, Ruokonen et al. (2006) underpin the difficulty for small software firms to find partners and to develop networks: “from the perspective of a small software firm with a limited ‘window of opportunity’, it is often not a question of how to select a partner, but more of how to find one within a reasonable time frame” (p. 557).

From this perspective, a link between their works could be made with Rosson and Seringhaus’ (1995) work. Indeed, the use of trade fairs could be expected to help small firms to cope with this difficult task of finding international partners. Although some authors have stipulated the difficulty for SMEs to attend trade fairs due to time and cost matters (Donckels & Lambrecht, 1997), an attempt should be made to comprehend the role trade fairs can have in finding international partners and hence enhancing the internationalisation process of these small businesses. Evers and Knight (2008) have stressed the lack of studies about trade fairs in the literature and recommend further investigation in this area.

Black (1986) defines trade fairs as “events that bring together, in a single location, a group of suppliers who set up physical exhibits of their products and services from a given industry or discipline”. From that perspective, trade fairs could be seen as a way amongst other types of media to find partners in a limited time. Rosson and Seringhaus (1995) underpin the lack of research in that field. They bring together several studies from different countries and different industries in order to develop the idea of interaction further. They look at exhibitors’ and visitors’ behaviours at different stages: before, at and after the trade fairs; and discuss the different conceptions of trade fairs: trade fairs as a selling means, trade fairs as a promotional event, and finally trade fairs as a network.

A review of their findings seems important to better comprehend why they add the last conception to the two previous ones.

**Before the trade fair**

The main reason that leads visitors to attend trade fairs is to gather information about particular products and companies and to interact with vendors (Rosson & Seringhaus, 1995). Hence, the primary reason is not purchasing. In small companies, senior executives are often the visitors whereas in larger companies, middle-managers are expected to attend trade fairs.
In both cases, they will go to collect information. The latter will report the information gathered to the purchasing committee and the former will actually have a direct influence over purchasing decisions. Therefore, depending on the size of the firm, visitors are not expected to hold the same position within their own company and thus will not have the same weight in the purchasing decision. This difference in terms of attendees has implications for exhibitors, as the visitors will have a different approach in terms of purchasing process. Exhibitors will need to plan and prepare their booth in order to vehicle their information efficiently. Information transfer between exhibitors and visitors is seen as the most important facet of trade fairs.

At the trade fair
Rosson and Seringhaus (1995) review different studies that offer some insights about visitors’ behaviours at trade fairs. It appears that many visitors reported no pre-planning activity (Trade Show Bureau, 1991 as cited in Rosson & Seringhaus, 1995) and they mainly collect information. However, those who plan their arrival have different purposes and thus different behaviours. Rosson and Seringhaus (1995) report the findings from a study done in Germany (Spiegel, 1992 as cited in Rosson & Seringhaus, 1995) where visitors are classified into four categories named “intensive users”, “special purpose users”, “strollers”, and “pragmatics”. In those categories, the visitors are classified thanks to many characteristics, as described in the table below.

Table 2: Classifications of visitors

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Intensive User (22%)</th>
<th>Special Purpose User (24%)</th>
<th>Stroller (12%)</th>
<th>Pragmatist (32%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TF use</td>
<td>Full and frequent TF user</td>
<td>Aids in purchase decisions</td>
<td>Observe market</td>
<td>Obtain technical information</td>
</tr>
<tr>
<td>Preparation for visit</td>
<td>&gt;12 hours</td>
<td>Several days</td>
<td>Superficial</td>
<td>2-4 hours</td>
</tr>
<tr>
<td>Time spent at TF</td>
<td>Several days</td>
<td>1-2 days</td>
<td>1 day</td>
<td>1 day</td>
</tr>
<tr>
<td>No. of exhibits visited</td>
<td>21</td>
<td>10</td>
<td>3-10</td>
<td>&lt;1.0</td>
</tr>
<tr>
<td>Placing orders</td>
<td>Sometimes at, but more often after TF</td>
<td>Following TF, Purchases often scheduled around TF dates</td>
<td>No purchase intentions</td>
<td>Orders placed regardless of TF</td>
</tr>
<tr>
<td>Information sources used in purchasing</td>
<td>Many, well-informed and communicative</td>
<td>Manufacturers &amp; TFs</td>
<td>Manufacturer</td>
<td>Manufacturer and qualified colleagues</td>
</tr>
<tr>
<td>Printed media exposure</td>
<td>Wide</td>
<td>Widest</td>
<td>Least</td>
<td>Medium</td>
</tr>
<tr>
<td>Company innovation potential</td>
<td>Medium-Low</td>
<td>High-medium</td>
<td>Low</td>
<td>Low-medium</td>
</tr>
<tr>
<td>Does company exhibit at TFs?</td>
<td>80%</td>
<td>77%</td>
<td>&lt;50%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Source: Rosson and Seringhaus (1995)
By using these categories, it appears that “intensive users” and “special purpose users” are visitors who prepare the most their arrival, visit more booths, and spent longer time at trade fairs than “strollers” and “pragmatists”.

In another study, Hoshen (1989) also identifies 16 types of trade fairs booth visitors that he classifies into four categories. They are the following: 1) interested visitors who are not customers; 2) potential customers; 3) real customers; 4) other visitors.

Existing studies on trade fairs demonstrate a heterogeneous audience, especially when those trade fairs are big, international or multi-industry (Rosson & Seringhaus, 1995). Visitors from large companies are not going to be the same as visitors from small firms, neither will be their goal for trade fair attendance.

Rosson and Seringhaus (1995) emphasise Bello’s (1990) view, saying that face-to-face contacts are more important to buyers from small firms when collecting information.

Not all the categories cited above will be of exhibitors’ interests. Indeed, frequent attendees will mainly catch exhibitors’ attention. Therefore, from one year to another, they will find important to change the design of their booth, which becomes a means for promotion as well as selling.

**After the trade fair**

Because the main reasons that drive visitors to attend trade fairs are to collect information, to see the products and to interact with vendors, actual purchasing is rare at trade fairs. Hence, action is crucial after the trade fair if exhibitors want to benefit from time and money spent in participating in trade fairs. They will have to make effort to keep in touch with the potential customers they met at the event. Some studies revealed positive findings on trade fairs (Trade Show Bureau, 1988; 1988; 1991 as cited in Rosson & Seringhaus, 1995), showing that they had an impact on purchasing decisions within a year or two. On the other hand, studies conducted by the Trade Show Bureau (1990, as cited in Rosson & Seringhaus, 1995) also showed that many exhibitors (80%) do not follow-up after trade-shows, which appears to be irrational considering the time and money spent to exhibit at trade fairs. Following-up visitors who came to collect information and see the products is therefore fundamental.

Rosson and Seringhaus (1995) report those findings mainly from studies made in the U.S. and stipulate the need to conduct more studies in other countries. They agree with Letwin’s (1978) view – often used in the trade fairs literature, to first see trade fairs as a selling means, where they enable manufacturers, hence exhibitors, to make “super sales calls”.
They stress a second dimension of trade fairs, which is a promotional event. The exhibit booth has an advertising and a display function (Lilien & Little, 1976; Browning & Adams, 1988).

They argue that their view finds consistency with Bello and Barczack’s (1990) view. Indeed, they agree on the idea that trade fairs play a salient role in collecting and evaluating information. Collecting information appears to be the first motive that drives visitors to attend trade fairs and this transfer of information between visitors and exhibitors is said to be the most important facet of trade fairs (Rosson & Seringhaus, 1995; Bello & Barczack, 1990). Therefore, one could suggest information collection to be a fourth dimension of trade fairs in its own right, along with selling, promotion and networking.

Finally, they see the need to add another dimension to selling and promotion. They advocate that trade fairs should also be seen as a networking platform for their participants. This view has been suggested in the literature (Rice, 1992; Bello & Barczack, 1990; Konopacki, 1990) although not further developed. Rosson and Seringhaus (1995) define trade fairs as “microcosms of the industries they represent, with a multitude of buyers and sellers, service providers, partners, industry and regulatory bodies all gathered in one place to do business. During the few days of its life, the trade fair almost becomes the market” (p. 18). They link this view with the definition of industrial markets suggested by Johanson and Hallén (1989) to stress this third dimension of trade fairs. Industrial markets are “networks of connected exchange relationships between companies” (Johanson & Hallén, 1989, p. 18). This view is in line with the definition of industrial system given by Johanson and Mattsson (1988) highlighting the importance of networks: “The industrial system is composed of firms engaged in production, distribution and use of goods and services. We describe this system as a network of relationships between the firms” (p. 291).

Research tended to focus on the buyers’ behaviours and the implications trade fairs have in terms of boosting selling and promotion. However, the idea of trade fairs being a platform for companies where they can actually meet up and interact with each other has been mentioned in the literature but not further developed. Few studies have been conducted in order to fully understand the role trade fairs have in the internationalisation of firms (Evers & Knight, 2009), notably small businesses. Hence, there is a need to explore deeper the relationship between trade fairs and network internationalisation theories. The evolution in the
internationalisation process theories shows that international business is increasingly structured through networks of inter-dependent firms as against within a single firm. The emergence of the global value chain phenomenon is a great example of that evolution. Indeed, it shows that firms actually link their competencies into a network composed of many global firms. From that perspective, the study of trade fairs as a means to access these global networks appears important to better comprehend how firms, especially SMEs, access to international markets.
5. Methodology

- **Objectives and definition of research question**

The objective of this study is to develop a theory on the use of trade fairs in the internationalisation process of NZ SMEs. The study aims at looking particularly how trade fairs have impacted SMEs’ activities offshore depending on their trajectories and their types of global value chain governance. To give structure to the study, initial conjectures were developed that stated to prior expectations based on a review of previous literature. These give precision to later comparisons with the theory developed in this study. It aims at comparing the initial conjectures developed from the literature with real-life case studies to develop new theoretical insights. Such insights aim at filling the gap in the literature by looking at trade fairs in a way it has not been looked before, that is seeing trade fairs as a way to enter global networks composed of inter-dependent firms that are part of global value chains.

- **Reason why these objectives are best met with multiple in-depth case studies**

The need to develop new theory and insights is best met with multiple, detailed case studies as argued by Eisenhardt (1989), Yin (1989) and Strauss and Corbin (1990). Chetty (1996) stresses the use of the multiple-case approach because it allows literal and theoretical replication to be used. This replication logic, as explained by Eisenhardt (1989) and Yin (1989), makes it possible to draw comparisons between cases. Hence, similarities and differences can be identified to better enable the researcher to notice, or not, a pattern within a group of firms.

Although Eisenhardt (1989) considers that there is no ideal number of cases for theory building because it depends on the existing knowledge, the topic itself and the added value from additional case studies; she suggests that 4 to 10 appropriate cases are relevant for theory building. Below 4, information might be insufficient to generate theory unless a case comprises several mini-cases. Above 10, the volume of data gathered becomes too complex to deal with and theory is difficult to develop.

The use of multiple in-depth case studies appears to be the most relevant method to best meet with the objective of the study, which is developing propositions to provide theoretical insights.
This study involves multiple-case studies of five New-Zealand based SMEs that have reached overseas markets and have participated in international trade fairs. One case comprises two mini-cases adding up another case to the total of case studies. Hence, his study involves six case studies. Therefore, the number of cases in this thesis appears appropriate for theory building.

- Case selection and protocol design
  - Protocol of questions
In order to develop a theory of the use of trade fairs by SMEs, a protocol of questions was designed to help define the type of trajectories followed by SMEs and their global value chain governance as well as to learn about their experience at trade shows (see appendix D). The protocol was divided into three distinct parts. First, I designed questions about the company itself to learn about its growth, mainly in terms of employees and offshore sales. Then, questions dealt with the company’s business model – range of product, change of business strategies, change in the value adding activities – in order to get insights on the type of trajectories and global value chain governance they can be categorised in. Finally, questions about trade fairs were designed to look at their experience and what they think they gained or lost from participating in trade fairs.

The idea was to design questions that provide explanations on the impact of trade fairs on SMEs’ growth and business model.

  - Method used to selection of cases
Eisenhardt’s (1989) and Yin’s (1989) approaches are stressed by Chetty (1996), particularly because of the specificity of a country like New Zealand and the need to study a topic such as internationalisation as a dynamic process rather than something static. The New Zealand setting is relevant to the question of appropriate selection of cases. Obviously this is for convenience, but one could expect that NZ SMEs will provide good examples of SMEs’ experience in internationalisation. The size of its national market (four million people) and its extreme isolation appears to be a key driver for internationalisation (Chetty & Campbell-Hunt, 2004).

The different SMEs used for that research have been chosen carefully. Glaser and Strauss (1967) stress the use of theoretical sampling, which is a non-random selection of cases, because cases are chosen for theoretical reasons, and not statistical reasons. This view is
supported by Pettigrew (1990) who argues that cases are used to extend emergent theories or to fill theoretical categories.

Hence, in line with Eisenhardt’s (1989) and Yin’s (1989) approaches, the selection of cases has been done by using the theoretical sampling method. To do so, the boundaries of the population desired were defined according to criteria relevant to my study. The type of companies interviewed should fit in the SME category defined by the Ministry of Economic Development at the time they entered overseas markets (no more than 50 employees). These SMEs should experience offshore sales. 30% of their total sales was the first approximation suggested to consider them internationally active. They also should have participated in international trade fairs.

The firms that were selected could represent two types of trajectories SMEs are likely to follow (MVC or GVC) as suggested in the literature; as well as the types of value chain governance they could fit in (Markets, Modular, Relational, Captive, Hierarchy).

Before starting off the interviews, a two-hour interview was conducted with an expert in international trade fairs. This interview made it possible to define the characteristics of a modular governance type more precisely and therefore I attempted to include firms that represented these characteristics.

As this interview happened few days before the first interviews, then I decided to narrow my criteria. Eisenhardt (1989) stresses the legitimacy of altering data collection methods because it can provide theoretical insights. So as to find SMEs that meet these characteristics, I added a criterion to purposely select them. SMEs sought should respond to the three criteria explained above as well as sell component or sub-assemblies rather than finished products, and sell them to other companies that will integrate these components into their product.

This has helped to show which companies represent which trajectory and type of value chain governance.

The results are showed in Table 3.
Table 3: Case-derived propositions: classification of companies by trajectory and type of value chain governance

<table>
<thead>
<tr>
<th>Trajectory</th>
<th>Types of value chain governance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GVC</td>
</tr>
<tr>
<td>Clover1</td>
<td>✓</td>
</tr>
<tr>
<td>Clover2</td>
<td>✓</td>
</tr>
<tr>
<td>Orchidée</td>
<td></td>
</tr>
<tr>
<td>Frangipani</td>
<td>✓</td>
</tr>
<tr>
<td>Lily</td>
<td></td>
</tr>
<tr>
<td>Coquelicot</td>
<td>✓</td>
</tr>
</tbody>
</table>

- Selection of cases
To find the SMEs relevant to my study, I obtained great help from a regional manager of New Zealand Trade and Enterprise. He provided a list of companies that would suit my criteria. I considered any industry except the seafood industry as some research had been done in that field. From the selection, I sent an email to 4 CEOs and asked for interviews (see appendix A). I conducted interviews in 3 companies as one did not reply.

To identify firms in the modular category, I could not get much help. I contacted seven companies I found on my own that appeared to suit this criterion. Only three actually did and two agreed to participate in the study (see appendix B).

Each interview lasted from sixty to ninety minutes.

Because of the specificity of the criteria that made difficult to find suitable companies and due to time constraints, I decided to do only two interviews for this type of company.

In all, 5 SMEs in different industries were interviewed: 2 in the food industry, 1 in the clothing industry, 2 in the engineering industry – one of them counting for two case studies due to two different routes to market.

- Analysing data
The transcription and the analysis of each case were designed to identify constructs and propositions capable of defining the use of trade fairs for each company. Eisenhardt (1989) suggests a within-case analysis beforehand in order to gain familiarity with the data and preliminary theory generation.
Because of the nature of the study, that is building theory through development of propositions, an inductive reasoning appeared more relevant throughout the cross-case comparison. Although Pratt (2009) specifies that qualitative data can be inductive or deductive, he emphasises that inductive pieces are supposed to build theory or elaborate them.

Four main parts (power and dependency, objectives, actions and outcomes) were distinguished by looking at similarities in each case in an open coding process as suggested by Glaser (1978, as cited in Karen Locke, 2001) in order to code the data. In each part of the analysis, the same method was used, that is to look at similar and different patterns that occur throughout the cases for similar or different reasons. Eisenhardt (1989) emphasises that such process helps to go beyond impressions. Using the coding method, the cross-case comparison appeared to be best for understanding theses similarities and differences in terms of constructs and variables as they build the theoretical system (Bacharach, 1989).

I have extensively reported extracts from the interviews to show the evidential basis for the descriptions of cases studies’ experience and the propositions I have developed. Pratt (2009) stresses the salience of showing the data in the body and in tables as an evidence to assess whether theorising is plausible.

**Validation**

In order to bring more consistency to the theoretical insights offered at the end of this study, the interview from the expert was used as an external validity check. Sam has an extensive experience of helping NZ SMEs get the most from trade fairs. Using the layout followed in the case analysis, I looked for the same codes in his interview to draw comparison with the case study. For each part (power and dependency, objectives, actions and outcomes), similarities were found, providing strong support to the developed propositions. When differences occurred, I offered possible explanations. In many cases, the expert’s interview was used to extend the results found from the case analysis, as he has a broader experience. Hence, he was able to provide more insights. Eisenhardt (1989) emphasises the interest of having qualitative data to explain why relationships hold, or why not if not the case.

The comparison between what the case analysis suggests emphasised by the expert’s knowledge and the initial conjectures helped to shape propositions for building theory (Eisenhardt, 1989). Each pattern identified in the cross-case comparison and supported by the expert’s experience was continuously compared to the theory in order to provide theoretical insights (Bacharach, 1989).
6. Project – Case Summaries

Case firm 1: Clover1&2

Clover1&2, an engineering company, was established in 2008 by the current operations manager, Paul and his brother Phil. At inception, they received some help from their father and one person in charge of the administrative work, both employed on a work-as-needed basis. Therefore, they were 4 people, equivalent to 3 FTE (Full Time Equivalent). They developed the product, did all the testing and obtained all the certificates before launching the company thanks to the skills, knowledge and experience acquired from another company they run. Hence, they started selling immediately after Clover1&2 was launched and experienced overseas sales after 3 months.

Clover1&2’s product is now used all around the world and the company employs 11 people, equivalent of 9 FTE. The proportion of offshore sales represents 92% of the total sales and the sales volume is growing by 160% per year.

Paul has 20 years of experience in international trade fairs thanks to the other company he runs. He decided to follow that path to internationalisation with Clover1&2. Therefore, he first went to an international trade fair in 2008. Since then, he has participated in about 10 international trade fairs in the USA, Japan, Germany, Canada and Singapore. He often goes as an exhibitor and sometimes as a visitor.

Different strategies are used by Clover1&2 to enter foreign markets. This leads two mini-cases as the use of trade fairs is expected to be different from one case to another.

Case firm 1.1: Clover1 – distribution/direct selling route to market

Distribution is preferred to reach overseas markets in a fast and sustainable way according to Paul. Up to date, Clover1’s product is sold across 40 to 50 countries covered by 17 distributors. Paul sells directly to countries where there is no distributor as well as in New Zealand.

Case firm 1.2: Clover2 – integration route to market

Another route to market emerged giving Clover2 opportunities. Large companies specify Clover2’s product as a required component in a final assembly. The manufacturers of the final product have no choice but buying from Clover2. So as to be chosen as a required

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1 Names of case firms and contributors have been changed to preserve anonymity.
component, Clover2 deals with the large companies buying the final product, and not with the intermediary companies.

**Case firm 2: Orchidée**

Orchidée is a family business in the clothing industry created 14 years ago by Alex. After a trip to Asia with his wife, he decided to import fabrics into New Zealand to start off a business. His daughter, Sarah, designed the clothing for the New Zealand market, which was very simple: one fabric, two designs and a couple of colours. At that time, they were 3 people working for Orchidée: Sarah as a clothes designer, Alex as a part-time manager because he was working in another company at the same time; and Alex’s secretary from his other work, helping them out to start Orchidée. Hence, the company really started in 2002 with 3 employees, counting for 2 FTE and selling only in New Zealand. Now, the company counts 8 employees counting for 6 FTE. Alex resigned from previous work in 2006 and focused on growing Orchidée both in NZ and overseas.

At inception, the company did not sell outside New Zealand. Since 2005, offshore sales accounted for approximately 10% of the total sales. In 2010, they sharply increased and represented 70% of the total sales. Now, Orchidée has 12 distributors covering more than 20 countries.

As far as international trade fairs are concerned, Alex has been participating in trade fairs since 2005, mainly as an exhibitor although he went a few times as a visitor. He has exhibited 8 times: twice in Australia, and 6 times in Germany at two different trade fairs. He is physically present on the stand every time.

**Case firm 3: Frangipani**

Frangipani is an engineering company established in 1986. The current CEO, Josiah, joined the company in 1998 when the company was not running well. According to him, many mistakes had been made and Frangipani had a bad reputation on the market place. Hence, he had to make a fresh start and ran the company on his own. In 2001, the number of employees reached 15. Today, Frangipani employs 170 people worldwide including 50 in New Zealand; the largest number of employees is in Singapore (86). When Josiah started running the company, the goal was not to lead the New Zealand market but rather to go offshore immediately. At inception, offshore sales represented 100% of the company’s total sales and this percentage is still accurate today, although there is one Kiwi customer. Frangipani geographically sells everywhere but has relatively few customers: around tens of accounts.
*Frangipani’s* main route to market is direct sales to large companies that include the *Frangipani* product as a component within a finished assembly. These customers have been required by other bigger companies to use *Frangipani*’s products. Josiah involved *Frangipani* in international trade fairs in 2001 for the very first time. He tends to go to the very big international trade fairs but also relies on colleagues so he does not have to go every time. Since 2001, the company has participated in trade fairs many times, both as exhibitor - about 25 times - and visitor - about 40 times.

**Case 4: Lily**

*Lily* started in early 1900’s as a very small family business and concentrating on a very localised industry in the food sector. One lady was in charge of the company, helped by her sons later on. It first expanded in New Zealand and merged with a competing family business in early 70’s. At that stage, the company counted 140 employees. The company went back to a private ownership in 2002 as *Lily*. Now, there are 65 employees. The company focused on the New Zealand market until 1981, when they first sold products to Asia. Today, *Lily*’s offshore sales represent 85% of its total sales and the products are sold to Japan, Australia, Hong-Kong and the Middle-East through distribution (12 to 15 distributors).

*Lily* has been involved in international trade fairs for the past 20 years. The current CEO, Chris, has been in the company since 2006 and has participated in 8 trade fairs as an exhibitor and about the same number as a visitor. Whenever the company is represented at an international trade fair, Chris is present along with the international business manager or one of the technical managers.

**Case 5: Coquelicot**

Alan and his wife, founders of *Coquelicot*, a company in the food industry, started their business in 1990 in Dunedin. At inception, *Coquelicot* had 4 employees, counting for 3 FTE. In 1998, Alan expanded the company’s activity in Christchurch. *Coquelicot* now covers the entire south island and employs 8 people FTE. This number doubles over Christmas, reaching 16 employees for a period of six weeks. Over that period, the company does half of its total year’s business, which is the reason that led Alan to consider exports.

“If we can do that for six weeks, why can’t we do it for forty-six weeks and sell our product in the middle of winter?”
At its creation, Coquelicot covered only provinces in New Zealand with no sales offshore. Today, export sales represent 20% of their total business across 4 countries thanks to distribution: USA, Dubai, Australia and New Zealand. This number could double soon as Alan is currently negotiating with a distributor in Australia who already buys his products over Christmas time. The negotiation deals with buying the product continuously over the year.

“If they come on board for the whole year that will bring them [export sales] up to 40%”

Alan has been representing Coquelicot at international trade fairs since 1992. In all, he attended 16 international trade fairs: 2 in Japan, 2 in Hawaii, 7 in Australia, 4 in USA and 1 in Dubai. Alan always goes as an exhibitor and never as a visitor. At international trade fairs, he is always present; either on his own or along with his wife or with a sales rep.
7. Power and dependency in the relationship

The interviewees were asked to describe the relationship they have with their partners and the influence one party has on the other one. This question led to a discussion about many aspects of the relationship. The issue of power and dependency in these relationships was mentioned by all contributors. The interviewees mentioned the same notions such as bargaining power over decision-making, prices, terms of payment; brand, reputation and position of strength or weakness in the relationship.

A number of relationships attributes were mentioned as contributing to the role power and dependency. Each was identified in a process of open coding. Cross case comparisons suggest the reasons why power varies within each of these attributes. So as to understand how these codes impact the relationship, the sections are structured by companies from the highest to the lowest power.

- **Dependency – negotiation and bargaining – power**

  *Clover1’s* distributors highly depend on *Clover1*. It appears that there is no room for negotiation from the distributors’ side. The relative size of the distributors seems to be the focal reason why they are completely dependent on *Clover1*. This criterion impacts many aspects of the relationship, notably the terms of contracts and price.

  “We do not want that one distributor to get so big and then dictate to us (…) what the prices are. Therefore that is why all our distributions are non-exclusives”

  “We set up the rules”

  Paul also mentioned the particularity of their product that makes his distributors depending on them:

  “We have such a unique product, and it is patented”

For *Clover2*, it could be expected that the large downstream customers dictate the rules. However, *Clover2* has developed its product into one of those large companies’ plants. Paul does not see the need to change the product or improve it because *Clover2* did all the work upfront. Paul knows it perfectly fits because it was developed for them. Hence, there is no pressure put on *Clover2* from those large companies.

  “They do not dictate to us”
Orchidée seems to have found a balanced relationship where the dependency is mutual. Orchidée’s distributors are all about its own size allowing mutual benefits. It is important for Alex that both parties are happy about the relationship, and he will act towards that goal. Having partnerships with companies that are about Orchidée’s size appears easier to find a fair compromise in terms of price and terms of contract.

“There is not a lot of bargaining going on because it is a fixed price, it is a contract (...) Sometimes about payment terms maybe but not on the price”

“We have a contract but in the end what is a contract? It is an agreement between them and us. It is not like we hold them. If they are not doing it, I do not want them to do it. (...) Usually it has been mutual dependency”

Frangipani stipulates that they have no power with its large downstream customer, Tulip – a large global company - and they are at a position of weakness. Tulip’s size and reputation in the market place are the main reasons.

“We serve the customer and we are at a position of weakness with them”

“We are a company that is much smaller than the size that our customers would normally deal with”

Same as Clover2, Frangipani developed their product in collaboration with Tulip. The latter dictated the rules and requirements and Frangipani had to respond to such specifications.

“We worked closely with Tulip on the development phase of our product”

“We invested in capacity in the sense we are a global infrastructure that allows us to serve people like Tulip”

Frangipani had to wait for Tulip to take them on board, which took years. In the meantime, they kept investing and developing the product according to Tulip’s requirements.

“It took us 7 years of effort with Tulip to reach the top level in Tulip Corporation and have our first sales”

Although Tulip has the whole power Frangipani finds some benefits in this relationship, which appears to balance the power in the relationship and Josiah acknowledges it. They developed their product for Tulip, but they had their support.

“They told us “yes, what you do it potentially interesting for our future business, so what we will do is we will encourage it”. (...) You cannot put price on that. Getting their support is just huge. One thing they told us is “we are prepared to work with you, would you be prepared to work with us?””
The fact that *Tulip* asked *Frangipani* such a question shows that the commitment is not a one-way street. The two companies find benefits in the relationship. In terms of recognition, *Frangipani* gets all the benefits of such a relationship in the marketplace.

“Everybody these days knows that *Frangipani* is the supplier of *Tulip*”

Such a good reputation allows *Frangipani* to have more power in the industry, therefore over its upstream suppliers, which is a direct benefit from its relationship with *Tulip*.

“It is a really big thing for our suppliers that *Frangipani* supplies *Tulip*. It is a big thing for them that they supply us. They say it themselves: “we supply *Frangipani* for *Tulip*”. It is different and quite prestigious for them”

Mutual dependency is what Chris aims at in his relationship with his distributors.

“We are looking for mutual dependency”

Some partnerships seem more balanced in terms of mutual benefits but Chris has to make many compromises …

“One distributor takes us a lot of products so we had to lower the price and lower our margin to secure that business. But they buy a lot of products from us”

“We [have] such a good relationship around trading terms and open dialogue on foreign exchange”

… and in general, *Lily* is dependent on its distributors.

“We have very little bargaining power”

“They put restriction on us and say “if you do not play the game, and lower the price, all the other business you got with us is at risk” (…) and that is quite typical with large organisations”

Many companies Chris trades with are bigger than *Lily*, which appears to be part of the explanation why the distributors have power over *Lily*. If *Lily* wants to keep them as distributors, it has to comply with their requirements.

*Coquelicot* seems to depend completely on each of its distributors and *Coquelicot*’s future as an exporter seems compromised. *Coquelicot* has very few distributors, each of them being bigger.

“We have another 2 or 3 years to say: is this really going to work? (…) What are we actually doing here?”

Its large and only US distributor, *Rose*, defines the terms of the relationship and benefits are not mutual.
“He has more power”
“He said “let us give it a go for 5 years and then we will re-evaluate the terms” (…) if it is not selling we will not carry one”. He decides the quantity we will sell although we would like to sell more”
“They want the packaging low and wide and the one we had was tall and narrow so we changed it”

Coquelicot’ s distributor in Dubai is an airline. They decide whether they will put Coquelicot’s product on the menu or not and Alan cannot negotiate that.
“In Dubai, it comes and goes. You are on the menu or you are off the menu. You can be off for 6 months and on for 6 months. They have the power too”

Australia is fragile too.
“It depends on the current negotiation with that big supermarket chain”

Each distributor seems to have power over Coquelicot.

- **Number of downstream partners**

Clover1 has seventeen distributors worldwide, carefully chosen so they do not impose their rules.
“We do not want one distributor to get so big and then dictate to us (…). Therefore that is why all our distributions are non-exclusives”
“We set up the rules”

Clover2 also has few large clients. These clients specify the use of Clover2 product in sub-assemblies made by the clients’ suppliers. Suppliers to the client have no power over the choice of Clover2’s product. Clover2 also holds the power in the relationship with its clients because of the innovative and unique nature of the product.
“They do not dictate to us what we should do or how we should do it”

Orchidée has about 12 distributors covering more than 20 countries. They are all about the same size as Orchidée and the relationship is balanced as far as power is concerned.
“Usually it has been mutual dependency”

Frangipani counts approximately ten large accounts, however Josiah focussed on just one of these, Tulip; explaining that it is the largest. Tulip imposes its rules.
“We serve the customer and we are at a position of weakness with them”
“We are a company that is much smaller than the size that our customers would normally deal with”

*Lily* has about fifteen distributors, the same as *Orchidée*. As opposed to the latter, most of *Lily’s* distributors are big organisations and *Lily* is very dependent on them.

“We are not mutually dependent on each other (…) this is quite typical with large organisations”

“I am very conscious that they dictate our manufacturing rules”

*Coquelicot* has four distributors. Three of them are large organisations. One is a small distributor in Australia and buys once a year.

*Rose*, the main distributor, holds the power in the relationship.

“He has more power”

In the two previous sections, the experience of contributors is reported in order of the amount of power they feel they have with offshore partners. This brings to the fore the factors that influence bargaining power.

Evidence suggests that the relative size of a company is what gives that power.

It is also suggested that companies with more power do have a higher number of distributors; but it is clear that this is not enough to explain the powerful position they enjoy.

It is expected that the bigger the distributors, the smaller the number of distributors.

The two previous sections suggest that sometimes – but not always – size of companies is correlated with the number of downstream players in what gives companies power but evidence suggests that the relative size of a company is what gives that power.

The following figure shows these relations (Figure 1).
• **Brand – name – image - reputation**

According to Paul, *Clover1* is powerful in the industry and people know the name *Clover1*. Indeed, he allowed one of his customers from overseas to use the name *Clover1* because he thinks that it can be helpful for him to get into a company that *Clover1* already supplies.

“He was struggling getting in one of the plants in Malaysia which I deal on a regular basis, and I said to him “if you want to use my name use my name and tell them that you use our product, we use your product””

*Clover1* dictates branding rules to its own distributors. They are not totally free in the way they spend on marketing campaign.

“They have to spend twenty percent of their sales on promotional marketing campaign but they are free to do whatever they want to do”

Although *Clover2* does not specify the branding criterion in its relationship with the large downstream customer, this partnership suggests that *Clover2* has a good reputation in the market place as its product becomes a requirement by those large accounts.
Orchidée tries to keep consistency in the representation of their brand. Alex wants to keep control but he cannot afford an international branding campaign. Consequently, he expects the distributors to do it but he still wants to approve it.

“We expect our distributor to do their own advertising [under Orchidée’s brand] and marketing but we do not want to let them do anything we do not approve of. (…) We want to keep control of that”

The brand criterion is a good representation of the relationship Frangipani has with its large downstream customers, principally Tulip. Frangipani’s product is a component of a final product made from different companies’ sub-assemblies for Tulip. Hence, it is sold under the Tulip brand, being the final customer in the supply chain. Frangipani is at a position of weakness in terms of product requirement and customer service …

“We serve the customer and we are at a position of weakness with them. (…) If there is a problem, they expect us to deal with it”

… but it is still a balanced relationship in terms of recognition.

“Everybody these days knows that Frangipani is the supplier of Tulip. (…) Because we have done such a long work with Tulip Atlanta [headquarters], when Mexican Tulip decided to agree with our logo on [the final product], big Tulip in Atlanta decided not to object. So we are the only company that has our logo on Tulip’s product”

Frangipani gets benefits from this relationship in terms of recognition. Tulip acknowledges Frangipani’s good work and commitment to the relationship by letting Frangipani put its logo on their product, which balances the power in the relationship. Such a thing allows Frangipani to have more power in the industry –“to get accepted in a market, you need to have a highly visible brand” – which gives Frangipani power over its upstream supplier.

“It is a really big thing for our suppliers that Frangipani suppliers Tulip. It is a big thing for them that they supply us. They say it themselves: “we supply Frangipani for Tulip”. It is different and quite prestigious for them”

Lily’s name has been hidden for a long time.

“We have been attending a particular trade fair in Japan for about over 20 years. (…) Up until 2008 we have attended the trade show under the importer’s name”

“They would be the main presenter at the trade show and we would be put on the stand and be represented but we would not come as Lily”
Until that date, they went to support Daisy, this large Japanese company. Lily’s name was not displayed on the booth. In 2009, they decided to go to that trade fair as Lily.

“We took a gamble because we did not want to offend the Japanese”

They did the same in 2010 but with some people from Lily on Daisy’s stand in order to balance the presence. Although it did not weaken the relationship, Daisy still required the association of Lily to their stand and got it.

Coquelicot fails to have its name on its own product when it is sold in the US. It is sold under Rose’s name.

“They sell it under Rose’s name; there is no much of our name, more of theirs”

The position of weakness is quite clear as Coquelicot does not even get to have its name on the product.

The concepts of brand, name, image and reputation were often stated when the interviewees explained the type of relationship they have with their partners. They mentioned those concepts to define the relationship although it was not part of the protocol. Evidence shows that a strong brand leads to power over the partners as well as in the market place.

- Terms of contract

Clover1 defines the distribution contract in order to have the distributors they want. No distributor has exclusive distribution and Paul decides the industries his distributors are going to serve.

“All of the contracts we sign are non-exclusive and therefore we can then go and put other people into that market and what we try to do is look at the sectors of market (…). Then, if we bring another into that market we say “we have one in [this] industry, we want you to look after [that] industry””

The terms of these contracts are the same for all distributors.

“We give the same price to all our distributors: price less a discount and they all get the same discount”

“Part of the agreement that they sign is that they have to spend twenty percent of their sales on promotional marketing campaign but they are free to do whatever they want to do”

“Part of our distribution agreement is that we get a report back from our distributors on their activity in the market place”
He also wants to make sure that before signing the contract, his distributors have understood the product. Hence, he makes them come to NZ to get some training.

“The majority of our distributors we get them to come here and have a look at the product and understand it before they sign the contract”

Paul prefers to use distribution channels when dealing with the end users. When they have a distributor in a country, enquiries are referred to the distributor.

*Clover2* sells its product thanks to requirements made by large companies. When those large companies build new plants, *Clover2*’s product will be in the specifications.

“*Begonia* has endorsed our product worldwide. Therefore when they build new plants they say “we want this in these plants””

This distribution channel rule applies to the large companies as well. Because they have written *Clover2*’s product in their product requirement, they have to tell their own customers to buy the product from the distributor if there is one in their country.

“They came to us and said “we are going to buy so many of them so we are going to buy directly from you” and we said no you are not, you are going to buy from our distributors”

“We said to them this is how it works. And they accepted it”

“We only deal with the end users in areas where there are no distributors”

*Clover2*’s product is patented so they are at a position of strength in the industry and with its downstream customer.

“Our product is unique and patented”

Alex specifies the terms of distribution contract between *Orchidée* and its distributors.

“There is not a lot of bargaining going on because it is a fixed price, it is a contract”

Alex does not try to sustain a relationship with a distributor no matter what. He wants to give distribution to people who want to distribute his product.

“We have a contract but in the end what is a contract? It is an agreement between them and us. It is not like we hold them. If they are not doing it, I do not want them to do it”

Usually the contract is for three years, renewable. However, some do not have a written distribution contract; just a verbal one. Even though this way of doing business sounds risky, it appears that the people he has a verbal contract with are the people he trusts the most.
“The people who said they did not want a contract are probably the most honest and solid people I have done business with; and what could go wrong?”

One could think that such a relationship can be risky in terms of legislation. According to him, there is not much risk if they are doing it the right way. Both Alex and the foreign distributor are better off having a good relationship because it becomes too complicated and too expensive to have legal problems when it is in two different countries. This is why nothing goes wrong. Each tries to keep it simple and to make it work.

“It is expensive to get into legal actions”

“It is all about relationships, building relationships, communicating and I think we are quite good at doing it”

*Frangipani* does not sell directly to *Tulip* but to the suppliers of sub-assemblies to *Tulip*, and has contracts with them. However, *Frangipani* is currently working towards such an agreement with *Tulip*. Nevertheless, to achieve being in *Tulip*’s product requirements when they call to tender, *Frangipani* had to learn first.

“Before we had any work with a company like *Tulip*, we knew it was going to be effort of years”

After a long phase of learning and product development, *Tulip* required *Frangipani*’s product in their specifications, which gave *Frangipani* a strong position with *Tulip*’s suppliers. Despite *Frangipani*’s strong contract position with *Tulip*’s suppliers, that strength is due to *Tulip*’s specification. *Tulip* therefore has the contractual power in the relationship with *Frangipani*.

“It is in their specifications. In 2005, *Tulip* needed 20,000 cabinets and let the contract to *Dandelion*, in Japan. Then, we had this surprise call from *Dandelion* saying “we have this contract with *Tulip* that requires your product so now we have to buy them from you””

*Lily* does not have the same contract with all its partners depending on the market they are in as well as the nature of the partners (agents, importers, importer-distributors, distributors).

“Contracts are different with each of them”

*Daisy* has a special contract with *Lily* due to a thirty-year long relationship.

“The terms of contract are quite unique. They have been established on a handshake thirty years ago”

“It works; we have such a good relationship in terms of trading terms”
With newer distributors, a handshake is obviously not sufficient. The contract with some of them explicitly said that payment needs to be made 10 days before shipment in order to avoid legal problems.

“You do not want to get into any legal confrontation in foreign countries”

A distribution contract defines Rose as Coquelicot’s distributor in the US for five years – it is not an exclusive contract but Rose is the only distributor somehow. After that period of time defined by Rose, they can either decide to renew it or to stop the partnership. Obviously, Alan wants to renew it but it is not up to him. As opposed to Alex, CEO of Orchidée, Alan tries to hold his distributor no matter what.

“He said “let us give it a go for five years and then we will re-evaluate the terms”. We are in year 3 of year 5 (…) he is very straight; he said “if it is not selling we will not carry on”. He decides the quantity we will sell although we would like to sell more”

As with branding, the discussion around the terms of contracts emerged as an unprompted response to the relationship question. It strongly suggests that the terms of contract and the people in charge of defining them are a factor that explains who holds the power in the relationship. The non-exclusivity specification appears to be a term that surely enhances the SME power. Likewise, standardisation and fixed-contracts appears to leave little room for the partners to bargain; hence gives the SME power in the relationship. Long-term contracts and the possibility of not having a written contract at all seem to be two criteria that balance the power in the relationship where the two parties find mutual benefits.

- **Investment in the relationship: trust, time, effort.**

According to Paul, the key to a good business relationship is to meet people in person and spend some time with them. This helps build trust.

“Face-to-face contact is the only way to do business”

Although Clover1 is a young company (three years old), Paul recognises that long-term relationships help build trust, important criterion to a good relationship with a partner.

"You cannot do it overnight, it takes a while. You get to see those people all the time and this is how the trust builds up"
Alex, CEO of Orchidée, specifies that a happy partnership comes from a relationship based on trust. The fact that he does not even have a written contract with some of his distributors is a great example of how he builds a balanced relationship around trust.

“The people who said they did not want a contract are probably the most honest and solid people I have done business with”

The time spent in the relationship is a focal criterion for Josiah, CEO of Frangipani. The socialisation process has to start early, according to him.

“You still need to socialise with them for couple of years”
“You can start the socialisation process earlier on but you have to recognise that there is no point in doing it if you are not committed to make the investment”
“It took us seven years of effort with Tulip to reach the top level in Tulip Corporation and have our first sales”

This long-term commitment was appreciated by Tulip and it helped build trust in the relationship.

“They told us “yes, what you do is potentially interesting for our future business, so what we will do is we will encourage it””
“You cannot put price on that. Getting their support is just huge. One thing they told us is “we are prepared to work with you, would you be prepared to work with us?””

Chris aims at finding mutual benefits in the relationship although it is rarely the case. Even though his distributors have power over Lily, he notices that he gets some benefits. For him, communication, time spent, effort made and a good understanding of who you are doing business with are the key points of a good relationship.

“I invest a lot of time and effort in the relationship. The longer it takes, the better the relationship”
“This business grew through typical old fashion styled relationships. Someone from here spent a lot of time in Japan and the Japanese spent a lot of time here”
“It is absolutely critical that you understand the culture of the company, their ethics and their values, the service they can provide”

Although he explains how much effort he puts into the relationships, most of his distributors have power over him and some, mainly the large organisations, can even be hard to deal with.

“It is very challenging to trade with them”
Alan does not really mention his commitment to the relationship. Obviously he would like to keep the business going but does not explain how he wants to do that neither how he is doing it presently. With Rose, he is waiting for the contract to end to see what Rose will decide to do next.

“We have tried really hard, we have a limited budget, we have done the best with what we had, but you have to be reasonable if it does not work”

He admits that if Coquelicot’s business with Rose ends, he will give up on the US market.

“We have given our best shot”

The nature of the relationship depends on the way people build these relationships in terms of commitment and how they have grown over time. Trust and commitment appear to be salient in building secure relationships even when the distributors have the power over the SMEs; such investment will balance the power. When one party makes efforts and shows interest in the relationship as well as a desire to engage in a long-term partnership, the power the other party has appears to be attenuated. Time seems to be salient in trust-building; a significant component of a good relationship.

- **Product**

The product itself appears to be relevant in the explanation of who holds the power in the relationship for two companies interviewed. They are both engineering companies and they both mentioned the technology factor as part of the explanation about the relationship they have with their partners.

_Clover1&2_ holds the power in the relationship with their downstream partners, whether they are distributors or large end customers. The unique product strengthens their power.

“We have such a unique product, and it is patented”

“The product is unique enough of us to be the dictator”

The fact that it is a patented product is a source of power because it can be bought only from _Clover1&2_. Furthermore, its low price emphasises the power _Clover1&2_ has over the downstream players.

“As soon as someone sees it they just want it and it is not very pricy so they do not worry about the cost”

The price criterion is even more relevant for the large downstream accounts.
“Our product is relatively cheap for what it is doing for their plants. On the scale of running a factory, it is not that much money”

As opposed to Clover1&2, Frangipani does not hold the power in its relationship with Tulip. However, it was shown that the two companies have a good relationship and they both find some mutual benefits. Tulip needs Frangipani’s technology so it is of Tulip’s interest to work along with Frangipani.

“They told us “yes, what you do is potentially interesting for our future business, so what we will do is we will encourage it”

“One thing they told us is “we are prepared to work with you, would you be prepared to work with us?””’

This technology advantages helps Frangipani to have a strong position in the industry.

“Everybody these days knows that Frangipani is the supplier of Tulip”

Frangipani and Clover1&2 present similarities. They both have developed their product according to large accounts’ product specifications. Nevertheless, the differences in terms of power are significant. The main reason that makes Clover1&2 powerful appears to be because the product is patented hence unique. On the other hand, the technology advantage that Frangipani has balances the relationship. Tulip trusts Frangipani and is willing to work along with them.

The following table gives a summary of how companies stand in the relationship with their partners regarding the factors explained above. The table shows for each company the factors that tilt the power balance in favour of the company. It also shows that if companies exhibit power on one aspect, they are likely to exhibit power on other aspects too. The reverse is also true: companies with limited power from one source are likely to exhibit limited power from other sources. Hence, it appears that there is a correlation between the different aspects of power (Table 4).
Table 4: Influence of sources of power on the relationships companies have with their partners

<table>
<thead>
<tr>
<th>Source of power</th>
<th>Cases</th>
<th>Clover 1</th>
<th>Clover 2</th>
<th>Orchidée</th>
<th>Frangipani</th>
<th>Lily</th>
<th>Coquelicot</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relative size</td>
<td></td>
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<td>✓</td>
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<td>×</td>
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<td>Brand</td>
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<td>Contract</td>
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<tr>
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<td>✓</td>
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<tr>
<td>Time</td>
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<td>=</td>
<td>✓</td>
<td>✓</td>
<td>×</td>
</tr>
</tbody>
</table>

✓ Power is held by NZ Company
× Power is held by the partner
= Power is shared between NZ Company and partner
8. Objectives of going to trade fairs

The contributors were asked to talk about the objectives they have when they plan to participate in trade fairs. The discussion was divided into three parts: their objectives when they go to trade fairs, if these objectives vary between going as an exhibitor or as a visitor and if they have changed over time. This question led to a discussion about the different dimensions of trade fairs, what they expect to find and what their goals are. A number of attributes were mentioned as contributing to the objectives of going to trade fairs: selling, promotion, networking, information gathering/learning, supporting existing distributors. Each was identified in a process of open coding. The cross case comparisons suggest the reasons why the contributors decide to go to trade fairs, and how these reasons differ within each attribute.

So as to draw a link with the previous section about power and dependency in the relationship, the sections are structured in the same way, which is by companies from the highest to the lowest power.

- **Selling - Look for distributors – customers**

  *Clover1&2* was launched in April 2008. In October the same year, the company exhibited at an international trade show. Being new in the market place, Paul’s objectives were to look for distributors and customers worldwide. Hence, the expectations for participating in trade fairs were the same for *Clover1&2*.

  “At that trade show we were looking for distributors and customers. Every trade show we go to we look for distributors and customers”

According to Paul, trade fairs are a great pathway to find distributors worldwide, which is why he wanted to go in the first place.

  “Trade shows are really the way for us to get our product to the market otherwise we would be door-knocking. And you cannot door-knock from New Zealand!”

*Orchidée* was launched in 2002 and the first trade show they exhibited at was in 2006. At the beginning, the expectations were to get distributors in order to sell their product worldwide.

  “The goal was to find distributors. And the business model we were using was to identify distributors and get into a country”
Frangipani went to its first trade fair in 2001 where the main goal was to show the market players the product. As the product was just developed, hence new to the market, Josiah thought that trade fairs were fundamental to find customers worldwide.

“It was pretty clear what we needed to do with this company. Anybody who has been involved with products of our types knows that you have to participate in international trade fairs. That was a target for the company to get to a stage where it could put on a credible display at an international trade fair”

Once the product was developed, displaying it at international trade fairs appeared to be Josiah’s first choice to find customers.

Lily was participating in trade fairs for about twenty years in Japan, coming as a support for its distributors. When Lily decided to exhibit at a trade show under Lily’s name, the main goal was to find new distributors.

“We took a gamble because we did not want to offend the Japanese but we wanted to see if there were other market opportunities”

Coquelicot was launched in 1990 and exhibited at an international trade show in Japan for the first time in 1992 and again 1993 with the idea of finding customers. However, it was a failure.

“The trade commissioner told me that the Japanese are far too polite to tell me that they did not like my product”

Hence, they did not renew the experience until 2003 when they decided to go to a closer market, Australia.

“We were looking for a wholesale distributor”

Alan has the same expectations for any trade fairs he goes to.

“To me it is trying to meet new customers”

Regardless of the power they have in their value chain, all companies mentioned the need to display their product at trade fairs to see if there were opportunities worldwide. This is true even for Lily, who exhibited in conjunction with its more powerful distributor in Japan. Companies are clearly looking for distributors or customers worldwide, and this goal seems to be a crucial reason why these firms have gone to trade fairs.
Networking: build, maintain, enlarge the network

Paul, CEO of Clover1&2, is categorical as to attending trade fairs to build a network. He goes there to meet people to enlarge his distribution network.

“Trade fairs are growing our network (...). It has helped networking-wise; we met a lot of people at trade shows. In different parts of the world it is the same people doing the same sort of things so the network has definitely grown”

Meeting people, building and enlarging his network is one of Paul’s expectations when he goes to trade fairs. According to him, trade fairs play a salient role in that sense.

“The only way to build a network is by going to trade shows, really. Because you get to know people, you get to know what their industries are and then they can tell you “your product will suit that industry and I will give you an introduction to that person”; that is how you build your network; it is by dealing with the right people at the right levels”

However, Paul does not think that you need trade shows to maintain your network.

“I do not think you need to maintain your network by trade shows. They are a good start for meeting people but then you gotta do the effort yourself”

“Once you have created that bond, you keep in contact with that person to keep the relationship going”

Alex mentioned networking as an expectation to go to trade fairs. As opposed to Paul, maintaining the network at trade shows is part of his objectives.

“We want to meet our distributors individually but also we will probably need to have a team meeting, like an Orchidée-team family thing, not only to talk about issues but more something to build this brand confidence. That may happen around that next trade fair, which will be a bit different from the others”

Alex sees in trade fairs a great potential to build and more importantly, to maintain a network of relationships. Those relationships he refers to are not only people who buy his products but also people who believe in his business and make indirect contributions to its success. They appear to be very valuable for Alex. When he goes to trade fairs, he expects to see them and strengthen those relationships.

“We have a lot of “Orchidée friends”, people who like us”

“Some of them are quite high-profile people and they tell us “you guys are doing great, what could we do to help you, tell me”. They are some pretty impressive people who have given us their help. They are important in terms of advice about strategy”
Josiah mentions networking as the main reason that explains why he attends so many trade shows and mainly why he also keeps going to the same ones. Josiah suggests that this is the most efficient way to work on his network because at these trade shows there is a high concentration of people in the industry. Since Frangipani started going to trade fairs in 2001, the company has exhibited at about 25 trade shows.

“The networking is the key thing; that is basically what happens. This is why the repeated and consistent appearance at the same show. It is important because people get to know you and get comfortable with you, they begin to feel your power within the industry”

Josiah goes to trade fairs because he expects to see the same people over again and talk one-on-one with them.

“At a trade fair you can have sort of sequential meetings. Fifteen people from the same company will come and see you and your products (...) they all get to see you and they are not threatened; that is where the trade fairs are very useful”

“For people to get familiar with you, they just need to have opportunities for regular non-specific contact where they can ask questions as they come to mind”

The networking expectation was mentioned by Chris. However, it seems that he uses trade fairs to maintain current relationships rather than enlarging his network. For the past 20 years, he goes to trade fairs to support Daisy, its Japanese distributor.

“Most of the time, when we exhibit, it is going to be with the Japanese company”

Whether Lily goes to trade fairs with Daisy or on its own, Chris expects to work on the relationship with his current partners. He suggests that trade fairs are an efficient way to work on existing relationships for the same reasons evoked by Josiah.

“It is a situation where you actually arrange a lot of meeting with customers you already have. They like to see you there (...) and you could spend maybe as much as two-third of your time meeting existing or current customers”

“It is just another way of establishing the relationship but it is a really expensive way of maintaining the relationship”

Alan, CEO of Coquelicot, mentioned that he goes to trade fairs to enhance and maintain the relationship he has with his customers.
“To reinforce relationship with old customers”
“They all come to see me for a chat”

He also expects to strengthen the relationship he has with Rose, which is why he comes as a support.

“Our support was important to Rose”
“It is all about the relationships”

Although Alan goes there to work on existing relationships, he does not seem to use trade fairs to enlarge his network.

Contributors have different expectations about networking when they attend a trade fair. It seems interesting to notice that two firms with more limited power, Coquelicot and Lily, do not go to trade fairs to build or enlarge their network but rather to work on their current relationships.

Table 5: Objectives for networking

<table>
<thead>
<tr>
<th></th>
<th>Clover1 &amp; Clover2</th>
<th>Orchidée</th>
<th>Frangipani</th>
<th>Lily</th>
<th>Coquelicot</th>
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✓ They do
× They do not

Table 5 above shows the use of trade shows for networking purposes by the different companies. It appears that Lily and Coquelicot go to trade fairs only to maintain their network when the other companies show interest in building, maintaining and enlarging their network at trade shows. Both Lily and Coquelicot mainly depend on one large distributor and go to trade shows to support him. The previous section about “power and dependency” revealed that those two companies were almost totally dependent on their large distributors. Hence, it suggests that power influences the use of trade fair for networking.

Following this logic, one could expect that Clover1 & Clover2 use trade fairs to maintain their network as they are the more powerful. However, it is not the case and Paul believes that the effort required to maintain relationships has to be done outside the show.
• Information gathering/learning/walk the show

Paul, CEO of Clover1 & 2, mentions that he expects to find information at trade fairs when he gets the chance to visit a trade show; however, it is not his primary goal.

“It was more an information gathering, what is new in the market place; who are our competitors. But I go to trade fairs from a buying perspective. I do not go to trade fairs just to have a look around”

Alex used trade fairs only once as a form of market research to gather information about the companies exhibiting so as to see if that trade fair would suit Orchidée.

“We wanted to know what was happening on the market and what the market wanted“

“We went to the trade show and just had a look; we just went to see to understand what it was all about”

Although he went there to collect information so as to know if the show will suit his company in the future, it was still business-oriented and his primary goal remained to look for potential distributors.

“We had a few contacts and we took some samples. The goal was to find distributors”

Josiah, CEO of Frangipani, explains that the very first time he attended a trade fair; he just wanted to know what it was like. According to him, this is the case for everyone going to a trade fair for the very first time.

“The first trade fair you go to, basically and for most industries, it will be nothing more than curiosity”

In general, when Josiah goes to trade fairs, he expects to learn and gather information.

“One of the key things about trade fairs is that you are here to learn, it is like a test-match”

Josiah often goes to trade fairs to collect information about that particular trade fair, see how people behave before going as an exhibitor.

“We visited it for 3 or 4 years, made contacts, learnt about how people behave before exhibiting”

“You have to know how to behave”

“You might get the information you need by going to trade fair”
Chris, CEO of Lily, appears to be the one with the strongest information gathering expectations. He goes to some trade shows especially because he aims at finding information, seeing what is happening in the market place.

“I wanted to walk the trade show. I wanted to use my eyes and my ears and see what is going on and see what is happening”

“I knew exactly who I wanted to see, buyers, potential competitors, current competitors, new products, etc.”

Alan, CEO of Coquelicot, goes to trade fairs with the intention of gathering information about competitors so as to see what they are doing. He knows that some of his competitors try to do what he is doing so going to trade fairs helps him notice what they actually do.

“I get there early, I look through the book and I have a target of people who I go to look at”

“I go to have a look at their stand while they are not there and see what they are up to because I know they try to make our product (…) I try to go around, take half an hour if I can”

Alan does expect to find out what competition does, but also walk the fair to gather any type of information.

“Our primary purpose is to be on our stand but we do do some market research, take pictures, look at what they are doing”

Contributors mentioned the desire to gather information while they are at a trade fair. Apart from Frangipani and Lily who went to a trade fair especially for that specific purpose, the companies try to gather information so long as they come for another purpose (buying or selling). As far as the power effect is concerned, different explanations could be suggested for the two companies.

Frangipani is in a fast-moving industry where it seems relevant to get an update on what is happening in the market on a regular basis. Evidence does not appear to be consistent enough to suggest a link between the power effect and the desire to gather information at trade shows for this specific firm. As far as Lily is concerned, the power effect seems to have an impact on Lily’s desire to go to trade fairs only for information seeking. It suggests that Lily sees the market only indirectly, i.e. through Daisy. Hence, the fair is his chance to see the market directly.
• **Support existing importer/distributor**

Although Paul mentioned that his main purpose of participating in trade fairs is to look for distributors and customers, it is also to support *Clover1*’s current distributors.

“The main reason is to bring our product to the market. So it is to help our distributors in those areas as well as pick up new distributors in areas we do not serve yet”

Paul shows a great interest in the relationship with his distributors and goes to some trade fairs especially to support them so as to build trust.

“We want to support our distributors so every time someone comes to us and wants to buy straight from us we say “no, you cannot buy from us you have to buy from our distributors”. So therefore that trust aspect comes up straight away. We are not trying to undercut them, we try to support them as much as we can, give them the best pricing, tell them what to do and how to do it”

For *Clover2*, the need to support is not relevant here.

Alex, CEO of *Orchidée*, did not really mention supporting existing distributors as an expectation. He does not plan on going to a trade fair to help them increase their sales, but rather to keep a good relationship. For him, it is important to support the distributor in the sense of taking care of him.

“Now, it is really a matter of looking after people we have already (…) that is what the trade fairs are going to be about”

Although *Frangipani* has some distributors, Josiah did not mention them, as the deal with *Tulip* is his main market.

*Lily* has been supporting *Daisy* at trade fairs for 20 years. *Lily*’s name was not mentioned on the stand, but the team was still there to support *Daisy* competing in the Japanese market. The cost of trade shows and the specificities of the Japanese market were the main reasons that led Chris to come as a support to the importer.

“They would be the main presenter at the trade show, and *Lily* would come as a support but not as *Lily*”

It recently became one of *Coquelicot*’s expectations to support distributors.

“We are going to Australia again this year [2011] to support a local distributor”
Alan started going to trade fairs to support *Rose* since 2010.

“We were only on *Rose*’s booth with no fees because my support was important to *Tulip*”

Supporting distributors is a reason why the contributors have decided to participate in trade fairs. It is in their interest that their distributors become strong in their own market. Support is a strong argument for participating in trade fairs; however, the reason to come and support the partners depends on the companies’ power position. Indeed, firms with the more limited power (*Lily* and *Coquelicot*) are required to come as a support by their own distributors, whereas more powerful firms (*Clover1* and *Orchidée*) take the initiative in supporting their distributors at trade fairs.

- **Recognition, credibility, sustainability (promotion)**

  Paul explains that one of the reasons that led him participating in trade fairs is brand recognition, which is why he is a regular exhibitor. He expects people to recognise *Clover1&2*’s position in the market place.

  “It is more about getting our brand out there, our product out there”

  The sustainability aspect appears to be salient to be well-known in the market place.

  “Basically you’ve got to go to a trade fair at least three times. The first time people will think “good, well we will see if they come again”; the next time they think “good, they are still here” (…) if you are there the third time, people will understand that you are in the market and you have a sustainable product to keep moving forward. So, we have done two and we are doing our third one in November 2011”

  Alex, CEO of *Orchidée* also mentioned this need for recognition and building a sustainable presence in the market place.

  “It is more to showcase the brand; have a presence; it is also a bit celebrating what we got and retailers come to the stand”

  For Josiah, the promotional aspect of trade fairs is important because people see that you are there.

  “The promotional aspect is just crucial: here we are”
Josiah emphasises the need to keep going to trade fairs and mainly to the same ones. It surely helps *Frangipani* build a strong position in the market place and be seen as a serious player. Credibility, recognition and sustainability appear to be crucial for him.

“We are very careful about what our corporate presence looks like”

He explains why this is crucial to keep going, especially the first times when a company exhibits.

“When you first exhibit, a lot of people come to look at you but the main reason is curiosity, because you are new in the business. (…) Even though they show interest, back in their mind they will think “we will see if they come back next year”. (…) You need to do at least 3 in the same location otherwise customers will not treat you seriously. The next year when you come back, they think “ok, they are back, we will look at the a bit more seriously”. The third year they will think “alright they are back again, I have seen them last year and it seems that they are doing pretty well”. However, if you do not come back the fourth year, people will think “they are not back, this is what we expected”.”

Chris’ expectations vis-à-vis the promoting dimension of trade fair are the same.

“Quite often going to a trade fair, it is posturing”

He wants to show people that *Lily* is a sustainable player in the industry.

“It is important to be there, because people are expecting you to be there, competitors will be there as well. Even though you did not have many contacts the year before, you have to keep going if you want to enter a particular market”

Alan mentioned that *Coquelicot* gained in credibility by going to trade fairs. He keeps going because he realised that people remembered him, as someone told him:

“Oh, you are here as well, I remember you”

Now the promotional aspect of trade fairs appears more relevant to him and he works towards that goal.

“We think we start getting some recognition”

For all companies, recognition appears to be an important goal for attending trade fairs. They all mentioned the desire to be well-known and credible in the market place. This explains why they go to the same trade fairs several years in a row regardless of power.
Differences in objectives: Exhibiting VS Visiting

The question that is examined here is how many of the objectives just listed can be pursued just by visiting and by exhibiting.

The previous section deals with expectations of going to trade fairs in a broad way. Apart from Coquelicot, they all went to trade fairs for exhibiting as well as for visiting.

Paul, CEO of Clover1&2 goes to trade fairs to visit and exhibit with different objectives. When he exhibits, his primary focus is to find distributors.

“Every trade show we go to we look for distributors and customers. Typically distributors in areas that are not covered, but sometimes it is also distributors in the same areas”

In contrast, when he visits, he goes there as a buyer.

“I go there to buy”

He also goes there with the intention to gather information but it is still really business focussed.

“It was more an information gathering, what is new in the market place, who are our competitors. I go to trade fairs from a buying’s perspective. I do not go to trade fairs to just have a look around”

However, Paul does not go to visit a trade fair because he wonders whether he wants to exhibit there next. According to him, the trade fairs websites are rich enough in terms of information about who comes to find out whether it is the one for you to exhibit at or not.

“We do not go to a trade fair thinking this is a one to go to next year. You waste your time and money if you are going there to find out whether it is a good one to exhibit at. You should do your study before you go”

Alex, CEO of Orchidée went a few times to visit a trade fair. The very first time he went to a trade show, he wanted to see what it was although he still did some research upfront.

“We went to the trade show and just had a look; we just went to see to understand what it was all about”

“We had done some research. We got to know people and I guess we talked to a lot people about what was happening in the market and what the market wanted”

He visited at first and then exhibited. As a visitor, he looked for information but he also had in mind finding distributors.
“We had a few contacts and we took some samples. The goal was to find distributors”
It appears that they had the same goals at first; whether they exhibited or visited.
“In the beginning it was getting distributors”
The other goal was also to see whether they could exhibit at that trade fair the year after, which they did.
“We went back to the same trade show the next year but as an exhibitor and it was really successful”

As opposed to all the other companies, Frangipani is the only one that has been to trade fairs more often as a visitor (about 40 times) than as an exhibitor (about 25 times). Josiah focuses on the networking aspect and the need for recognition as an exhibitor.
“The networking is the key thing; that is basically what happens. This is why the repeated and consistent appearance at the same show”
“That was a target for the company to get to a stage where it could put on credible display at an international trade fair”
His intentions are not exactly the same when he goes as a visitor. Indeed, if it is a new show, he goes there to “walk the show”, get some information and learn as much as possible before exhibiting.
“We visited it for three or four years, made contacts, learnt about how people behave before exhibiting”
“You have to know how to behave”
When he goes and visits, he does not go from a buying perspective although Frangipani has a main activity in buying components. Frangipani’s suppliers stay the same. He remains business focussed and goes to his customers.
“When you directly visit, you stay focused on the business. You can expect contacts at trade fairs; you can get pretty much all the information you need by visiting. But the reason you go and visit is basically because both sides understand that we are talking about some business need”
The reason why he goes to trade shows to meet up with customers is because it is less expensive than going to visit them individually.
“Going to visit someone in the US or Asia or Europe, you have to expect the cost to be about 1,500 NZD per meeting, whereas at trade shows it costs you 600 NZD per meeting”
From both visiting and exhibiting sides, Josiah focuses on networking.
Chris, CEO of Lily, goes to trade fairs as an exhibitor as often as he goes as a visitor.

“It is fifty-fifty”

However, his expectations are different. As an exhibitor, he goes mainly to support his Japanese distributor, to maintain his network as well to look for market opportunities.

“Most of the time, when we exhibit, it is going to be with the Japanese company”

“You arrange a lot of meetings with customers you already have. They like to see you there, I think some like to be seen to be there and you could spent as much as two-third of your time meeting existing or current customers”

“We wanted to see if there were other market opportunities”

From a visitor’s perspective, his intentions are not the same. He goes there to get information about competition and the market

“I wanted to walk the trade show. I wanted to use my eyes and my ears and see what is going on and see what is happening”

The same as Josiah, he suggests that it is worthwhile going as a visitor - moneywise. According to him, the following question should be raised when someone decides to participate in trade fairs.

“What is the value of the investment for me to be exhibiting at a trade show versus what is the value for me of walking a trade show?”

Chris also goes to trade shows with the objective of finding out if it is a show they want to exhibit at the next years.

“It was the first time I attended this trade show. I went as a visitor. I will come back again but I will probably wait another two or four years before exhibiting”

“You go as a visitor and then you go back as an exhibitor. I do exactly that”

Chris explains that doing so stopped him from exhibiting at a trade show.

“I visited that [trade show] in 2008; walked the show, spent 3 days, I was asked to exhibit the next year but I could not justify going from walking that show to exhibiting. Either we were not ready for the market or the market was not ready for us”

Therefore, he insists on the importance to “walk the show” before making the decision to come back as an exhibitor.

“Definitely walk that trade show and then decide whether you want to be here as an exhibitor”
They all went to trade fairs for exhibiting as well as for visiting apart from Alan, CEO of *Coquelicot* who argues:

“If you go only to have a look at the competitors’ products, you are missing out some things and mainly potential customers”

Apart from *Clover1&2*, the contributors all agree on the need to visit a trade show before exhibiting.

**Table 6: Differences in objectives for visiting and exhibiting at trade shows**

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<thead>
<tr>
<th></th>
<th>Visiting</th>
<th>Exhibiting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Networking</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Information</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Support</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Recognition</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

The data allows sharp distinctions on the different possibilities available from visiting and exhibiting.

All five principal reasons for attending trade fairs can be pursued when the SME is exhibiting.

When visiting; only selling, networking and information gathering are feasible. This level of engagement with trade fairs is not sufficient to support distributors or build recognition in offshore markets. It is interesting that selling activities are possible even when the SME is only visiting the trade fair and not exhibiting.

Contributors pointed out that they stay really business-focussed when they visit a trade show and that opportunities for selling can be created even as visitor. Networking and information gathering appeared to be the two expectations that can be done equally well either by exhibiting or by visiting.
**Change of objectives over time**

The contributors were asked if their expectations of participating in trade fairs had changed over time. The section below reports their answer to this question. The order used previously – highest to lowest power – does not appear relevant here. Hence, results are following a chronological order so as to identify the changes that have occurred.

**Expectations at first**

For *Clover1&2*, the time criterion is not really relevant in terms of expectations (3 year old company). However, the company participated in the same trade shows twice and according to Paul:

“Our expectations have not changed over time. We are still going to go but we are going to rely now on our distributors to pay for them and we will supply the product”

For Alex, CEO of *Orchidée*, things have changed in terms of expectations. The selling aspect of trade shows was the main initial motive to go.

“In the beginning it was getting distributors”

The very first time Josiah represented *Frangipani* at a trade show; he was looking for information only, he went there by interest.

“The first trade fair you go to, basically and for most industries, it will be nothing more than curiosity”

The twenty-year old relationship *Lily* has with *Daisy* implies that Chris was looking for a Japanese distributor at first.

When he first went to trade fairs, Alan had in mind finding customers.

“To me it is trying to meet new customers”

It appears that a number of expectations can be pursued even in the first trip to a trade fair: recruiting distributors, information gathering and selling.
Expectations now:
The only thing that has changed for *Clover1&2* is that they do not go to each trade show. They rely on their distributors for the small ones and expect them to do the work.

“All of our distributors do smaller trade fairs on their own, but the very large ones we always go to”

For *Orchidée*, the network aspect of trade shows becomes more appealing now than the desire to find distributors. Alex now has meetings with distributors, distributors’ customers whereas at the start, he just started talking to whoever showed up on their booth.

“The purpose of going is slightly different. Now, it is not to identify distributors because we have almost all the distributors we wanted. It is more to showcase the brand; have a presence; it is also a bit celebrating what we got and retailers come to the stand”

Maintaining the relationships he has with his partners becomes his main objective for going to trade fairs.

“Now, it is really a matter of looking after people we have already (...) that is what the trade fairs are going to be about”

For the last two years, and particularly last year, networking, and especially maintaining it, is the main expectation. They have meetings off stand.

“It is also a time where we have a bit of a social time as well”

Alex talks about social time with distributors as well as with people who identify distributors for them. These are people who like *Orchidée*, who like what the company does and the fact that they are a family.

“There has to be some synergies in terms of relationships”

The importance of social time has become a salient expectation because it reinforces the brand.

“We will probably need to have a team meeting, like an *Orchidée*-team family thing, not only to talk about issues but more something to build this brand confidence. That may happen around that next trade fair, which will be a bit different from the others”

Expectations keep rising as far as networking is concerned.

“We might do that around that trade fair, which is going to make it quite different from the previous ones. We want to strengthen our relationships with our current distributors rather than looking for new distributors. We also a number of people who are like “*Orchidée* friends” so it is also a chance to meet up with them”
When Josiah was asked whether his expectations had changed over time, he answered “not greatly”. From the start, networking and promotion are the key points.

“The networking is the key thing; this is why it is important to repeat over years”

“The promotional aspect is just crucial: here we are”

There is a contradiction with what he previously said. He mentioned that the very first time he went to a trade fair, it was by curiosity.

“The first trade fair you go to, basically and for most industries, it will be nothing more than curiosity”

This suggests that curiosity was for the very first trade show he went to. After that, he focussed on promotion and networking.

Although Alan wants to find more customers, Coquelicot is in a high-risk position so his primary expectations had to change. He now goes to support the distributor.

“We are going to Australia again this year [2011] to support a local distributor”

“We were only on Rose’s booth with no fees because my support was important to Tulip”

Although Chris was asked the same question, his answer is not relevant to the study.

This section reports what the contributors said when they were asked about changes in expectations since they participate in trade fairs. Merged with the data reported in the previous sections about objectives, these data allow identification of not only differences in expectations but also which of these are set from the beginning and which ones have grown over time; hence were not an objective at all when they first went.

Table 7: Change of Objectives over time

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<thead>
<tr>
<th></th>
<th>From beginning</th>
<th>Grows with time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling/getting distributors</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Networking – build/grow</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Networking – maintain</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Information</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Support</td>
<td>✓ (Lily only)</td>
<td>✓</td>
</tr>
<tr>
<td>Recognition/brand/promotion</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>
These results shown in Table 7 suggest objectives contributors had when they first went to trade shows, and the ones that have grown through experience at trade shows. Information seeking, getting distributors and building and growing a network are reasons that led contributors to participate in trade fairs in the first place. Maintaining the network, supporting distributors and promoting the company are objectives that became salient over time. Lily is the exception. Since the beginning, the company went to trade shows to support one of its distributors: Daisy. Their relationship suggests that this is due to Lily’s subservient power.
9. Actions

The contributors were asked to talk about the different steps they are involved in when they participate in trade fairs. The discussion gave insight into how they prepare their display; how they act at the show and the implications the show has on their business. Hence, this section is divided into three parts: before, during and after the trade show; each of these being structured in the same way as the previous ones, i.e. companies from the highest to the lowest power, so as to reveal if their actions are related to the power they feel they have.

Before the trade fair

Before going to trade shows, Paul carefully chooses fairs that suit Clover1 & 2’s industry.

“We are really quite specific on what shows we are looking for”

So as to see if a trade fair suits his activity, Paul uses information available on the internet. According to him, it is essential to do this work upfront.

“You should do your study before you go”

“A lot of the trade fairs you can go on the website and see who is going, how many people are going, what the registration is, what is the staff unit before you go there, whether it is going to be any good or not”

Alex, CEO of Orchidée, only mentioned a certain amount of research done before arriving at the trade fair but he does not show much preparation beforehand.

“We had done some research. It is hard to say in terms of the amount of research we had done”

Josiah gives a significant place to preparation when he considered representing Frangipani at a trade show. He insists on the importance of having a good product to display, preparing a long time in advance.

“You have to have a clear plan starting well beyond that, it is what are you actually going to display?”

“The thing with a trade fair is that it is a methodical 18 month preparation”

“You have to book your stand probably a year in advance”

Josiah explains that by selecting the right trade fair, the company’s presence and profile in the industry is established.
“We have built an industry presence by exhibiting in selected trade fairs”

Hence, he is very careful about the fairs he goes to and does his market research beforehand. Part of his preparation plan is to reach people a couple of months before the actual show.

“Four to six months in advance, you are starting to set up appointments for people who come to visit you at the TF, you are sending out invitations, you are calling and following-up your contacts. It is not necessarily because they would come, but it gives you a reason to reach out to your prospects, to your customers to maintain contact with them”

*Frangipani* is methodical in the preparation. The executive assistant is the trade fair co-ordinator and she has to come up with a plan.

“Charlotte is our trade fair co-ordinator. She does the plan. We have a standard project plan that we follow at the trade fairs which varies according to specific locations we are in”

Josiah makes sure that everyone knows what they are supposed to do.

“We make a target list and we divide that up. We make sure that everybody who goes gets to actually visit, go around the trade fair. We also have a calendar of who has to be on the stand, so we all have periods of time where we have to be on the stand”

He also spend time before the show to well-train his team.

“The team needs to be trained because otherwise they just talk to anyone who comes along”

Chris finds it crucial to be sure if the trade show he wants to exhibit at suits *Lily*. Hence, before exhibiting, he will visit first and use the trade show as his market research basis.

“You go as a visitor and then you go back as an exhibitor. I do exactly that”

Furthermore, he thinks that qualifying the customer before going is important. He will use the internet to do some research before.

“Now with the internet a lot of data is collected a lot faster so now it is easier to know everybody who is coming”

Alan did not mention any preparation before going to a trade show. It does not seem that *Coquelicot* does a lot in terms of market research before exhibiting, which could explain some failures. The first trade show they attended was in Japan. They went there twice and realised only the second time that the Japanese did not like their product.

“We spent a lot of money and we did not get there”
The only preparation he mentioned is done on the day, right before the trade show opens its doors.

“I get there early, I look through the book and I have a target of people who I go to look at”
“I go to have a look at their stand while they are not there and see what they are up to because I know they try to make our product (...) I try to go around, take half an hour if I can”

The different companies interviewed do not prepare the same way their exhibition; however they all argue, apart from Coquelicot, that preparation is significant in having a successful exhibition. The key point is to be sure that they exhibit at the right trade show. Frangipani appears to be the most methodical and the most involved in the preparation. There is no clear evidence why Josiah appears to be the most methodical in trade show preparation. Personal character can be suggested as a plausible explanation.
Although evidence is mixed as to the amount of work done before the show and the power these companies feel they have, evidence shows that no preparation leads to an unsuccessful exhibition. Coquelicot realised after two attempts that his product did not suit the show and moreover the country.
Contributors have identified the main actions needed for pre-fair preparation: selection of fair, internet search for likely customers, planning what to exhibit, set up appointments, schedule staff time on exhibit and training staff on how to handle enquiries. All these actions clearly prepare the firm to make the most of its participation in a trade fair.

At the trade fair
At the fair, Paul gets to talk to many people so he will typically take their details and move on quickly to the next ones.

“We get so many enquiries”
“We had someone standing on our stand selling our product and we had 35 people waiting to see us so we did not have time to spend”
“If someone is interested, we take the details, we talk about the product very briefly, we might spend 10 minutes with them talking about the product, learning a little bit about them and then we call them back”
Paul also uses the fair to organise one-on-one meetings with existing distributors of Clover1&2 because they all want to talk business with him.
“We will have one-on-one sessions with all our distributors so we all got time to talk about the future, what is happening and how it is all going”

“Face-to-face contact is the only way to do business”

Although Paul previously mentioned maintaining his network through trade shows was not part of his expectations and this should be done outside the fair, it appears that he still uses the fair to meet up with them. Although he is very business focussed at those meetings, trade fairs give him a chance to meet up again.

Alex explains that at the fair, he meets his distributors and their customers.

“We have appointments with their customers; whereas before it was just Sarah and I who talked to anyone”

His way of doing business on the stand relies on Orchidée’s distribution network.

“Distributors want to bring all their customers to the stand, then that brings potential customers or people they have relationships with”

His actions at trade fairs are based on a desire to work on his network. Speaking about the “Orchidée friends”, he argues:

“Trade fairs are also an important place to actually meet up with those people; not the only place but it is a key place to meet up with those people”

At trade shows, Josiah’s primary effort is to make sure that the customer is the first focus:

“This is why we have a different regional character in all of our displays. (...)In China, customers are expected to be completely upfront so you are expected to have on your stand things written in Chinese. The staff on our stand was Mandarin and Cantonese speaking people”

Josiah emphasises the need to show a total immersion in the country that hosts the show. Hence, he impresses people with his language skills and ability to adapt himself to a different environment.

“You have to dress appropriately for the market, so I dressed in a German way”

“I can speak German”

On the booth, Josiah avoids over-populating the stand with people from Frangipani.

“We tend to make sure that there are usually no more than four people there”

Josiah tries to spend more time on meeting potential customers and qualify potential customers rapidly.
“It is important to qualify very quickly whether or not they are potential business prospects. If they are, spend the time, capture the details for the follow-up and then let them get on because if they are serious business prospects they do not want to waste their time either; they are here for business purposes”

Josiah and Paul agree on the importance of getting people’s details quickly and efficiently. This evidence suggests that trade shows are crucial in meeting people, but the workload afterwards is even more important.

When Lily is not supporting Daisy, Chris spends most of his time maintaining relationships with his customers.

“It is a situation where you actually arrange a lot of meetings with customers you already have (…) you could spend maybe as much as two-thirds of your time meeting existing or current customers”

When Lily participates at trade shows to support Daisy, it appears that Chris acts in Daisy’s shade and has limited ability to promote Lily as a separate entity.

“They would be the main presenter at the trade show and we would be put on the stand”

At the fair, Chris takes care of talking to the right people by looking at their badge, either visitor or exhibitor and the company they represent. He also tries to evaluate if those people are the decision makers.

“Qualifying the customers at a trade show is critical”

Alan explains that his main objective is to be on the stand in order to be there if someone wants to talk to him. His attitude appears to be passive.

“Our primary purpose is to be on our stand”

When Coquelicot comes to support Rose, Alan acts as an intermediary. He will introduce Rose’s CEO to people interested in buying the product.

“I said come with me to Rose’s stand and I will introduce you to the man”

“And they got two good customers”

At trade shows, contributors’ actions vary. Orchidée and Lily appear to spend most of their time with current customers and distributors. Clover1&2 does so too but tries to make the time spent at the show profitable and to get new contacts. Likewise, Frangipani focuses on
getting new contacts and put the emphasis on customers’ needs. The careful and quick selection of customers was mentioned by some contributors – they take the details and let them go. This qualification suggests that contributors select whether visitors look promising or not. In order to make these judgments in a limited time, it probably requires experience, which appears to be another reason to exhibit regularly.

Once again, Josiah seems the most sophisticated. He plans the exhibition long in advance and pays attention to how his stand looks like. He is the only one to mention that he adapts the display to local conditions. No clear evidence suggests why he does that. It appears that it is due to his personal character and he likes being methodical.

Coquelicot does not appear to have a clear plan when Alan is on his stand, and he focuses more on getting customers for his distributors. There is no clear evidence on a logical link between the power these companies feel they have and the way they act at trade shows. However, as far as Coquelicot and Lily are concerned, when they exhibit with their more powerful distributor, they act in their shade; do not control the stand and seem to be there to promote the product. Those two companies are the ones with the more limited power.

After the trade fair

Paul shares the cost of participating in trade shows with Clover1&2’s distributors and in exchange he gives them all the leads in their areas, which is easier for him.

“We give all those leads to our distributors in the areas we are going to”

“We keep asking our distributor how there are getting on”

As far as potential distributors are concerned, the follow-up process is different. As Paul collected their details at the trade show, he contacts them back after the fair and asks them to fill in a questionnaire.

“We send a questionnaire to find out whether they are the right type of person or right type of company to represent our product or not”

This questionnaire helps Paul identify several criteria to make sure that those distributors-to-be are going to be efficient.

“What we try to do is look at the sectors of market. (…) Part of our questionnaire is what sectors of industry are these people good at”

“We ask “what sort of sales do you do? Do you telephone sales, do you have sales rep on the road, etc.” We are quite selective on how we select our distributors to make sure that they actually have people face-to-face in front of the customers”

Paul admits that this step is crucial for having a good distribution network.
“There is a very small type of company that is actually good for distributing our product. (...) Therefore we have to be very careful about who we are actually are giving our distribution to”

Once they are identified, he tries to make them come to New Zealand to make sure it is the right choice.

“We get them to come here and have a look at the product and understand it before they sign up”

“Sixty percent of the time we fly them here. (...) We want to make sure they are who they say they are

Each time Orchidée participated in trade fairs, Alex left with a large amount of people’s details to follow-up; although not always of his interest

“You get a lot of people’s business cards and they say that they would love to do distribution. They emailed me so I hear back from them. But out of a hundred contacts, you have fifteen serious ones”

Alex does not seem to work a lot on following-up people. Although he mentions that he used to do it through a typical medium; i.e. emails, he does not seem to keep doing that.

“I did a lot of following-up; I sent a lot of emails. Now I am a bit more cynical about it and I let people come to us more”

Josiah gives a great importance to the follow-up and how to deal with the people who came to Frangipani’s stand.

“On a normal trade fair we will pick up possibly forty new contacts a day that require actions”

“After the fair, you have to assign them to salespeople for actions”

When Josiah talks about forty new contacts, he means forty realistic ones so he needs to be methodical to follow such a number of people.

“Our contacts all get into our CRM database and we follow them”

“We assign actions and when these have to be closed off by”

After Lily exhibited at a trade fair where Chris has met many people, he has to work on the next step carefully as he cannot follow everyone up.

“We would walk away with maybe something close to sixty to eighty new business contacts. There are probably only five to ten of them that you need to get very quickly
onto a core cycle to find out whether you can take them further. You cannot establish sixty contacts”

Once he has evaluated who is worth following-up, he contacts them within a couple of months after the show.

“Over the next sixty to ninety days, you are going back to visit them, and the you are going to try to establish samples, information, specification, etc., work on the product development, which could end up into sales”

Chris mentions that ideally – and potentially in the future – he would like to stay longer after the show to facilitate the follow-up process.

“One of the hardest things is the follow-up. This is the thing: we go there, but I probably should stay for another six weeks after. So you need to be in that market nine weeks maybe to complete the full sales cycle (…) that shows that you are committed”

“There is an extreme amount of workload after the trade shows”

Alan gives a great importance to following-up whoever comes to Coquelicot’s stand.

“We follow-up everyone who has given us their business card”

This strategy appears to be very different from the selective approach of the other contributors. The reason is the number of people to follow-up. Indeed, according to him, the work a trade show requires is significant although the number of contacts is not.

“The trade show is only the beginning, then there is the follow-up”

“We generally get three contacts on the trade fair”

Alan’s following-up is threefold. He emails the prospects three times and gives up then if they do not get back to him.

“We always follow-up as soon as possible. (...) And a month later we follow-up, and another month later we follow-up again. And if they are not actually buying stuff, we say “well, we have given our best shot”

Evidence suggests the importance of following-up people met at trade fairs. Here, the connexion between the power these companies feel they have and their actions after going to trade fairs seems more relevant. Indeed, although Coquelicot and Lily mentioned that they follow a process, the former does not seem to be really efficient neither pushed further enough. Alan gives up after three months and Chris realises what would be better to do but cannot do it. Orchidée appears to be in a comfortable position now Alex has almost all the
distributors he wants and the follow-up is not really crucial anymore. However, he explains that it used to be important during the first steps of finding distributors.

“I did a lot of following-up; I sent a lot of emails. Now I am a bit more cynical about it and I let people come to us more”

*Clover1&2* and *Frangipani* appear to have the most methodical process. The industry they are in could also be an explanation as they are both in the engineering sector, where advances in technology can vary quickly so companies want to have a strong commitment and position in the market place. *Frangipani* is said to have few power than its large downstream partner. However, the company is quite successful with offices worldwide. Although the data does not suggest a clear link between *Frangipani*’s following-up strategy and the relationship with *Tulip*, it surely shows the link between its strategy and the power *Frangipani* has in the industry.

For the three most powerful firms, *Clover1&2, Orchidée* and *Frangipani*, a key task after trade fairs is the selection of customers to follow and/or distributors. They have more leads than they can handle and must focus on the most promising ones. For *Orchidée*, it can be assumed that letting people come to them is a selection policy. Indeed, now Alex has the number of distributors he wanted, he let people come to him. Hence, these people actually showing interest in *Orchidée* are considered as potential clients. This can be viewed as another selection strategy.
10. Outcomes and practical ways to use trade fairs

The interviewees were asked to talk about the benefit they think they got from trade fairs. Moreover, during the interviews, they mentioned different outcomes of going to trade fairs when telling their story. The contributors generally mentioned the same outcomes such as networking, selling, information gathering, recognition/promotion, change in their business strategy and value adding activities, and unexpected outcomes. These attributes were mentioned as contributing to the outcomes of going to trade fairs. Each was identified in a process of open coding. The cross case comparisons suggest the benefits the companies have from participating in trade fairs. So as to draw a link with the previous section about power and dependency in the relationship as well as to compare with the objectives they had before going, the sections are structured in the same way, which is by companies from the highest to the lowest power.

- Networking

Paul’s benefits from going to trade fairs seem significant. Although maintaining Clover1’s network was not part of his expectations, it appears that trade fairs brought such an opportunity.

“Because everybody is going to come to the trade fair, they all want time with you. So what will happen is that we will have one-on-one session with all our distributors during the time we are there. So we will have time to talk about the future, what is happening and where it is all going”

Paul also recognises that through people he met at trade shows, he got to know other people. Hence, trade fairs have helped his network grow through direct contacts.

“For example the British distributor we signed up introduced us to our German distributor, so the networking did help in that sense”

Paul found trade fairs useful to meet relevant people.

“By dealing with the right people at the right levels”

Clover2 also got great advantages in participating in trade fairs. This is how Paul got to meet people from Begonia, who considerably contributed to enlarge Clover2’s network.
“Begonia has endorsed our product worldwide. Therefore when they build new plants they say “we want this in these plants””

Moreover, Begonia’s suppliers also supply other companies and Clover2 ended up having those customers indirectly. Begonia’s network appears to be a large host network that Clover1 &2 could use parasitically.

“Begonia has a supplier. They supply Begonia but they also [others]. They now use our product. (...) That network is available because now they are getting our product into other plants. So yes, we do use that network. (...) When we go to trade fairs, there might be 15 people selling the equipment our product is going on, so we will go and talk to those people and show the product to them. There are some potential customers for us who have potential customers for us as well. So we do use that network but not in the way of contacting them directly”

“This is how we use that network. By understanding where our product is going and then trying to find who else makes those items where we can put our product onto”

Orchidée has seen its network opportunities rising over years.

“Distributors want to bring all their customers to the stand, then that brings potential customers or people they have relationships with. That changed quite considerably what actually happens on the stand”

“We have appointments with their customers; whereas before it was just Sarah and I who talked to anyone”

Distributors met at trade fairs became really good business relationships, which facilitates Alex’s network to grow. Here, direct networking appears to give Orchidée great opportunities.

“We have a good distributor in Czech Republic we met at the trade show, and the relationship started growing”

“Some Polish people contacted us and they specifically only want to distribute in Poland and the Czech guy, his contract could include Poland but we negotiated with him, he is going to actually sub-contract the Polish distributor”

Trade fairs gave Josiah the opportunity to build partnerships with foreign companies because they kept meeting at different exhibitions. By going to the same trade shows, Frangipani got recognition in the industry, which created network opportunities. Josiah quotes a German customer wanting to work along with Frangipani.
“It has been nine years since we first saw you exhibiting at the trade fair in Cologne; your products have clearly strengthened remarkably over that time (...) and your course of sales is one of the fastest in the industry. This is very good. You are a company we want to support and we want you to be our partner”

Josiah mentioned that going to trade fairs has played a major role in creating and maintaining the relationship with Tulip. According to him, such a relationship cannot be achieved without socialising and without going to trade fairs.

“You still need to socialise with them for couple of years and trade fairs played a huge part in the socialisation process”

“You have to be at the trade fair because people from Tulip can see you in the context against the others; that is the whole point”

For Josiah, trade fairs are a great network platform, and it is less expensive to meet people at trade fairs, because he gets the chance to meet much more.

“It is much more valuable to meet people at trade fairs”

Trade fairs have given Frangipani the chance to deal with companies through their business with Tulip. Parasitic access to this network was possible because Josiah went to trade shows in the first place.

“We had this surprise call from Dandelion saying “we have this contract with Tulip that requires your product so now we have to buy them from you””

Although Chris considers trade fairs being a place to go when you are an exporter, he thinks that Lily’s best business relationships come from outside trade fairs although he recognises that he has recently built new relationships by going to trade fairs.

“In the last three years, we are definitely making some new relationships. But I still think that many of our relationships are outside trade fairs”

Although Chris complains about the cost of participating in trade fairs, he still recognises the great benefit he gets from participating.

“It is just another way of establishing the relationship but it is a really expensive way of maintaining the relationship”

Frangipani and Lily seem to disagree on the cost of trade shows. The former argues that it is less expensive to meet people at trade shows whereas the latter mentioned that trade fairs are an expensive way to maintain relationships. Although the two companies have opposite opinions regarding the cost of trade shows, they appear to be thinking of different things.
Trade fairs offer an inexpensive way to establish new relationships as many people come to the stand. However, there are cheaper ways to maintain relationships once established.

Alan has had networking benefits thanks to trade shows in the past. By meeting someone at a trade fair in Hawaii, he got to get in touch with someone in Dubai with whom he ended up doing business with. Here, parasitic access to a network appears to be salient in creating business opportunities.

“A NZ fellow exhibitor said to me: “Alan, we sell our products to this guy in Dubai; I think he would like yours. I will give him a call””

“So here I am in Hawaii selling containers of [the product]”

Alan reckons that socialising at trade fairs with other exhibitors can help to enlarge the network.

“A part of the trade fair experience is with the other distributors who were there as well as with the people who are coming”

At this same trade show, he met someone else who suggested attending another trade fair in the US. The reason why Coquelicot exhibited in the US is because of this person met in Hawaii who told Alan:

“You gotta be there”

It appears that trade fairs had great benefits for networking at the early stages of Coquelicot’s expansion overseas. However, Alan does not seem to build new relationships through trade shows at the moment and now uses them to maintain his relationship with Rose.

“Our support was important to Rose”

Trade fairs have clearly showed networking opportunities for these companies. Nevertheless, they can be distinguished. Clover1, Orchidée, Lily have identified opportunities through their own network while Clover2, Frangipani and Coquelicot have perceived business opportunities through parasitic access to the networks of other firms. In the first case, the companies have used a network of relationship created at trade fairs to reach other targets. In the second case, opportunities rose because of other firms’ networks.

- Selling

Paul’s main expectations were to find distributors and trade fairs help him reached them. Clover1 has now seventeen distributors since the company started going to trade fairs in 2008.
“It was such a success”
Trade fairs gave Paul the opportunity to have people touch the product, which according to him, triggers sales straight away.

“As soon as someone touches it, feels it, understands the product, you have got sales”
“We have signed up seventeen distributors in three years. (…) Some of them were through direct contact, and some of them were through trade shows”

For Clover2, trade fairs have been of great help as well. Indeed, the business with Begonia started after a trade show in Germany. Engineers from Begonia saw the product and asked Paul to come and see them once the show was over. Hence, Paul went to Begonia’s headquarters to talk business right after the show.

“They came to us (…) they asked us to come and see them after the trade fair”
“We convinced them by the time we left”
The specificity of their product appears to be a relevant explanation for their success.

“It depends on the value of the good”

The first time Alex went to a trade show, it was as a visitor. However, he was looking for people to distribute Orchidée’s products. According to him, it was a success from the start.

“We went back to the same trade show the next year but as an exhibitor and it was really successful”
“We from there, we started having distributors coming on board”
Since they first went to trade fairs, their sales have increased, especially since 2010 because they now have almost all the distributors they wanted. From an offshore sales perspective, they went from ten percent of total sales to almost seventy percent of total sales in 2010. The reason is because they now have almost all the distributors they wanted. Alex has met most of them at trade shows.

“In the beginning it was getting distributors. Then, these last couple of years particularly; we have now got distributors in most places.”
“Out of the twelve distributors we have, we probably met ten of them at trade shows”

When Josiah arrived in the company, everything needed to be developed. His goal was to come up with a product and sell it worldwide.
Frangipani developed their product and went to display it at trade shows as soon as it was ready (in 2001).
“From 1998 to 2001, for the situation the company was in, that was short time”
When the product was ready, Frangipani started earning revenue directly from overseas sales.

“Offshore, when we started it was hundred percent; and today it is hundred percent”

Lily’s sales offshore have increased while going to trade shows. Chris explains that Lily has been going to the Japanese fair for a long time.

“We had such a high focus on the Japanese market and the style of selling; we have been attending a particular trade show in Japan for about twenty years”
This appears to explain why the majority of their sales offshore comes from Japan.

“Today we run twenty million dollars of revenue, sixty percent of our business being to Japan, twenty percent would be New Zealand, fifteen percent is Australian, and then the rest comes from Hong, Middle East and North America”

Coquelicot’s sales offshore have started thanks to Alan’s participation in trade fairs. However, it required a long time and it does not seem to be increasing. In fact, Coquelicot’s sales offshore are the lowest amongst all the companies interviewed although Alan kept going to the same trade show every year.

“It took us six years to find a decent customer”
The company still got benefit from exhibiting at trade shows. At inception, Coquelicot was selling in NZ only. By going to the American trade fair, they got Rose on board, but Alan recognises that it is not going well.

“If it does not work out with Rose, we will say thank you we have tried very hard”
Through an Australian trade fair, Alan got in touch with a supermarket chain who buys only once a year. He now wants to focus on this relationship as the benefits look more appealing, although still risky.

“Australia is easier”
“Our export sales represent about twenty percent of total sales at the moment. If they came on board for all year, that will bring them up to forty percent. That is the danger for one customer. That is the problem”

Evidence shows that for each company, trade fairs are a great platform to sell the products. After exhibiting, they all experienced sales with people they met at trade fairs. However, the time frame varies from one company to another and seems to be related to the power they
feel they have in the market place and with their distributors. Companies with the higher power take less time. It took *Clover1* three years to sign seventeen distributors. Companies with the less power take longer. It took *Coquelicot* six years to find only one customer. Furthermore, these results underline the importance of preparing the exhibition, as shown in the previous section. *Coquelicot* does not prepare the exhibition when the others do.

- **Information:**
  For Paul, information gathering was part of his expectations and he does collect information. However, he does not emphasise that point, which appears to be secondary for him.

  “It was more an information gathering, what is new in the market place; who are our competitors. But I go to trade fairs from a buying perspective”

It appears that Alex found more benefits from going to trade fairs in terms of information gathering than Paul.

  “We went to the trade show and just had a look; we just went to see to understand what it was all about”

Because he had enough information and he thought that the trade fair suited *Orchidée*, he decided to come back but this time as an exhibitor.

  “We went back the next year but as an exhibitor”

Furthermore, Alex realised the need for distribution in Australia. Indeed, he thought he could sell directly but realised that having a distributor was going to be easier to enter the market.

He understood that by going to a trade show in Australia.

  “We thought we were going to sell directly, we thought we did not need a distributor but the Australian market is quite a difficult market”

For Josiah, participating in trade fairs is a good way to learn and get information. He went as a visitor several times before exhibiting. By doing so, he got to learn how people behave and to be sure that the trade show would suit *Frangipani*.

  “We visited it for three or four years before we actually exhibited”

  “We walked the floor, made contacts, exchanged business cards learnt about how people behave before we exhibited”

Chris finds trade fairs very useful to gather information, especially to figure out whether he wants to exhibit the year after.
“You go as a visitor and then you go back as an exhibitor. I do exactly that.”

Going as a visitor helps him in the decision of exhibiting the next year or not. Furthermore, he gets to know what competitors do.

“I will not know whether I want to exhibit there until day 3. Just looking at other exhibitors, am I going to have too much competition, not enough, is my sector really here?”

Alan does not really get great benefits from trade shows in terms of information gathering. He tries to scope information on competitors but does that quickly.

“I go to have a look at their stand while they are not there and see what they are up to because I know they try to make our product (…) I try to go around, take half an hour if I can”

For him, it is more important to be present on the booth in case someone wants to speak with him.

“Whenever I leave the stand someone comes to see me (…) and you do not know if that person is really important or not”

Evidence shows that trade fairs are a great source of information for the contributors. Indeed, for different purposes, they all used trade shows to scope information. The type of information gathered is either about the market, the competitors or to know whether they want to exhibit at that trade fair the next years.

- Recognition - promotion

Although obvious for Clover1&2, Paul did not really mention the recognition as part of the benefits from going to trade fairs. It was mentioned as part of his expectations:

“It is more about getting our brand out there, our product out there”

He mentioned that it helped to get known by people.

“With us, because we are a new company, sometimes it is people seeing us for the first time”

It is evident that trade shows helped build reputation in the market place. Moreover, according to Paul, just by being a regular exhibitor at trade fairs helps have a good reputation.

“Basically you’ve got to go to a trade fair at least three times. (…) If you are there the third time, people will understand that you are in the market and you have a
Alex’s desire is to have his company known worldwide.

“Our vision was that Orchidée became an international brand”

Trade fairs appeared to have helped in that sense; however, the work on the brand and image had to be done beforehand. Talking about the very first trade show he participated in, Alex mentioned:

“It was very successful. Because of our branding I think. Our image is very clean, very simple”

“People were impressed. It was very rewarding in terms of feedback we got”

Once again, the benefits from going to trade fairs for getting recognition in the market place appear clear but were not explicitly mentioned.

Nevertheless, Alex mentioned one example of someone who contacted him through the intermediary of a distributor who came on board after they met at a trade show. Recognition appears to be a salient reason why Alex was contacted.

“Those Polish people know about us probably from reputation”

Trade shows have helped Frangipani getting recognition.

“Everybody these days knows that Frangipani is the big supplier to Tulip”

Josiah points out that Frangipani’s logo being on Tulip’s product has enhanced Frangipani’s image. According to Josiah, having a highly visible brand helps to get accepted in the market; hence trade shows have offered him that opportunity.

“Quite often at trade shows, there are those [products] with our logo on”

Moreover, just being a regular exhibitor builds recognition and adds credibility to a company. Josiah explains that this is why he keeps going.

“You need to do at least three in the same location otherwise customers will not treat you seriously. The next year when you come back, they think “ok, they are back, we will look at the a bit more seriously”. The third year they will think “alright they are back again, I have seen them last year and it seems that they are doing pretty well”. However, if you do not come back the fourth year, people will think “they are not back, this is what we expected””
Chris explains that being at trade fairs enhance Lily’s image and gets recognition in the market place. Speaking of a distributor, he explains that their relationship became serious once he saw Lily exhibiting.

“I think we had some early introductions but it got more serious when they saw us at the show”

“You are here, you spent the money. It demonstrates your commitment to the market”

By participating in trade shows, Chris shows that he is committed, hence builds a strong reputation for his company. Furthermore, Lily improved its image internationally. Chris explains that he changed his business card to an international design so that it looks better at trade shows. And according to him, it does.

“Design is much more international. Now we go to trade show like that. The design sort of increase the value”

Trade fairs have forced him to work on Lily’s image and Chris thinks that now Lily has more recognition in the market place.

Alan mentioned that Coquelicot gets recognition in the market place by going to trade fairs.

“Oh, you are here as well, I remember you”, quotes Alan

“I think we start getting some recognition”

However, Coquelicot is still restricted to its one and only American distributor. Alan believes he gains reputation from exhibiting on Rose’s stand. Nevertheless, Coquelicot always exhibits on Rose’s stand – and in the past on the NZ stand. Hence, it seems more likely that the recognition goes to Rose as the product is sold under Rose’s name in the US.

“They sell it under Rose’s name; there is no much of our name, more of theirs”

Some contributors explicitly mentioned the promotion aspect of trade shows and the recognition they feel they gain from participating. When not explicitly mentioned, this aspect was implied by the interviewees. For instance Paul, CEO of Clover1&2, explains that this is what he expected from trade fairs. He also mentioned that a sustained participation leads to recognition in the market place. He is following that path and his success implies a strong reputation. However, he does not say it yet. The reason is that the company is still new (three years old), thus has to keep exhibiting to acquire a strong reputation. Paul believes that is will take time.
Evidence shows that participating in trade fairs has a significant impact on the reputation and recognition of a company in the market place. Once again, evidence shows that most powerful companies get more recognition than companies with few or no power. *Coquelicot* does not seem to gain such benefits from trade fairs despite Alan’s belief that he does.

- **Business strategy - value adding activities**

During the interview, contributors were asked whether they had extended or restricted their value adding activities while selling offshore. This following section reports the changes that have occurred and shows how participating in trade fairs has influence their business strategy.

*Clover1&2* is a brand new company. Hence, everything needed to be done. However, thanks to another business Paul runs, he had a lot of manufacturing experience in the first place.

“Because we had experience for thrity years in another business of manufacturing, they took a lot of experience from that to be able to do all the value adding stuff”

Nevertheless, because the product was developed for one particular customer, they had to work on this.

“They asked us to develop something (…) that is why we came up with the product”

At inception, Paul did a lot of work beforehand, especially in marketing the product through the website.

“The very first thing we did was the website (…) we put a lot of effort to make sure that we had the videos”

Because Paul knew he was going to exhibit at trade fairs, he wanted to build a good website to be more credible once potential distributors meet him at the show. What appears to have changed over time is the way they communicate with their distributors.

By having more and more distributors through trade shows, Paul thought of enhancing the communication with them and created a website especially for them.

“We also got a specific website for our distributors only. Therefore we communicate a lot with our distributors via like an intranet website sort of thing”

After trade shows, Paul sends a questionnaire to potential distributors so as to find out whether they are the right companies.

“Now we have a questionnaire to help us design the type of distributor we want”

*Orchidée* has experienced some changes since the beginning. Alex mentioned the marketing side. He outsources this activity to his nephew.
“It is my nephew (...) he has done the logo, the catalogue. (...) We contract him”
For the marketing campaign, he expects the distributors to do their own.
“We expect our distributor to do their own advertising [under Orchidée’s brand] and marketing but we do not want to let them do anything we do not approve of”
Since the start of the company, manufacturing is done in China; nothing is made in New Zealand.
It appears that Alex is soon going to make some changes in the business model he is currently using. The company extended its range of products and now has a wider offer than at inception. One of the new products developed is currently displayed online only.
“We are not sure whether we really want our current distributors to deal with it”
Hence, he wonders whether he will sell these new products through the same channel of distribution.
“We are really growing and putting a lot better onto online sales”
Speaking of the distributor model he is currently using, Alex wonders whether it is going to be sustainable.
“I do not know what is going to happen to that model”
As part of the company’s growth, Alex is looking at different options, setting up an office overseas being one.
“Setting up an office, employing your own sales people would be quite a large logistics exercise”
“We are looking at using warehousing. That is another possibility”
It appears that Orchidée starts a phase where many changes are going to operate in terms of business strategy. By reaching overseas markets, some changes have already occurred; but now the company grew, a more radical change is expected. Trade fairs appear to have played an initial role in such changes. Indeed, they helped Alex to meet people, get distributors and get known in foreign markets.

In terms of value adding activities, Josiah explains that he had to do them all.
“We have developed all our manufacturing system, the software, the hardware, the marketing; everything”
It does not seem to be as a result of trade shows but more as a result of starting up the company.
However, the development of the product itself and its improvement is the result of participating in trade fairs. Indeed, *Frangipani* met *Tulip* at a trade fair and they worked together to improve the product.

“We worked closely with *Tulip* on the development phase of our product”

Furthermore, some changes in *Frangipani*’s business strategy might occur soon. The next stage is making *Tulip* a direct customer, which would result into a significant change in *Frangipani*’s business model. Trade fairs appear to play a considerable role in that change.

“We are currently in negotiation with *Tulip*”

“*Tulip* is actually prepared to contract with us to buy a large number of products every year for a number of years. But it is taking us years of very careful sales and marketing activity backed up by practical performances to get into that position. Going to always trade shows is a key part of it because every trade show we are going to, somebody from *Tulip* will come and see us”

While reaching overseas markets, Chris explains that he had to extend and keeps extending *Lily*’s value adding activities. Having qualified people on board was an important step.

“We have an international business manager; a New Zealand market manager; an Australian market manager”

They also extended the number of products. They now have 150 products, some are similar though. This resulted in a change in the manufacturing and logistics activities.

“We have grown the manufacturing and the logistics certainly had to expand”

Chris has also developed *Lily*’s brand image by changing his business card in order to bring more consistency with the company’s brand. This decision appears to be the result of what he learnt by going to trade shows.

“Design is much more international. Now we go to trade show like that. The design sort of increase the value”

Alan explains that he learnt a lot by going to trade fairs. *Coquelicot* saw its packaging changing.

“We learnt from that [trade fair]. (…) We made the packaging better”

Alan also adapted the packaging to the country it was shipped to.

“*Rose* wants the packaging low and wide (…) and the packaging we had was tall and narrow”

“And we use thicker cardboard for the United stated”
Alan explains that *Coquelicot* learnt about presentation through trade shows.

“We employed a chef in the US on the NZ stand and he taught us how Americans would decorate the product”

In terms of internal changes, they occurred after the failure at the Japanese trade fairs in early 90’s. Alan went back to university and did a marketing degree. Then, Alan reorganised the company and decided to dedicate his time to export only, the rest being supervised by his son in law.

Evidence shows that participating in trade shows had an influence on the changes these companies have faced, producing a shift in their business strategy and value adding activities. Evidence also suggests that changes have occurred in the first years of their internationalisation process to adapt to other markets and trade fairs seem to be used as a platform for such changes. By going, the contributors get information on foreign markets so they can adjust their offers. Furthermore, by getting bigger and/or selling to more customers, many changes have to occur – production, logistics, employees, etc.; and trade fairs are responsible for these because they are the reason why these contributors got overseas clients.

- **Unexpected benefits**

Paul did not mention unexpected as part of the results of participating in trade fairs. However, *Clover2* can be seen as an unexpected outcome. Indeed, when Paul first exhibited at trade fairs, his objective was to find distributors. Meeting with *Begonia* opened new opportunities (new route to market). This occurred because they met at a trade show.

“They came to us”

Although not planned, Paul decided to go the head office after the show.

“They asked us to come and see them after the trade fair. (...) We decided to drive to Switzerland (...) and talked to the head engineers”

Hence, *Clover2* grew out of that.

Alex did not mention the unexpected as part of the outcomes of participating in trade shows. However, he did explain that some people, the ones he calls the “*Orchidée* friends”, come to see him at trade fairs. He is surprised at the help people want to offer and getting support from them was not expected when he went to trade shows.

“We have a lot of “*Orchidée* friends”, people who like us”
For *Frangipani*, the unexpected was mentioned but indirectly connected to trade fairs. Indeed, *Frangipani* met *Tulip* at trade fairs. The result of that relationship is new business opportunities for *Frangipani*. Here, it appears that the unexpected has a greater importance after the trade show than at the trade show but it is still the result of attending.

“We had this surprise call from *Dandelion* saying “we have this contract with *Tulip* that requires your product so now we have to buy them from you””

Chris mentioned the unexpected as something good when he goes to trade shows. Indeed, he realises that new opportunities have arisen in foreign markets although he did not focus on those specific markets. His participation in trade fairs, especially in Japan, is entirely responsible for that.

“We went with the idea that we were going to display our product. What happened? We met French men, Belgians, Koreans, Taiwanese, Chinese, South East Asians. We spent a great amount of time actually talking to people from other markets who were there walking the show and interested in our product”

When he thought that exhibiting in Japan was going to open new distribution channels there, he realised that it opened new distribution channels worldwide.

“We met people from other countries we did not expect to have”

“The unexpected is good for you”

“We thought we were going to show [the product] to the Japanese market. (…) Suddenly, a European comes and says “I like the concept but it has to be different for me”. So suddenly, we are at a Japanese trade show and thinking about what we are going to do to make this product for Europe”

“We went there to sell to Japanese, now I am actually dealing with something else completely different”

Alan, CEO of *Coquelicot* mentioned the unexpected as part of the outcomes of participating in trade fairs. Indeed, while exhibiting at a trade show in Hawaii, he met someone who introduced him to a person in Dubai.

“It can often go in very unexpected directions”

“A NZ fellow exhibitor said to me: “Alan, we sell our products to this guy in Dubai; I think he would like yours. I will give him a call””

This random talk led to sales in Dubai although it was not predicted nor even thought of.

“So here I am in Hawaii selling containers of [the product]”
Evidence suggests that participating in trade fairs has given many business opportunities to the companies interviewed. Most of the objectives mentioned result in the outcomes of participating in trade shows and can be summarised in the table below.

Table 8: Comparison between objectives and outcomes

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Outcomes</th>
<th>Match</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling</td>
<td>Selling</td>
<td>✔</td>
</tr>
<tr>
<td>Promoting</td>
<td>Recognition/promotion</td>
<td>✔</td>
</tr>
<tr>
<td>Networking</td>
<td>Networking</td>
<td>✔</td>
</tr>
<tr>
<td>Information gathering</td>
<td>Information gathering</td>
<td>✔</td>
</tr>
<tr>
<td>Supporting existing distributors</td>
<td>Business strategy/value adding activities</td>
<td>×</td>
</tr>
<tr>
<td></td>
<td>Unexpected benefits</td>
<td>×</td>
</tr>
</tbody>
</table>

Table 8 shows the importance that trade fairs have in the internationalisation process of the companies interviewed. They all participated in trade shows to reach overseas market with several objectives in mind, although the priority given to these objectives can differ.

For instance, *Frangipani’s* first objective was networking, an objective it achieved by going to trade shows. For Josiah, that was the primary goal to reach to extend *Frangipani’s* activity offshore. *Clover1* gave more priority to finding distributors although Paul had other objectives in mind to reach this target. Evidence shows that these companies found in trade fairs a way to reach overseas markets.

Regarding the objectives and outcomes that do not match, there are possible explanations. Supporting existing distributors was mentioned as an objective but does not appear as an outcome of participating in trade fairs. It can be suggested that going as a support does not open as many business opportunities as expected directly for the companies interviewed but rather for the distributors. Hence, contributors did not perceive it as a great benefit.

The previous analysis suggested that the importance of different activities at trade fairs varies over time, and differs from activity to activity. Some activities are important objectives for early visit to trade shows and some important for later visits.
The chart below summarises the conclusion of this analysis.

**Figure 2: Impact of time on the dimensions of trade fairs**

Figure 2 shows that trade fairs play a better role in the first steps of the internationalisation process such as selling, promoting, networking and information gathering, rather than once the company has reached overseas markets. Selling, promoting, information gathering and initiating and/or growing the network are the benefits of trade fairs at the early stage of the internationalisation process. On the other hand, maintaining a network comes later on in the internationalisation process.

As time passes, the importance of selling tends to level off. Evidence does not suggest that companies are willing to stop going once they experienced sales offshore. It is still relevant to go. For networking, the value is in maintaining and enlarging the network. For information gathering, it is in keeping regular updates on what is happening in the market place. For promotion, it is continuing to maintain and build recognition in the market place. Selling remains an objective – as long as they go to trade shows, they still look for customers – however priorities appear to change.

Evidence shows that unexpected benefits are one of the most useful outcomes of going to trade fairs. While these obviously cannot be specified in advance, participants to trade fairs may learn to anticipate that unexpected benefits will occur.

The changes in business strategy and valued adding activities appear as a result of going to trade fairs and not as an objective. They learn from their experience of going to trade fairs...
and adapt their strategy to the expansion of the company and overseas markets. All companies experienced some changes although Coquelicot’s changes appear to be minor compared to the other companies.

As far as power effects are concerned, it appears clear that more power leads to greater benefits from trade fairs. Indeed, Clover1 & 2 seems to get the most benefits: 17 distributors in 3 years and Clover2 growing because of opportunities caught at trade shows are quite significant. On the other hand, less power leads to limited benefits. Coquelicot is still struggling after years of participation and did not sign many partnerships. Alan remains stuck with one or a few distributors.
11. Validation

The cross-case comparison presented in the previous chapter clearly supports trade fairs as a springboard for companies to reach overseas markets. Many attributes were identified as reasons why trade fairs help in the internationalisation process of SMEs.

In this section, the conclusions of the cross-case comparison are presented. An interview with Sam, a consultant with a wide experience (eighteen years) of advising NZ SMEs on the use of overseas trade fairs, is used in as an external (to the cases) check on validity.

Using the codes found in each section of the previous chapter, this section is structured in the same way to allow a comparison with what Sam says. Such a comparison aims at bringing more consistency to the results found in the case analysis, and at attempting to provide explanations when there are contradictory opinions.

- **Power and dependency in the relationship**

  **Size.** The case analysis strongly supports the relative size of a company being a driver for power in their relationships with international partners. When the SME is bigger than its partners, it is expected to have more power over them than they have on the SME. On the other hand, as partner size increases, SME power tends to decrease.

  Sam supports the size argument and for him the emphasis is on the difficulty for an SME to engage with a large partner because of the multinational’s supplier criteria.

  “It is more difficult dealing with the multinationals because if you do not have the size, if you do not meet their supplier criteria then there is little point to engage with them”

  “It is a path to danger too because of their supplier criteria, their bargaining power”

  **Trust.** The case analysis demonstrated that this difficulty can be overcome if the two parties show a great commitment to the relationship. When trust and effort are put into the relationship, the case analysis reveals that the power one company has over its partner tends to be more balanced regardless of their size.

  Although size influences power, Sam thinks that other elements of the relationship can overcome this difficulty for SMEs to engage with multinationals.

  “It can work well if it is similar, [if] you can strike a personal relationship and [if] you feel comfortable dealing with them and they feel comfortable dealing with you. But
they could be ten times bigger and you still have that feeling of comfort. (…) I think it is more that you have got some linkages, some common languages understanding of each other.”

The case analysis clearly demonstrated that trust is important in building secure relationships as it balances the power the parties feel they have. Sam suggests that this feeling of comfort is achieved by some linkages they either have or they create. It can be suggested that trust will help reach that degree of comfort, as trust comes from knowing and understanding each other. In that sense, trust will help reach a feeling of comfort to the point that the SME will feel comfortable dealing with a large partner.

The more trust between the two parties, the more comfortable, the more balanced the relationship in terms of power one has over the other one.

Figure 3 below illustrates this idea. When the partner is big – MNE – it is likely to be powerful and the SME will have no or little power. The SME will not feel comfortable dealing with the MNE and the relationship might be compromised. If the two parties build a relationship based on trust where effort and commitment are shown, the SME will gain in comfort and the relationships will be more balanced.

**Figure 3: Impact of trust on the power large downstream partner has on SME**

<table>
<thead>
<tr>
<th>SME</th>
<th>Partner - MNE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>Great power</td>
</tr>
<tr>
<td>No/little power</td>
<td>Comfort</td>
</tr>
</tbody>
</table>

**Innovative product.** The case analysis has shown that the nature of the product can be a point of distinction for SMEs. When they have something other companies – most often MNEs – really want, the relationship can be quite different as to who sets the rules. In the cases analysis, it appears that such a situation occurs in the technology industry, where SMEs have an innovative product. Clover1&2 and Frangipani are both in such an industry and have
great innovative products. *Clover1&2* is the one that showed the more power over its partners.

Sam supports this idea. According to him, the power a company has over its partners also depends on the industry.

“The more innovative the technology and the conservative the industry, the greater the challenge”

Large companies generally do not innovate whereas small companies do. Hence, the point of distinction in the relationship will be based on the product itself, whether it is unique or not.

“It all depends on have you got something that they really want. (...) That is where you are turning the tables and they are quoting you and you are then setting the terms”

He emphasises that when SMEs have such a unique innovating product, they could well be setting the rules.

“We [SMEs] have got this totally new technology that will change the way you operate”

**Component products.** *Frangipani* has less power as opposed to *Clover1&2*. However, *Frangipani’s* product is special to *Tulip*. The latter decided to work along with *Frangipani* and gave the NZ SME its support and put *Frangipani’s* brand on their product. This shows more balance in the relationship.

On the other hand, *Frangipani* now exhibits on *Tulip’s* stand showing that the power is restricted.

Sam recognises the tricky situation SMEs are in when they make components that are invisible to the end consumer. For him, their degree of freedom can be constrained. Such a situation can become obvious when they go to a trade fair.

“Later on, you could well be at a consumer fair on the stand of either the distributor or a retailer to support your product”

By being a component maker that is invisible to the end user, *Frangipani* has very little power against *Tulip*. However, trust is a salient element in their relationship, which gave *Frangipani* the chance to have *Tulip’s* feedback on its innovative product. Hence, *Frangipani* went through a long phase of product improvement along with *Tulip* which reinforced the trust between the two companies. By being *Tulip’s* supplier, *Frangipani* acquired a great reputation in the market place. Although the degree of freedom was constrained from the start, *Frangipani* reached a feeling of comfort with *Tulip*, which balances the relationship.
Sam’s contribution shows only one aspect of the relationship. The degree of freedom can certainly be constrained when SMEs are component makers. However, the case analysis shows that other attributes (here innovative product, trust and reputation) can help reach a certain degree of comfort.

*Clover1&2* has a different experience. Paul is not required to come to the distributors’ stand but does it when he thinks it is important – mainly for big trade fairs. Although both component sellers, *Clover1&2*’s component is visible to the end user where *Frangipani*’s is not. Hence, Sam confirms that the product specificity has an important role in such a difference; the relationship will play a salient role too.

**Recognition.** The promotion aspect of trade fairs was largely supported by the case analysis. It appeared that powerful companies get more recognition from trade fairs than companies with little or no power. As shown above, technology gives the opportunity for less powerful companies to gain in recognition in the market place; *Frangipani* being a great example.

“Everybody these days knows that *Frangipani* is the supplier of *Tulip*”
The case analysis supported recognition, reputation and hence a highly visible brand as strong drivers for power.

Sam supports that both the product characteristics and the reputation impact individually and simultaneously on the degree of power.

“If you are selling a component that is significant, that does not get lost into the system; it is where branding comes into play and the recognition [too]. Why would the whole system be better? Because they have one of your components”

Sam’s expertise allows an extension of the case analysis to better comprehend what leads to power in the relationship as well as in the market place.

The case analysis showed that branding came into play for finished products as well as component products. It also suggested that powerful partners decide that less powerful SMEs come on their stand to support them.

When very powerful, the partners also get to decide whether they want the SMEs’ name on the product they distribute.

Sam supports the view that branding is a salient criterion that gives power.

“When it is the end product: the first thing is branding”

When SMEs have more power, they decide whether the distributor can have their own name on the product or not.

“You can either allow having the distributors’ brand on it or it is just your brand”
Terms of contracts. When setting up the contract, the case analysis suggests that the majority of the terms of contract are decided by the companies showing the more power. Sam underlines this idea by emphasising where the danger is for SMEs.

“The real danger is under-pricing”

When a contract is signed between two companies, any terms have to be discussed beforehand. For any type of company, Sam concludes that what is going to determine the bargaining position of the companies is the power they feel they have.

“I think it comes down to how desperate are they, and how great is their need?”

As far as power issues are concerned, the cross-case comparison demonstrated that the different sources of power were related with each other. Companies that exhibit power on one aspect are likely to exhibit power on other aspects too (e.g. Clover1 exhibits power in all aspects). On the other hand, companies with limited power from one source are likely to exhibit limited power from other sources (e.g. Coquelicot does not exhibit power in any aspect).

Although Sam does not say it explicitly, his experience seems to confirm the case analysis. He links the different sources of power together, suggesting that they all have impact on each other. For instance, he explained that product specificity is linked to branding and recognition, which are a source of power.

- Objectives of going to trade fairs

Sales. The case analysis suggests that companies have many objectives in mind when they participate in trade fairs, sales being the main one regardless of their power and both for visitors and exhibitors. When they exhibit, the contributors to this study explicitly mentioned the cost of trade fairs being a driver to sales: they want to justify that cost. When they visit, they mentioned that they stayed really business focussed as well so they try to look for customers too and not to visitors.

Sam supports what the case analysis suggests. However, from his experience, he noticed that the need to find distributors and/or customers is very specific to exhibitors.

“The main driver for exhibiting at a trade fair is sales because you are looking at a cost of 20 or 40,000 for a small stand. You need to justify that and the expectation is you need to get sales”
Networking. The case analysis highlighted that contributors use trade fairs for networking, although in different ways. The power companies have influences the use of trade fairs for networking: the more powerful the company, the better the use of trade fairs for networking. Sam supports the importance of networking.

“Some may be going to source components, find suppliers, get new ideas, and networking in a more general sense”

For him, putting the emphasis on networking is what is going to make the exhibition at trade fairs successful. Networking is the driver to sales in an unknown environment.

“So if you do not know how to do that in Dunedin […], why do you think you would (…) go to a foreign country where there may well be language barriers. You are going to work out who to engage with, how to engage them, how to distinguish between those who are targets and those who are not that helpful; those who are serious in a company, and how you engage with those people in that company?”

Working on the network allows an SME to overcome these barriers.

Both the case analysis and Sam suggest that sales and networking are the main objectives that lead a company to exhibit. However, it appears that the primary objective for the contributors of this study is getting sales, when Sam thinks that networking is the main objective companies should have in mind. This difference between the case analysis and what Sam says does not mean that they are contradictory. They both recognise the two objectives as being important. Sam’s consulting experience extends the case analysis. Selling is still important for him, but he puts the emphasis on networking because networking will trigger sales.

Evolution of networking. The case analysis suggested a difference in the contributors’ objectives over time for networking. At inception, people go to trade fairs to initiate and grow their network by meeting people. With time, their focus shift to maintaining their network. Trade fairs gave these companies the opportunity to meet up with their partners and customers. The contributors mentioned that trade fairs give them the chance to do one-on-one meetings as well as to have a bit of a social time with them.

Sam supports that time has an impact on this objective too. He sees in trade fairs the opportunity to maintain the network and work on existing relationships.

“You talk to your partners customers’, sales reps, etc… you have some face to face meetings and get to know people. It is not a deep relationship when you first are introduced but it might strengthen over time”
“In terms of relationships you want to deepen existing and to form new”

He also validates the social side of trade fairs. For him, meeting up at trade shows gives the chance to meet in a less formal environment, helping the relationship to strengthen.

“It is all about growing the company, growing those relationships, showing that you appreciate them and it is informal chat over a meal where you can often get more information than at a formal meeting”

Sam supports the case analysis’ conclusion as to networking being perceived differently over time. Year after year, maintaining the network is really what companies are looking for by participating in trade fairs.

**Promotion.** The case analysis showed that contributors expect to be recognised in the market place by exhibiting at trade fairs. They all mentioned the promotion aspect of a trade fair as being important. When exhibiting, displaying the product gives the opportunity to show it to visitors and to get known.

Sam agrees on the promotion dimension of trade fairs. He recognises that even though sales do not happen immediately, at least the product is presented.

“If you are going to exhibit, it is because (…) you have your product that you want to display”

Both the case analysis and what Sam says are consistent. People do expect to get recognition when they participate in trade fairs.

**Learning and information gathering.** The case analysis reached several conclusions on learning and information gathering, depending on whether the contributor to the study goes as an exhibitor or as a visitor.

The case analysis showed that a company has to learn about the fair it intends to go beforehand if it wants to display its product or look for a product in the right trade fair. The contributors expect to learn and gather information about the market, their competitors, as well as the trade fair itself. They also mentioned the importance of selecting the right fair to exhibit at. One contributor (*Frangipani*) summarises well this idea.

“One of the key things about trade fairs is that you are here to learn, it is like a test-match”

For them, to go to trade fairs is an early step in the learning process.
Contributors found it helpful to visit before exhibiting as part of the learning process. Clover1&2 is an exception. For the latter, the reason that can be suggested is the specificity of its product that led Paul to make that decision: the product is unique and patented.

Sam confirms each of those conclusions.

“[Going to trade fairs] is often a good way to, first of all get around, but also it is to understand”

Whether you go as a visitor or as an exhibitor, walking the show is a good way to get information.

“By looking at the companies that are exhibiting, you get an idea both about potential distributors but certainly about your competitors and suppliers too”

As to select the right fair, Sam confirms the conclusions reached from the case analysis.

“It is understanding not just who the companies are but what they do and how relevant is that to you and how do you rank that. It is that matching and the ranking and what are your criteria. And what you should find is as your learning increases, so your criteria change”

Sam stresses the need for visitors to learn what trade fairs are about. He confirms that visiting is the first step in the pre-exhibition process.

“What was interesting was seeing people who come to a trade fair as visitors. (,,,) They are overwhelmed by what they have seen to the extent that it terrifies them, and they just think that it is a total complete overload and “how on earth can we, as a small company, have a hope to compete” because they might have found a whole room full of companies doing what they do. And for some of them, the right answer could be we have seen, let’s now go back and just carry on with our little business and do not think seriously about going international. It should be a wake-up call: “where do we fit in?”

Sam emphasises the need for companies to learn before they exhibit. The goal is to understand if they can compete and be sustainable in the market.

“One of my little strong points is finding that niche. A niche that is deep. And the ideal one is deep and narrow because you want something which is big enough for you, where there is a growth potential, where possibly you can be a significant player in that sub-sector or sub-sub-sector, it is too small for big companies to worry about”.

According to him, such knowledge is acquired by visiting trade fairs instead of rushing into an exhibition and make mistakes.

“It is all about to learn, to understand and to look for those niches”
“So it is that micro niche and it is where you have growth potential but you are not going to be lost or you are not going to fall over because you cannot manage that growth in terms of funding, quality, production issues, all of those things”.

In terms of learning and information gathering, Sam confirms each conclusion drawn by the case analysis. He extends them a little further by suggesting that learning has an impact on expectations.

“And what you should find is as your learning increases, so your criteria change”

For him, companies go to trade fairs because things change and their target might shift as well. Although the contributors explained that trade fairs are a good way to keep an update on what happens on the market, Sam adds the further insight that learning also changes the way company perceives the market and the criteria they use to develop their business.

**Product evolution.** The case analysis suggests that learning at trade fairs can have an impact on product design, especially for one of the two companies involved in the technology industry. It is shown that Frangipani met Tulip at a trade fairs, and they then worked closely together for the development and improvement of the product. It took Frangipani seven years to finally sell to Tulip. The story is different for Clover1&2. All of the changes and improvements of the product were made before going to trade fairs, and the product has not changed since.

Sam agrees. Through learning at trade shows, the product itself is likely to change.

“During that time, the product itself will change; you should have new products because you should be learning and also seeing what is out there in terms of the competitors. So what you display in year three might be different from year one, especially if it is in a fast moving technology [industry]”

Sam supports Frangipani’s story but contradicts Clover1&2’s story.

There are possible reasons that could explain the contradiction. Clover1&2’s product is a unique product and has a unique benefit in use. Furthermore, it is patented. So far no one has come up with the same or better product on the market. And Clover1&2 has not been forced to make improvements. Besides, Clover1&2 is still a young company – 3 years – so changes can still occur within the next years.

**Visiting VS exhibiting.** The case analysis reported clear differences in expectations depending on whether the company goes as an exhibitor or as a visitor. For the former, selling, networking and information gathering were mentioned by the contributors. For the
latter, the three previous expectations were mentioned as well as recognition and going as a support. When visiting, most of the contributors put the emphasis on planning to exhibit later. Sam makes clear the difference between exhibiting and visiting a trade. His experience extends the conclusions drawn by the case analysis. According to him, when a company plans to exhibit, visiting first should not be an option but rather a requirement.

If the company has done some previous research beforehand, it could well go first to a trade fair to learn about it and then go the next year as an exhibitor.

If no research was done beforehand, the trade fair could well be a research tool. Sam calls this type of visitors the virtual visitors.

“There is a third option to exhibit and to visit and that is to be a virtual visitor; that is to use the trade fair database as your market research tool”

He also stresses the distinction between visiting a trade fair from a buying perspective or from a selling perspective; objectives being different for each.

“For visiting, one difference is: are you buying from them or are you selling to them? If you are buying from them, then, it is different because they are trying to sell to you so from that point of view going once a year might be fine. With that case you are maintaining a relationship, you are giving them feedback, and you are asking questions about the current products, what is new”

Both the case analysis and Sam acknowledge a distinction between going to trade fairs as an exhibitors or as a visitor. The case analysis focuses more on the selling perspective rather than on the buying one. Sam’s contribution is perceived as an extension of the case analysis as he provides more insights on the buying dimension for visitors.

- Actions: before the trade fair, at the trade fair, after the trade fair

The case analysis reports how the contributors act before, during and after in trade fairs. It has allowed to identify what appeared to be the right attitude to successfully exhibit.

Before the trade fair:

Preparation. Apart from one company (Coquelicot), all companies mentioned the need to prepare the exhibition. The case analysis strongly supported the pre-fair process being a significant asset for a successful exhibition. Coquelicot’s lack of power and success at trade fairs only underlines the importance of preparation.
Although not suggested by all the companies, the cross-case comparison suggested that visiting a trade fair is an important step in the pre-exhibition process. This allows understanding the fair as well as collecting information and meeting people.

The companies that did not mention the visit as part of the pre-exhibition process are *Coquelicot* and *Clover1&2*. The former always went as an exhibitor, never visited a trade show. The company does not show a successful trade fair experience, which emphasises that need for visiting first. For the latter, he thinks that there is enough information available upfront to find out if it is the right trade fair for him. The specificity of his product probably plays a role in this decision. Because it is unique, he knows exactly who the potential customers can be.

The contributors mentioned the importance of qualifying potential customers before the fair because of time constraints at the fair.

The results from the analysis showed that the selection of the right fair, search for likely customers, planning what to exhibit in advance and booking the stand in advance (mentioned by only one company), set up appointments, schedule staff time on exhibits and training staff on how to handle enquiries are important things to do for a successful exhibition.

Generally, Sam confirms the case analysis but also tends to extend it thanks to his experience. Throughout his experience, Sam noticed that trade fairs need to be prepared to be successful, which clearly supports the case analysis.

“A vital consideration is to understand the nature of trade fairs in your target markets”

For him, the best way to acquire that knowledge is to visit the trade fair before actually exhibiting there.

“To visit is helpful. Even if you cannot visit the trade fair you are going to exhibit at, if you are able to visit another one six months before, that has some interest to you, you might even go there for one day”

Sam entirely confirms what the case analysis says about the need to do some research before. As part of the research beforehand, Sam offers an alternative to go either as a visitor or as an exhibitor; which is to go as a virtual visitor, as highlighted in the previous section.

“The steps are the virtual, then the visit, and then there is to exhibit and do that for three years. We are perhaps looking at a four year timeframe”.

The case studies emphasise the importance of qualifying the customers before going to the fair because of time constraints at the fair.

Sam suggests that it can also be done by going to trade fairs as a visitor, in a pre-exhibiting process.
“It is understanding the number of rules, the number of stands, how do I fit in, how people are going to find you, why would they find you? Once I get there, what is going to attract them, what is going to keep their attention? What I am firm about is pre-qualifying prospects: if you are an exhibitor, to approach them and say: “we are going to be at this fair, do come to our stand, who is the right person to be speaking to?” (…) It is understanding how many touch points before the sale. In all those touch points, you need to be trained to make sure you are going after the right person and that they are right for you”

Sam agrees with the importance of booking the stand in advance, which is a required step in the pre-exhibiting process.

“If you are going to exhibit, you should have started to prepare probably 6 month in advance. You might need to book your stand beforehand”

Each step mentioned by the contributors as part of the pre-exhibiting process was validated by Sam. He often goes beyond the case analysis by providing more explanation but the main steps remain the selection of the right fair and the qualification of potential customers beforehand. Sam puts a great emphasis on the visit beforehand, which supports the case analysis.

“Especially for the smaller companies, to visit a trade fair is a project in its own right” For the reasons explained earlier, two companies did not visit first when all the others did, one showing an unsuccessful experience; which brings more consistency to the need to visit prior to trade fairs.

At the trade fair: 

**Qualifying the customers.** The case analysis indicated that, when exhibiting, the careful and quick selection of promising customers is salient for a successful experience. The contributors mentioned this because they realised that there are many people coming to see them in a limited time. The case analysis demonstrated that such a skill is acquired by experience at trade fairs, hence the importance of repeating the exhibition over years.

Sam entirely supports the conclusion drawn by the case analysis and often goes beyond. He stresses the need to qualify the customers for a successful exhibition by recalling the reason why it is important to qualify the people – the reason being the cost of trade fairs.
“[The cost of exhibiting at trade fairs] should help focus on “let’s make sure we are dealing with the right companies and not sign up the first people who come along”. (...) It is move, but don’t rush!”

To achieve this, Sam explains that companies should use the tools available at the trade fair.

“You have something called the “my organiser”, and you compile a list of those exhibitors that you are going to see (...) it is helpful to have a map to know which places you must go, you want to go and see and what you could go and see if you have time and energy”

This organiser can well be used by both exhibitor, and visitors. The former uses it for looking at competition and what is happening in the market place. The latter uses it as a market research tool, or – if they go to buy – to select who they want to buy from. In all cases, this organiser is helpful for the selection.

“[On the catalogue], you might find many companies interesting but few are actually going to be relevant for you: it is quality not quantity”

The use of “virtual visits” and “my organiser” as suggested by Sam helpfully extend the results showed by the case analysis.

**Learning.** Learning is also a point mentioned by most of the contributors when they exhibit at a trade fair. By displaying their product, they saw how people reacted.

Sam underlines that idea and goes beyond in terms of what exhibitors should learn when they display their product at trade fairs.

“You display your product; get feedback about the product, prices, and distribution channels”

**Networking.** Networking is also an important element contributors work on at trade fairs. They want to grow, enlarge, maintain their network and they act towards that goal by talking to the right people. The importance of having the right people and the adequate number of people are suggested by the contributors.

Sam emphasised networking as being a key point companies focus on when exhibiting, which entirely supports the case analysis.

“[At the trade fair], you talk to your partners customers’, sales reps, etc… you have some face to face meetings and get to know people”

For him, trade fairs are a good way to maintain relationships as well as building and enlarging the network.
“You are not selling as in “buy one now”, you are striking up relationships to either appoint new distributors or to show new products to your current distributors”

Sam also mentioned that it is important to have a nice stand.

“They make sure the stand is ok”

The qualification of customers, networking and learning are really what contributors tend to work on at trade fairs. Sam supports these arguments for a successful fair and provides other tools to reach such goals.

After the trade fair:

**Follow-up.** Without the shadow of a doubt, following up people met at trade fair is crucial for a successful experience, as demonstrated by the case analysis.

Once the trade fair is over, all the contributors stated the workload involved for the follow-up. They show different follow-up strategies depending on their success, which is the number of contacts they got. Some will follow everyone up, some will let the customers contact them, and some make a selection of companies they want to follow-up. Although they do not act identically, they all agree on the importance of the after-fair process and being quick in that process is salient. The case analysis shows that when there is a high number of companies to follow-up, it is important to select the right ones because it is difficult to follow up all of them and unnecessary too.

For instance, *Clover1* uses a questionnaire, *Orchidée* relies on the extent of customers’ interest shown in the company rather than chasing them desperately. The process can be different.

Sam agrees with the case analysis by suggesting that the follow-up process should be done soon after the fair.

“In terms of follow-up it is six months”

Although Sam does not suggest one process to follow as it depends on the company, he raises the question companies should ask themselves.

“With the after [trade fair], you have got all those leads, what are you going to do about them, how do you convert them into business, (…), who do you want to deal with?”

For him, it is vital to know who is worth following up.
Many similarities were found between the actions undertaken by the companies interviewed before, during and after the fair, and what Sam has noticed over his experience. What he suggests for a successful exhibition appears to bring consistency to what the case analysis suggested. A successful exhibition requires a lot of preparation before the fair and a good attitude at the fair – selecting people, having a nice stand, working on relationships, having a look around.

Once the trade fair is over, it is vital to take the time to select the people worth following up. Sam concludes the interview by recalling the different actions involved in the trade fair process. This summary validates the actions shown by the contributors.

“It is the before, during and after. With the before, people tend to focus more on the logistics, getting the display to the stand, doing the market research, trying to find out contacts. With the during, they make sure the stand is ok. With the after, you have got all those leads, what are you going to do about them, how do you convert them into business, (…), who do you want to deal with”

- **Outcomes and practical ways to use trade fairs**

**Selling.** The case analysis showed that all the companies interviewed experienced sales thanks to trade fairs although some companies were more successful than others. The reasons for their success seem to be clearly related to their actions before, during, and after the fair as well as the relationships they create with their partners. Although companies have different relationships with their partners in terms of power, they understood that both the company and its partners gain benefits from the relationship. For instance, *Clover1&2* gets many distributors and customers; on the other hand, the latter know that their impact on their business is great because it will increase their production efficiency. *Frangipani* recognises that trade fairs help identify whether companies match with each other.

Sam supports the idea of trade fairs helping the sales process as it allows companies to meet and see if they match.

“It has to be a two way match: what are they buying and what impact on their business (…) it is looking from their point of view”

Furthermore, he emphasises that trade fairs are crucial for the first steps towards sales.

“How do you get the first order? That is what it is about”

**Supporting distributors.** *Coquelicot* and *Lily* go to trade fairs to support one distributor respectively – the one and only in the country. However, *Lily* has now stopped this practise.
Sam does not say quite the same. For him, trade fairs are useful if a company has several partners. When it is only one, the case is different.

“If it is just one customer, you go and visit them. I am assuming you are selling to more than one and you are perhaps looking for others too”

Sam’s suggestion differs from the case analysis. His advice would be that a direct visit to a single customer would be enough to maintain a good relationship. However, they act differently. The case analysis shows that they go on their distributor’s stand because the latter want them so. It is a power-related issue they are facing.

**Networking.** Networking is another benefit from going to trade shows identified in the case studies. At first, they realised that trade fairs helped build and enlarge their networks. By repeating the exhibitions over years, they realised that they maintain the relationships thanks to trade shows, as well as meeting new people. All the contributors have explained that they are in a long-term perspective and trade fairs have helped create that.

Sam agrees with the case analysis. He thinks that the main benefit from going to trade shows is networking. This will be the springboard to sales.

“You are not selling as in “buy one now”, you are striking up relationships to either appoint new distributors or to show new products to your current distributors”

For him, trade fairs aim at long-term relationships.

“At a trade fair, you are not selling at the moment of the fair; you build relationships with potential buyer until they become customers”

“It is three years and you are in”

**Access to networks.** The cross-case comparison indicates that contributors have perceived different ways of taking advantage of trade fairs in terms of networking. Some have used their own network when others have perceived opportunities through parasitic access to another company’s network. In both cases, the emphasis is put on trade fairs giving networking opportunities.

Sam confirms this outcome.

“Your main focus is still on developing your distribution networks”

For him, the beauty of trade shows is that it is not a strict environment where meetings are formal. They will give the opportunity to work on the relationships and in many cases, because everyone is there for few days, they will get dinner after the show. Relationships reach another step.
“Nothing beats talking to people, buying a beer”

Most of the contributors have mentioned the opportunity to meet up with their partners or potential customers over a meal after the show. For them, this is a good way to either create or maintain a strong relationship.

Sam totally supports this. For him, networking is the main benefit companies get from participating in trade fairs. He goes further by building a bridge between networking and information gathering.

“It is all about growing the company, growing those relationships, showing that you appreciate them and it is informal chat over a meal where you can often get more information than at a formal meeting”

The fact that trade fairs are informal meetings where relationships grow is also what is going to help people get information according to Sam.

**Information gathering and learning.** The information gathered by the contributors at trade shows appeared to be quality information. The case analysis shows that they learn a lot through trade fairs in terms of distribution channels, competition, markets, and attitudes.

Sam’s contribution brings consistency to the results found in the cross-case comparison. He thinks that trade shows are a good source of information and a good way to gain knowledge through experience.

“It is all about understanding how the industry is structured in terms of distribution and if we can fit in and what particular option is viable commercially in terms of the end price, will you sell enough to make it worthwhile for the distributor or the sales rep to make the effort”

“As you are understanding, your knowledge increases”

“You display your product; get feedback about the product, prices, and distribution channels

**Promotion/reputation.** Repeating the experience at trade fairs over years surely increased contributors’ knowledge, boosted sales and helped their network, but the case analysis shows that it also had a positive impact on their reputation. By going, they got known by people and they built their position in the market place – more or less good; but trade fairs clearly have an impact on these companies’ image.

Sam sees in trade fairs great recognition opportunities too.

“It is not just about the product you are selling but also about the company”
He explains that recognition and reputation is built through repeating exhibition.
“For trade fairs, what tend to happen is: first year, ok, that was interesting. Second year, ok they are back, I will to talk to them. Third year, ok, these guys are serious”

**Unexpected outcomes.** Another benefit from trade shows that companies interviewed have felt is opportunities that arose from an unexpected situation. Evidence did suggest that contributors may learn to anticipate that unexpected will occur; and they all experienced such a situation.

Sam supports this idea too but also recommends anticipating unexpected situations.
“You still need to allow time for what you are not expecting”

He also noticed this through his experience at trade shows as well, when he went with one of his clients.
“I did not go to a trade fair in Paris looking for a Chinese manufacturer but I did go with my eyes and my ears open. (…) This new product (…) can now be sold internationally at a price that makes it viable. That is a good example of networking and learning and using your distributors’ network”

His experience here shows all of the outcomes mentioned above.
12. Conclusion

The case analysis supported by Sam’s expertise allowed identification of the benefits an SME can get from participating in trade fairs and the actions required to get these benefits throughout a successful exhibition. Although the literature focuses more on visitors and gives few insights on exhibitors’ behaviours, the case analysis’ conclusions reinforced by Sam’s experience confirm previous identified dimensions of trade fairs and bring strong arguments to consider networking and information as additional dimensions in their own rights.

**Selling.** Both the conclusions of this study and the literature agree on the selling dimension of trade fairs. Sales do not occur on the stand, but participating in trade fairs will trigger sales over time.

**Promotion.** As for selling, the promotion dimension of trade fairs is supported by both this study and the literature. Trade fairs give SMEs an opportunity to display their product, hence to be known by the players of a market.

**Networking.** The conclusions of the case analysis supported by Sam’s experience clearly show that trade fairs have a positive impact on networking. SMEs initiate business relationships at trade fairs as well as maintaining the current ones. Rosson and Seringhaus (1995) suggested networking as a third dimension of trade fairs. The case analysis supports Rosson and Seringhaus’s (1995) findings. Evidence clearly shows that networking should be perceived as another dimension of trade fair benefits.

**Information.** The literature agrees on the importance of information gathering at trade fairs, principally for visitors (Rosson & Seringhaus, 1995). Initial conjectures derived from the literature suggested that it should be seen as a dimension in its own right. By looking at exhibitors’ behaviours, the case analysis strongly pointed out the salience of information gathering both for visitors and exhibitors. This brings a strong argument to consider information collection as a fourth dimension of trade fair benefits.

The aim of the thesis was to provide a starting point for a theory on international trade fairs and SMEs. The following part is a comparison between conjectures developed from current
theory and the propositions developed through analysis of the experience of SMEs using trade fairs for internationalisation. The conjectures are summarised below.

The first attempt was to assess the use of trade fairs as to their four dimensions (selling, promotion, networking, information) for SMEs participating in different types of global value chains

- SMEs involved in market, modular and relational global value chains are more likely to show great benefit from participating in international trade fairs
- SMEs involved in captive global value chains are less likely to show great benefit from participating in international trade fairs
- SMEs involved in hierarchy global value chains are more likely to show no benefit from participating in international trade fairs – no participation is suggested

The second attempt was to assess the use of trade fairs as to their four dimensions (selling, promotion, networking, information) for GVC and MVC trajectories.

- SMEs following MVC trajectory are more likely to show great benefit from participating in international trade fairs
- SMEs following GVC trajectory are less likely to show great benefit from participating in international trade fairs

The third attempt was to assess the use of trade fairs as to their four dimensions (selling, promotion, networking, information) for born-globals, due to their pace to internationalisation

- Born-globals are expected to get great benefits from participating in international trade fairs across all four dimensions

The fourth attempt was to consider the time dimension for the four dimensions of trade fairs (selling, promotion, networking, information)

- SMEs are expected to get more benefits from trade fairs at the early stage of internationalisation for the selling, promotion and information dimensions
- SMEs are expected to get different benefits from trade fairs depending on their stage of internationalisation for the network dimension
  - The early stage is supposed to be for exploration
  - The later stage is supposed to be for strengthening relationships

From initial selection and subsequent analysis, it was possible to identify each case with one (or more) of the governance types (market, modular, relational, captive, hierarchy).
Some companies include characteristics of several governance types. Hence, I offered a classification according to the governance types that are the most closely matched to their characteristics and provided explanations for this choice.

The case analysis showed the benefits they get from participating in international trade fairs for the four dimensions (selling, promotion, networking, information). These results are reported in the tables below. They are then compared to the initial conjectures also reported in the tables.

Overall, initial conjectures and propositions developed from case analysis agree although some slight differences appeared giving implications for researchers.

1- The use of trade fairs for SMEs participating in different types of global value chains for the four dimensions (selling, promotion, networking, information)

Table 9: Clover1 – Market value chains

<table>
<thead>
<tr>
<th></th>
<th>Selling</th>
<th>Promotion</th>
<th>Networking</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Conjecture</td>
<td>Great</td>
<td>Great</td>
<td>Less</td>
<td>Great</td>
</tr>
<tr>
<td>Case-derived proposition</td>
<td>Great</td>
<td>Great</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
</tbody>
</table>

Clover1 presents approximate characteristics to those of an SME involved in a market value chain. An important aspect of market value chains is that price of product is set by the seller (Clover1) and not by the buyers (its distributors). Furthermore, transactions are repeated which can happen in this governance type.

Initial conjectures suggested that an SME would get great benefits from participating in trade fairs for three dimensions: selling, promotion and information. Overall, the case-derived propositions and the initial conjectures developed from the literature match. Nevertheless, even in conditions that have much in common with market governance, aspects of relational governance can arise: Clover1 has tied distribution contracts with its distributors. Repeating transactions inevitably lead to create a relationship with the partner. Clover 1’s initiative product gives the company sufficient power to tie in distributors. Hence, networking is more important than initial conjectures allowed.
For market value chains, the initial conjecture was that benefits of trade shows would be great for information gathering. The proposition developed through case analysis is that these benefits may only be moderate at the time of the fair because SME, like Clover1 can gather much more research beforehand.

Table 10: Clover2 and Frangipani – Modular value chains

<table>
<thead>
<tr>
<th>Initial Conjecture</th>
<th>Selling</th>
<th>Promotion</th>
<th>Networking</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great</td>
<td>Great</td>
<td>Moderate</td>
<td>Great</td>
<td>Great</td>
</tr>
</tbody>
</table>

Case-derived proposition (Clover2)  
Great | Great | Great | Moderate

Case-derived proposition (Frangipani)  
Great | Great | Great | Great

_Clover2 and Frangipani_ present the characteristics of SMEs involved in a modular value chain.

They both sell through Begonia and Tulip respectively – large multinationals endorsing their product into their final-assembly specifications.

Overall, the case-derived propositions and the prior conjectures are in agreement.

Although _Clover2_ is said to have the power in the relationship, if Begonia stops buying from _Clover2_, the latter loses an important part of its business. By being involved in Begonia’s network, the benefits perceived by _Clover2_ are great and trade fairs have allowed the company to identify them, which explains the greater importance given to networking in the case-derived propositions.

Same as _Clover2_, _Frangipani_ got great benefits for networking from participating in trade fairs. The initial conjecture was that large downstream partners specify their requirements and priority is not given to networking. The proposition developed here is different. Because they developed the product together, which took a long time, socialisation was salient for Tulip as they wanted to make sure that _Frangipani_ will be sustainable and will comply with the requirements. Trade fairs helped for this socialisation process. It appears that this
difference between the initial conjectures and the case-derived propositions is due to *Tulip*, being a dominant player in its industry and willing to socialise first with its partners. Propositions developed from both *Clover2’s* and *Frangipani’s* experience emphasise that participating in trade fairs for SMEs involved in modular value chains offer great benefits in terms of networking.

For modular value chains, the initial conjecture was that benefits of trade shows would be great for information gathering. Same as for *Clover1*, the proposition developed through case analysis is that these benefits may only be moderate at the time of the fair because SME, like *Clover2* can gather much more research beforehand.

*Table 11: Orchidée – Relational value chains*

<table>
<thead>
<tr>
<th></th>
<th>Selling</th>
<th>Promotion</th>
<th>Networking</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Conjecture</td>
<td>Moderate</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
</tr>
<tr>
<td>Case-derived proposition</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
</tr>
</tbody>
</table>

*Orchidée* present the characteristics of an SME participating in a relational value chain due to its relationship with distributors characterised by mutual dependency.

Although the prior conjectures supposed that the impact of trade fairs on sales is moderate because the emphasis is put on the networking dimension principally, *Orchidée* needed time to reach these benefits. Indeed, the NZ firm now counts 12 distributors covering about 20 countries, and in 2010, export sales accounted for 70% of the total sales. However, for the years before, they accounted for only 10%. For companies involved in this type of global value chains, getting sales appears to take longer as it comes from strong relationships with partners based on mutual dependency. The other conjectures match the propositions for the three other dimensions.

*Table 12: Coquelicot – Captive value chains*

<table>
<thead>
<tr>
<th></th>
<th>Selling</th>
<th>Promotion</th>
<th>Networking</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Conjecture</td>
<td>Less</td>
<td>Less</td>
<td>Less</td>
<td>Less</td>
</tr>
<tr>
<td>Case-derived</td>
<td>Less</td>
<td>None</td>
<td>Less</td>
<td>Less</td>
</tr>
</tbody>
</table>
Coquelicot presents all the characteristics of an SME involved in a captive global value chain by being dominated by its large partners. The company did not show great benefits from participating in trade fairs and is really dependent on its partners. Furthermore, Coquelicot has very few partners, which emphasises this position of dependency. For each dimension, initial conjectures and case-developed propositions agree.

Table 13: Lily – Captive/relational value chains

<table>
<thead>
<tr>
<th></th>
<th>Selling</th>
<th>Promotion</th>
<th>Networking</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Conjecture - Captive</td>
<td>Less</td>
<td>Less</td>
<td>Less</td>
<td>Less</td>
</tr>
<tr>
<td>Initial Conjecture - Relational</td>
<td>Moderate</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
</tr>
<tr>
<td>Case-derived proposition</td>
<td>Great</td>
<td>Less</td>
<td>Moderate</td>
<td>Great</td>
</tr>
</tbody>
</table>

Lily presents the characteristics of a firm involved in a captive value chain with some characteristics of the relational value chains. The large majority of Lily’s business is derived from one powerful downstream distributor in Japan. In that relationship, Lily is well characterised as being in a captive value chain. However, the company is also free to seek out distributors in Japan and other countries, which explains the emphasis on information gathering and selling in Lily’s use of trade fairs. These complex relationships Lily has indicate that the NZ SME is involved in a captive value chain but some have relational elements. Regarding the lack of emphasis on promotion, Lily goes to Japan to support its distributor and do not get much recognition in the market place, showing again captive elements.

The mixed-type characteristics of Lily may also be responsible for the company exhibiting an intermediate emphasis on networking at trade fairs: having little use for it in its relationship with its largest distributor, and more use for other distribution relationships.
Lily’s case suggests that many SMEs will be a mixture of governance types and their use of trade fairs therefore idiosyncratic.

Overall, the case-derived propositions and the framework designed through the conjectures developed from the literature match. For firms involved in relational and captive relationships (Orchidée and Coquelicot respectively), the case-derived propositions appear to strongly agree with the prior conjectures. Furthermore, there is no case showing the participation of SME involved on a hierarchy value chain, which agrees with prior conjectures. However, case-derived propositions have improved initial conjectures in a number of areas, especially for market and modular value chains, which emphasises that benefits an SME can get from participating in international trade fairs is really relationship-dependent.

When companies are involved in market value chains, repeated transactions at trade fairs lead to creation of relationships. This can change the nature of these transactions and lead to partnerships although the seller will still decide on the price of the product.

When companies are involved in modular value chains, commitment to the relationship shown by repeated exhibitions at trade shows create great benefits for SMEs, although large buyers still have power in the global value chain.

SMEs can present mixed characteristics which make it difficult to define one governance type.

2- The use of trade fairs for GVC and MVC trajectories for the four dimensions (selling, promotion, networking, information)

Overall, propositions from case analysis are in agreement with prior conjectures. SMEs on the MVC trajectory will derive more benefits from trade fairs than those on GVC trajectory; and this applies to all four dimensions of trade fairs.

Table 14 shows these results.
Table 14: Use of trade fairs for SMEs in GVC and MVC

<table>
<thead>
<tr>
<th></th>
<th>Selling</th>
<th>Promotion</th>
<th>Networking</th>
<th>Information</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>GVC</td>
<td>Less</td>
<td>Less</td>
<td>Less</td>
<td>Moderate</td>
<td></td>
</tr>
<tr>
<td>Clover2</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Moderate</td>
<td>Few large downstream partners</td>
</tr>
<tr>
<td>Frangipani</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Few large dominant downstream partners</td>
</tr>
<tr>
<td>Coquelicot</td>
<td>Less</td>
<td>None</td>
<td>Less</td>
<td>Less</td>
<td>Few large dominant downstream partners</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MVC</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td></td>
</tr>
<tr>
<td>Clover1</td>
<td>Great</td>
<td>Great</td>
<td>Moderate</td>
<td>Moderate</td>
<td>Many downstream partners</td>
</tr>
<tr>
<td>Orchidée</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Many downstream partners</td>
</tr>
<tr>
<td>Lily</td>
<td>Great</td>
<td>Less</td>
<td>Moderate</td>
<td>Great</td>
<td>Many downstream partners</td>
</tr>
</tbody>
</table>

SMEs following the MVC trajectory show great benefits from participating in trade fairs for the four dimensions.

Clover1’s and Orchidée’s experience at trade fairs show that they get great benefits in all four dimensions. They have many downstream partners, which give them a dominant position in their global value chains. Yet, Clover1 does not seem as network-focused as Orchidée is. The reason could be the age of the companies. Orchidée had a presence in offshore markets for longer. As the case-derived propositions suggest, companies tend to focus more on the networking dimension than on the selling one once they have built a presence in foreign markets. This point is further explored in the next pages (see 4 - The four dimensions of trade fairs over time).

Although Lily is on the MVC trajectory, the captive elements of its relationships with its large Japanese partner tend to reduce the benefit the SME could get from such a position.

Overall, case-derived propositions and initial conjectures are in agreement.
For SMEs on GVC trajectory, Coquelicot’s use of trade fairs conforms with prior conjectures and these should be retained as general propositions on the use of trade fairs for this trajectory.

The case analysis suggested that Clover2 has more power over its partners. However, an important element should be mentioned, which helps to comprehend why Clover2 is in the GVC category. If the business between Clover2 and Begonia ends, Clover2 loses an incredible part of its business offshore. As Begonia chose Clover2’s product as part of its product specification, Clover2 had the chance to enlarge its offshore business significantly through Begonia’s network. High recognition and sharp increase of sales are the results of this partnership. Paul says that Begonia does not dictate to Clover2. Although they do not seem to be in a relationship were one party completely dominates the other one, the MNE (Begonia) dominates the entire global value chain, which explains why Clover2 follows a GVC trajectory. However, Clover2 still gets great benefits from trade fairs. It can be supposed that this is due to its product being unique, as well as such great recognition acquired thanks to the product as well as the partnership with Begonia.

Although some differences exist between Frangipani and Clover2, the same explanation applies to Frangipani. The major part of Frangipani’s business is with Tulip, which required time and commitment. Such partnership is a result of Frangipani’s participation in trade fairs, which explains why Frangipani got such great benefits from participating in trade fairs. Tulip remains the one dominating the entire global value chains. However, Frangipani is their biggest supplier, which gives them a high recognition in the market place. The benefits from participating to trade fairs are great, as Frangipani has more power in the industry thanks to the recognition acquired. This makes the NZ SME at a powerful position with its own upstream suppliers.

As discussed above, however, the experience of Clover2 and Frangipani shows that an SME can create greater degrees of freedom in a GVC that prior literature expects and hence derive from trade show participation. One could conclude that when an SME can establish a degree of power in the chain (from innovation or reputation), it may escape the constraints that normally apply to exhibit freedoms in its use of trade fairs that match those of SME on MVC trajectory.

The initial conjectures and the case-derived propositions are not totally in agreement, giving implications for researchers.
It can be suggested that SMEs following MVC trajectory can show great benefits from participating in international trade fairs, especially if their partners are about the same size as the SMEs. The relative size of the downstream partners appears to be an element to consider. SMEs following the MVC trajectory have partnerships with companies that are both large and small relative to their own size. *Lily* has both. Some partners have the same size, and some partners – including *Daisy* – are much bigger. Chris admits that size matters as big companies will dictate their rules. Hence, greater benefits from trade shows rise from partnerships with companies of same size.

On the other hand, SMEs following GVC trajectory are less likely to show great benefit from participating in international trade fairs unless SMEs show a point of distinction (innovative product or high recognition). This can be the power SMEs exert on their suppliers or the nature of their products.

The power a company has within the network – global value chains – is different from the power it can have over its own supplier. An SME can be very powerful over its own suppliers and still get great benefit from participating in trade fairs but also it can have little power over its downstream partners, often much bigger.

The product appears to be an explanation of this difference between the case and the literature. Through innovation and reputation, SME can moderate a weak position in a GVC and derive benefits from participating in trade fairs.

3. **The use of trade fairs for born-globals for the four dimensions (selling promotion, networking, information)**

Table 15: Use of trade fairs for born-globals

<table>
<thead>
<tr>
<th></th>
<th>Selling</th>
<th>Promotion</th>
<th>Networking</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>conjecture –</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
</tr>
<tr>
<td>Born-globals</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Clover1</em></td>
<td>Great</td>
<td>Great – expected to grow with time</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td><em>Clover2</em></td>
<td>Great</td>
<td>Great – expected to grow with time</td>
<td>Great</td>
<td>Moderate</td>
</tr>
<tr>
<td><em>Frangipani</em></td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
</tr>
</tbody>
</table>
Propositions developed through the case analysis and prior conjectures developed from the
literature are in agreement on the benefits born-globals get from participating in trade fairs.
Initial conjectures suggested that born-globals would get great benefits for the four
dimensions.
Overall, the born-globals participating in this study have shown great benefits in the four
trade fair dimensions. Information appeared to be moderate for Clover1&2 as Paul does not
think that it is necessary to visit before exhibiting, as suggested for the learning process and
confirmed by Sam.
These results also agree with initial conjectures for the use of trade fairs at the early stage of
the internationalisation process. Clover1&2 developed sales more rapidly than Frangipani,
the three cases showed that trade fairs have been a springboard for meeting people, learning,
being known, which triggered sales.
It is difficult to judge Clover1&2 at the late stage of internationalisation as the company is
still in this period called the “gusher”. However, the case analysis has shown that Paul
implied that recognition (the promotion dimension of trade shows) was developed and
expected to grow even more through repeated exhibitions. Clover1&2 has already acquired
great recognition thanks to its unique product. Repeated exhibitions will confirm their strong
recognition.
Frangipani got great benefits from participating in trade fairs. It was shown in the case
analysis that offshore sales were a result of their participation in trade fairs from the
beginning (they count for 100% of total sales from inception). However, what is now their
biggest business – Tulip – came with time. They tried to create a sustainable business
relationship at the early stage of their internationalisation process. They now try to maintain
it.

4- The four dimensions of trade fairs over time (selling, promotion, networking,
information)

For evaluating the impact of time on the four dimensions, only three companies’ experiences
are reported for both early and late stages of internationalisation.
Again, it is difficult to evaluate Clover1&2 at its late stage of internationalisation as it is a
three-year old company. Hence, they appear only in the table dealing with the early stage. It
is also difficult to evaluate Lily at its early stage of internationalisation as the CEO
interviewed is in the company for only few years, and Lily started selling offshore through
trade fairs twenty years ago. He mainly talked about his experience at trade fairs with Lily. Hence, the conclusions on the early stage of internationalisation would not be completely accurate, which explains why Lily appears only in the table dealing with the late stage.

Table 16 reports the benefits SMEs get from their participation in international trade fairs for the four dimensions (selling, promotion, networking, information) at the early stage of their internationalisation process. Propositions from case analysis and prior conjectures are in agreement on the importance of trade fairs at early stages of internationalisation. At the early stage of their internationalisation process, they all perceived sales opportunities and benefit from them. The cost of trade fairs is a driver to sales. The benefits are not always great, especially for Coquelicot, but it suggested that it is due to a lack of research before the exhibition. Trade fairs triggered few sales for Coquelicot, but opportunities still arose. It can be assumed that Alan did not manage these opportunities adequately as he got the chance to meet many valuable people through trade fairs (for instance unexpected encounters in Hawaii).

Overall, the case-studies propositions show that great benefits arise from trade fairs, especially from a selling, promotion and information-seeking perspective. They also allow meeting people and initiate/enlarge business relationships.
Table 16: Early stage of internationalisation

<table>
<thead>
<tr>
<th></th>
<th>Selling</th>
<th>Promotion</th>
<th>Networking</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Initial conjecture</strong></td>
<td>Great importance</td>
<td>Great importance</td>
<td>Exploration</td>
<td>Great importance – helps build position by taking into account what the market already offers</td>
</tr>
<tr>
<td><strong>Case-developed propositions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Clover1</strong></td>
<td>Great – sales offshore from inception</td>
<td>Great – product displayed, got to be known in industry - expected to grow with time</td>
<td>Moderate – meet people but focus remains on sales</td>
<td>Moderate – helpful but research is done upfront</td>
</tr>
<tr>
<td><strong>Clover2</strong></td>
<td>Great – sales offshore from inception</td>
<td>Great – product displayed, got to be known in industry - expected to grow with time</td>
<td>Great – entered Begonia’s network immediately</td>
<td>Moderate – helpful but research is done upfront</td>
</tr>
<tr>
<td><strong>Frangipani</strong></td>
<td>Great – sales offshore from inception</td>
<td>Great – product displayed, got to be known in industry</td>
<td>Meet people, build relationships</td>
<td>Great – niche found, selection of fairs, learning</td>
</tr>
<tr>
<td><strong>Orchidée</strong></td>
<td>Great – triggered sales offshore</td>
<td>Great – product displayed, got to be known in industry</td>
<td>Meet people, build relationships</td>
<td>Great – selection of fairs, learning</td>
</tr>
<tr>
<td><strong>Coquelicot</strong></td>
<td>Moderate – triggered few sales</td>
<td>Moderate – Got to display product</td>
<td>Meet people, networking opportunities arose</td>
<td>Less – little information is collected</td>
</tr>
</tbody>
</table>
As far as the late stage of internationalisation is concerned, some differences can be pointed out as Table 17 suggests.

**Table 17: Late stage of internationalisation**

<table>
<thead>
<tr>
<th></th>
<th>Selling</th>
<th>Promotion</th>
<th>Networking</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial conjecture</td>
<td>Moderate importance</td>
<td>Moderate importance</td>
<td>Deepen relationships</td>
<td>Great importance – helps maintain position by seeing what competitors do</td>
</tr>
<tr>
<td>Case-developed propositions</td>
<td>Frangipani</td>
<td>Moderate – Still selling but emphasis put on relationships</td>
<td>Great – well-known in industry</td>
<td>Focus on strengthening relationships</td>
</tr>
<tr>
<td></td>
<td>Orchidée</td>
<td>Moderate – Still selling but emphasis put on relationships</td>
<td>Great – well-known in industry</td>
<td>Focus on strengthening relationships</td>
</tr>
<tr>
<td></td>
<td>Coquelicot</td>
<td>Less – few sales and focus on relationships</td>
<td>None – Name not stated</td>
<td>Focus on maintaining relationships</td>
</tr>
<tr>
<td></td>
<td>Lily</td>
<td>Great – important part of the business offshore</td>
<td>Less – few recognition due to one large partner</td>
<td>Focus on relationships</td>
</tr>
</tbody>
</table>

At the late stage of internationalisations, the emphasis is put on relationships. Case-derived propositions and initial conjectures strongly agree and see relationship-strengthening as the main benefit SMEs get from their participations. Trade fairs appear to give such an opportunity. Then it is the attitude of the managers and the power of the SMEs that will make the difference.

Sales still occur at the late stage of their internationalisation process. However, SMEs tend to focus on the networking aspect of trade fairs as they – for most of them – already have
customers/distributors. What seem to be salient is to make the current relationships sustainable rather than trying to get sales. By attending regularly, SMEs keep getting updates about the market and have built their position in their network. The recognition aspect becomes then fundamental. Repeated exhibitions lead to recognition.
13. Implications for researchers and managers

1- Implications for researchers

Prior literature has not developed theory on the use of trade fairs by SMEs. What is possible is to develop conjectures from that literature, and this has been done in this thesis. A firmer basis for theory development is the development of propositions from the experience of SMEs selected to represent the range of characteristics that are thought to influence SMEs’ participation in global value chains. This study has developed propositions that cover the use of trade fairs by:

- Governance types (market, modular, relational, captive, hierarchy)
- Trajectories (MVC, GVC)
- Born-globals
- Stages of internationalisation (early, late)

In most cases, these case-derived propositions agree with prior conjectures, putting a theory of trade fair use by SMEs on a firmer basis that it previously had. In some cases, however, previous conjectures were found to be misleading:

- Many SMEs will be a mixture of governance types and their use of trade fairs therefore idiosyncratic
- Relative size of partners and commitment to the relationship are elements that can shift the nature of the relationship, therefore the benefits SMEs get from participating in trade shows
- Innovative products and recognition
- Innovation and reputation can moderate a weak position an SME has in a GVC and derive benefits from participating in trade fairs

It is suggested that future research could help fully focus on these exceptions and aim to establish more fully-articulated links between current theories of SME internationalisation and the use of trade fairs by these firms.
2- Implications for managers

From a managerial perspective, firms need to understand the importance of preparing the exhibitions and this preparation needs to be methodical. This phase should involve some research upfront to select the right trade fair. Some tools are available, including trade fair websites, to know the people expected to come as visitors, as well as exhibitors. Visiting a trade fair before exhibiting is highly recommended in order to understand the fair itself, but also to gather information about other companies and competition. The stand needs to be booked in advance and appointments should be organised before the show. In the preparation phase, managers should ensure that their personnel are aware of what to do on the stand and how to behave.

It is important that managers qualify rapidly potential customers and those who are not. On the stand, they should provide information, present the product, get feedback, take the details and move on to the next one. This will be highly important for the follow-up. They also need to leave the stand and walk the show to gather information as well as have one-on-one sessions with current partners/customers. This also explains why they should give their team some training beforehand; because they cannot be on the booth all the time. The social aspect is also a crucial part of trade fairs that managers need to consider. During the time of the fair, they should dedicate most of their time to maintain and enhance relationships, as well as create new ones.

The follow-up phase is a salient part and should not be neglected. It is important to give a priority to potential customers and keep in touch with them, as well as with the others as their business relationships can be useful.

Managers should consider the potential networks can offer. Especially for small businesses, trade shows are an important way – although not the only way – to build and maintain business relationships. This is why repeated exhibitions are essential.

Finally, they should also consider creating partnerships with companies of their size. They are more likely to get mutual benefits from the relationships, which is likely to lead to equal power.

Depending on their position in a global value chain and their internationalisation strategy, managers need to prioritise their expectations of the benefits of trade fairs on different aspects. The overall propositions for managers are summarised in Table 18.
Table 18: Overall propositions for managers depending on their position in a global value chain and their internationalisation strategy

<table>
<thead>
<tr>
<th></th>
<th>Selling</th>
<th>Promotion</th>
<th>Networking</th>
<th>Information</th>
<th>Implications for managers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Markets</strong></td>
<td>Great</td>
<td>Great</td>
<td>Moderate</td>
<td>Great</td>
<td>Managers need to prioritise their expectations of the benefits of trade fairs on selling. If transactions are repeated, they then need to give importance to the networking aspect</td>
</tr>
<tr>
<td><strong>Modular</strong></td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Managers need to prioritise their expectations of the benefits of trade fairs on networking. Due to their technology advantage, they are likely to get greater benefits in other aspects of trade fairs thanks to a great relationship with large downstream partner</td>
</tr>
<tr>
<td><strong>Relational</strong></td>
<td>Moderate</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Managers need to prioritise their expectations of the benefits of trade fairs on networking for mutual dependency</td>
</tr>
<tr>
<td><strong>Captive</strong></td>
<td>Less</td>
<td>None</td>
<td>Less</td>
<td>Less</td>
<td>Managers need to prioritise their expectations of the benefits of trade fairs on networking, which could strengthen their weak position, giving them some benefits</td>
</tr>
<tr>
<td><strong>Hierarchy</strong></td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>Managers are unlikely to get benefits of trade fairs</td>
</tr>
</tbody>
</table>

137
<table>
<thead>
<tr>
<th></th>
<th>Selling</th>
<th>Promotion</th>
<th>Networking</th>
<th>Information</th>
<th>Implications for managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>GVC</td>
<td>Less</td>
<td>None</td>
<td>Less</td>
<td>Less</td>
<td>Difficult for managers to benefit from trade fairs unless they have an innovative product that gives them a strong reputation. In that case, they need to prioritise their expectations on networking</td>
</tr>
<tr>
<td>MVC</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Managers need to prioritise their expectations of the benefits of trade fairs on all aspects</td>
</tr>
<tr>
<td>Born-globals</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Great</td>
<td>Managers need to prioritise their expectations of the benefits of trade fairs on all aspects</td>
</tr>
<tr>
<td>Early stage of internationalisation</td>
<td>Great</td>
<td>Great</td>
<td>Exploration – initiate business networks</td>
<td>Great – selection of trade fairs, learning, where do you fit in?</td>
<td>Managers need to prioritise their expectations of the benefits of trade fairs on gathering information first to be sure that they fit in. Having great and suitable product to display will give them recognition. By meeting people, they create a network. Sales arise from these</td>
</tr>
<tr>
<td>Late stage of internationalisation</td>
<td>Selling</td>
<td>Promotion</td>
<td>Networking</td>
<td>Information</td>
<td>Implications for managers</td>
</tr>
<tr>
<td>-----------------------------------</td>
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<td>---------------------------</td>
</tr>
<tr>
<td></td>
<td>Moderate</td>
<td>Moderate</td>
<td>Focus on current strengthening current relationships</td>
<td>Great – keep regular updates on competition and market</td>
<td>Managers need to prioritise their expectations of trade fairs on the information to keep an update of the market and competitors. More importantly, they need to give high priority to the networking aspect of trade fairs. Deepening relationships will ensure current partnerships and lead to other opportunities</td>
</tr>
</tbody>
</table>
References


Appendices

Appendix A - Letter sent to NZTE and sent to firms suggested

MEASSON Nadège
808A Great King Street
North Dunedin
Dunedin, 9016
New Zealand

0211 43 80 53
nadege.measson@gmail.com

Dear Sirs,

I am a postgraduate student doing a Master of Business at Otago University. I am researching the strategies that New Zealand firms have found to be most effective in building their offshore business. My supervisor is Professor Colin Campbell-Hunt of Otago, who is a prize-winning researcher on the competitive advantages of New Zealand’s small firms in world markets.

I am especially interested in the way that firms build up networks of business contacts as they enter and develop these markets, and in particular their use of trade shows.

So far, trade fairs have been studied only as a mechanism for selling and marketing. There has also been a lot of research into the importance of networks to the internationalisation of small firms. But little is known on the contribution that trade shows can make to establishing or gaining access to these networks. That is the question my Masters thesis will explore.

My project is designed to absorb and build upon the experience of a small number of New Zealand firms who have made use of trade fairs to help grow their international business. I seek your help in identifying six to eight firms whose experience is relevant to my research.

I plan to conduct one interview with each firm, lasting about sixty minutes for each interview.
To be relevant to my project, the firms should:
- employ no more than 50 people at the time they entered overseas markets
- have sales offshore currently more than 30% of its total sales
- have participated in international trade fairs

I do not focus on a particular industry, so firms from any industry will be considered.

The types of questions I plan to ask mainly deal with the growth of the firm, their business model, and the ways they have used trade fairs.
- In terms of growth, I will seek to compare the number of employees and the percentage of sales offshore when they first started and now.
- Regarding their business model, I want to look at the firm’s range of products and value adding activities, and see if they have extended or reduced them as they entered new foreign markets.
- As far as trade fairs are concerned, I wish to explore how firms used them, what are their expectations of such events, and the benefits they get from participating in trade fairs. I am particularly interested in looking at the role trade fairs have played in enhancing their sales, and mainly in building business relationships. I want to see if firms have perceived foreign market opportunities as a result of participating in trade fairs.

Many thanks for your help with my request. If you would like to meet with me to discuss my project further, I would be delighted to do that. My email address is at the top of this letter.

I look forward to hearing from you.

Yours faithfully,

Nadège MEASSON
Dear Sirs,

I am a postgraduate student doing a Master of Business at Otago University. I am researching the strategies that New Zealand firms have found to be most effective in building their offshore business. My supervisor is Professor Colin Campbell-Hunt of Otago, who is a prize-winning researcher on the competitive advantages of New Zealand’s small firms in world markets.

I am especially interested in the way that firms build up networks of business contacts as they enter and develop these markets, and in particular their use of trade shows. So far, trade fairs have been studied only as a mechanism for selling and marketing. There has also been a lot of research into the importance of networks to the internationalisation of small firms. But little is known on the contribution that trade shows can make to establishing or gaining access to these networks. That is the question my Masters thesis will explore.

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I plan to conduct one interview with each firm, lasting about sixty minutes for each interview. To be relevant to my project, the firms should:
- employ no more than 50 people at the time they entered overseas markets
- have sales offshore currently more than 30% of its total sales
- have participated in international trade fairs
- sell components or sub-assemblies rather than finished products; and sell them to other companies, not only to distributors, that will integrate them into their product

The types of questions I plan to ask mainly deal with the growth of the firm, their business model, and the ways they have used trade fairs.

- In terms of growth, I will seek to compare the number of employees and the percentage of sales offshore when they first started and now.
- Regarding their business model, I want to look at the firm’s range of products and value adding activities, and see if they have extended or reduced them as they entered new foreign markets.
- As far as trade fairs are concerned, I wish to explore how firms used them, what are their expectations of such events, and the benefits they get from participating in trade fairs. I am particularly interested in looking at the role trade fairs have played in enhancing their sales, and mainly in building business relationships. I want to see if firms have perceived foreign market opportunities as a result of participating in trade fairs.

Many thanks for your help with my request. If you would like to meet with me to discuss my project further, I would be delighted to do that. My email address is at the top of this letter.

I look forward to hearing from you.

Yours faithfully,

Nadège MEASSON
Appendix C - Research agreement

Role of international Trade Fairs in New Zealand small firms access to international business networks

A thesis lead by Nadège MEASSON, candidate for a Master of Business in International Business at the University of Otago, under the supervision of Professor Colin Campbell-Hunt of Otago, prize-winning researcher on the competitive advantages of New Zealand’s small firms in world markets.

RESEARCH AGREEMENT

The purpose of this agreement is to make sure that you are informed about the purpose of the research, the company’s and your personal rights to anonymity and confidentiality.

Anonymity and Confidentiality
The names of individual participants will not be used in published work, unless specific permission is given in writing, by the participants concerned. Organisations will not be named in publications, except with the written permission of the Chief Executive. Any material intended for publication which does identify the Organisation will be submitted to the Chief Executive for approval to publish.
Only the researchers will have access to information (of whatever form) obtained from the organisation and from individual participants. Materials loaned to the researchers by the company will be returned within agreed time limits. No copies will be retained of these materials.

Information to participants
The researchers will supply preliminary general information about the research project, and any further information about the research project that participants request, as long as this does not breach confidentiality for other participants.

This project involves a set a questions that will be asked to the participant as well as an open-questioning technique where the precise nature of the questions which will be asked have not been determined in advance, but will depend on the way in which the interview develops and that in the event that the line of questioning develops in such a way that I feel hesitant or uncomfortable I may decline to answer any particular question(s) and/or may withdraw from the project without any disadvantage of any kind."
Consent to participation in research

- I have been given and have understood an explanation of this research project. I have had an opportunity to ask questions and have them answered to my satisfaction. I understand that I may withdraw myself or any information I have provided from this project (before data collection is completed), without giving reasons and without penalty of any sort.
- I understand that the University retains insurance cover against claims relating to harm, loss or damage suffered by participants in research projects as a result of any negligent act, error or omission by or on behalf of the University.

Any other specific conditions for agreement:

I agree to take part in this research.

1. Participant
Name and organisation: ............................................................................................................
Signature: ......................................................................................................................... Date............

2. Researcher
Name: ............................................................................................................................
Signature: ......................................................................................................................... Date............
Appendix D - Protocol of questions

A – To identify whether they are following a GVC trajectory or a MVC trajectory:

1 - Growth:
   - When did the company first start?
   - How many employees at the start? Now?
   - What was the percentage of sales offshore at the start? Now?

2 - Business model:
   - How many products did you sell at the start? Now?
   - Have you extended or restricted your range of value adding activities within your company? By value adding activities, I mean your scope of activities. This can deal with:
     - Inbound logistics (receiving, storing, inventory control, transportation scheduling),
     - Operations (machining, packaging, assembly, equipment maintenance, testing, all other value-creating activities that transform the inputs into the final product),
     - Outbound logistics (activities required to get the finished product to the customers: warehousing, order fulfillment, transportation, distribution management),
     - Marketing and sales (activities associated with getting buyers to purchase the product including channel selection, advertising, promotion, selling, pricing, retail management, etc., Services (activities that maintain and enhance the product’s value, including customer support, repair services, installation, training, spare parts management, upgrading, etc.);
     - Procurement (procurement of raw materials, servicing, spare parts, buildings, machines, etc.),
     - Technology development (includes technology development to support the value chain activities, such as R&D, process automation, design, redesign),
     - HRM (activities associated with recruiting, development (education), retention and compensation of employees and managers),
     - Firm infrastructure (includes general management, planning management, legal, finance, accounting, public affairs, quality management, etc.)
3 - Power and influence:

- How many companies do you do business with?
- Are they mainly buyers or sellers?
- How would you characterise your relationship with them? What is your influence on them? What is their influence on you?

B – To identify the type of governance:

1- Would you characterise your relations with your buyers and sellers as short-term relations or long-term relations?
   o Reasons for short-term? (Expectations: degree of power; costs of switching to new partners; interests for ST relationships?) => Market, or modular
     ▪ Do you deal with many buyers? => if yes: market
     ▪ If no: modular? Hierarchy?
   i. Who specifies the product specifications?
      1. Customers’ specifications will define the products they have to make. Type of product/service: “turn-key services”. Do you have a technology advantage? => modular
      2. The company itself /top level managers (case of a vertically-integrated firm) => hierarchy

   o Reasons for long-term? => other types of governance: relational, captive

2- If your relationships with your buyers/sellers are based on a long-term basis, would you say that there is a mutual dependency between your partners and your company?
   o Reasons for answering yes? (Expectations: relationships built-up over time; importance of proximity, dependency and commitment to other firms) =>

     Relational type of governance
   o Reasons for answering no? dependency is not mutual => other type of governance: captive
3- Which partner is more dependent? You or the other party (supplier/buyers)?
   o Reasons for answering “me”? (Expectations: business for one or few more large buyers who give requirements. High costs if willing to switch to other partners) => Captive type of governance
   o Reason for answering “the other party”: still captive type of governance but the company is thus a MVC whereas in the other case, it is a GVC

C- Implications for the use of trade fairs

- How long have you been participating in trade fairs?
- How many times did you attend?
- Are you more often on the exhibitor or visitor side?
- Why? (for both)
- Who participate in trade fairs?
- What benefit do you think you got from trade fairs? (expectations: selling, promotion, networking, information)
   o What role does a trade fair play in the wider process of:
     ▪ Selling/buying
     ▪ Building business relationships/networks
   o What are the other steps in these processes
     ▪ Before the trade fair: prior research, setting criteria
     ▪ At the trade fair
     ▪ After the trade fair: subsequent steps
- Have your expectations of the use of trade fairs changed over time?