

Importance of Trade Shows for International Expansion: A Network Approach

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Abstract

The influence that trade shows have on networking and the internationalization process of a firm has gone largely unstudied. Using networking theories and the network model of internationalization, the purpose of this paper is to investigate the influence of networking towards business internationalization within the trade show context. This study aims to extend literature within the field and deliver critical insight on the importance of trade show participation for business expansion and networking. Using relevant secondary data, this research paper combines essential literature to support its purpose and validate its findings. Findings indicate that trade shows' activities, plays an important role towards building networking channels for all its participants and facilitates internationalization. Additionally, the findings provide practical managerial implications that will assist trade shows' attendees and organizers in better understanding the significance of trade shows as a vital context on which networks are built and maintained.

Keywords: trade show, trade fair, networking, internationalization, business expansion

Introduction

For many years, participating in trade shows has had a regular slot on companies' business strategies. Søylen (2013) notes that the term trade show is fairly recent and is not found in classic literature, instead, the usual term used was "trade fair". Throughout the years, literature on the subject has had many different definitions to trade shows. In many instances, the term "trade show" has been considered as a synonym for fairs, trade fairs and expositions (Kirchgeorg, 2005; Morrow, 2002). These can be defined as frequently scheduled events at which companies display their products or services (Ponzurick, 1996). An earlier definition by Black (1986) states that trade shows are "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" (p. 369). Trade shows are seen as a highly cost-effective method for meeting with a large number of prospect suppliers and customers in a short period of time and in one single location (Black, 1986; Gopalakrishna and Williams, 1992; Shoham, 1999).

Although extensive literature and studies exist on the subject of trade shows, Ford, Gadde, Hakansson, and Snehota (2003) declare that the topic has been greatly neglected in relation to enhancing or facilitating international business growth and networks. Following own research, it is perceived that this matter remains overlooked in latest literature. With the latter in consideration, this research focuses on studying the possible influence of trade shows in business networking and internationalization of a firm.

There are numerous examples of why companies decide to internationalize. Some reasons shared by Knight (2001) are: generation of economies of scale, achievement of efficient utilization of resources, market expansion, diversification as means of controlling political and financial risks, amongst others. In line with the research focus, the network approach to firm internationalization by Johanson and Mattsson (1988) is greatly considered. Summarized, this view conceptualizes that firms need many organizational relationships for survival. Furthermore, it recognizes the impact of network relationships on the firm internationalization process. In a business marketplace, Johanson and Mattsson (1988; 1993) assert the existence of "networks as connected exchange relationships between companies" (p. 115). These networks provide access to key resources, such as, information, raw materials, and technology, market intelligence and therefore promoting the development of strong relationships (Vandenbempt and Matthyssens, 1999).

Rosson and Seringhaus (1995) were the first to briefly suggest trade shows as provider of potential networking opportunities for their organizers and participants. The study of networking has been suggested as a suitable theoretical framework for investigating trade shows to emphasize the significance of relationships between suppliers and customers rather than solely focusing on selling purposes (Rice, 1992; Ling-Yee, 2006, 2007).

The purpose of this paper is to better understand the influence of networking towards business internationalization within the trade show context. This study aims to: (i) extend the literature of trade shows, specifically in relation to networking and business expansion and (ii) provide managers and organizers with greater insight on the impact that trade shows can have over business relationships and therefore support on the planning of such activity and company's strategies. Additionally, the aim of this paper is to explore traditional networking and internationalization model literatures and critically relate these to the trade show concept. The author's motives to conduct this study are noted as interest in the topic and acknowledgment of the need for further studies on the specified framework.

The remainder of this paper is organized as follows: the related literature section summarizes the relevant literary theories to fulfill this study's purpose; the methodology section describes the methods implemented for the study and adapted data analysis. The contextual analysis section cross analyses literature in relation to the study's background; the

final section discusses and concludes the findings, note limitations and provides suggestions for future studies.

Related Literature

Networking

In recent research, Jeong (2015) states that “networks have been found to play an important role in helping” (p. 47) companies to overcome the constraints that may occur during the “internationalization process by providing information benefits, improving decision-making of market selection and mode of entry, and enhancing the speed and success of internationalization” (Jeong, 2015, p. 47). Network engagement in the internationalization process will provide companies with the opportunity to “not only revenue growth but also the exchange of knowledge and the enhancement of capabilities, which strengthen the long-term competitiveness of the company” (Wilson, 2006, p. 43). Over the last few decades, the networking process has been widely researched by various scholars, considering several points of view. In early research, Mintzberg (1973) “called attention to the role of managers as making and maintaining of contacts and interactions with other people that were outside the formal organizational chain of command” (Gibson, Iii and Buckley, 2014, p.147). More recent studies within the networking field have focused on “networking behaviors and the outcomes of networking, including career success, firm progression, and international adjustment” (Gibson et al., 2014, p.147).

There have been several definitions of networking provided by different scholars. One of the first definitions provided by Gould and Penley (1984) states that networking is “the practice of developing a system or ‘network’ of contacts inside and/or outside the organization, thereby provided relevant information and support for a firm and its individuals” (p.246). “By defining networking as the development of networks, this definition contained a tautology and was thus limited in its usefulness” (Gibson et al., 2014, p.148). A more relevant definition by Forret and Dougherty (2004) emphasizes networking as a tool for development stating that it is a process “of building up and maintaining a set of informal and cooperative relationships” (p. 245). This definition supports the importance of personal networks. Any resource, such as social capital, which is difficult for competitors to imitate, becomes a source of sustained competitive advantage. Personal networks may be regarded as the most important social resource within an organization (Johannisson, 1990). In line with this social resources concept, the definition of networking by Michael and Yukl (1993) is the most significant for this study, as they describe networking from a more interpersonal perspective as “behaviors designed to build informal interpersonal relationships with people inside and outside the organization. In general, networking involves the exchange of affect (liking, friendship), information, benefits, and influence” (p. 328). The authors further elaborate stating that many behaviors can be used to build and maintain networks, as examples, the attendance and participation in different events and formal activities. Ultimately, the purpose of both social and business network is to get access to resources and information.

Relationships and Network Expansion

Networking is a dynamic process in which business relationships, as well as all players involved, coordinately work in order to generate valuable resources for the firm. Such resources would include unique information, knowledge, and experience. Networking as a process, takes crucial part in multiple business strategies performed by firms and it is gradually developed. This is due to the fact that the networking process is learned and improved progressively by different aspects of interaction and commitment between all those

involved within the network (Anderson and Weitz, 1992; Blankenburg-Holm, Eriksson, and Johanson 1999). Meaning, the networking process is built and developed over time as relationships mature. The aspect of time provides individuals of a network the opportunity to gain knowledge about each other's needs, resources and strategies and therefore form stronger relationships and a more stable network. This process requires great commitment towards the relationship (Anderson and Weitz, 1992; Blankenburg-Holm et al., 1999). Fundamentally, this approach describes dynamic networking, cumulative processes of learning & trust and commitment building.

Business Internationalization Process: Network Model

Importantly, the networking process has been linked to the process of internationalization. There are various theories and models explaining the internationalization process, one of them includes the network approach. The network approach by Johanson and Mattsson (1993) emphasizes the crucial role of networks and relationships in the internationalization process. Chetty and Blankenburg-Holm (2000) state that internationalization takes place in three ways: through creating relationships with partners in new countries, through rising commitment to already established foreign networks and through integrating their positions within multiple international networks. "Hence, the success of the firm in entering new markets depends on its position in the network and relationships within current market" (Korsakiene and Tvaronavičienė, 2012, p.297). According to Johanson and Mattsson (1988), the network model exists within the internationalization process of a firm due to its position in a network of firms and associated relationships. A highly internationalized firm is positioned within foreign networks and therefore benefits of direct relationships with foreign actors. Establishing a network focus and identifying the roles and strengths of actors within the network, provides firms with great understanding and insight. This method is noted to directly influence the recognition of opportunities and business operations (Johanson and Mattsson, 1988). Moreover, the authors state that the earlier the firm internationalizes, the faster it becomes embedded in international networks.

Different parts of networks are activated at different stages of the internationalization process in order to accommodate different and current requirements of a firm (Vasilchenko and Morrish, 2011). Additionally, Madsen and Servais (1997) point out that the internationalization process can depend on the specific network in which the company operates.

Methodology

Data Collection

This study consists of secondary data. The data was collected by the assistance of Emerald as a primary database and other secondary databases such as Scopus and EBSCOhost, as support. The research was conducted aiming to find relevant data within the main and sub-topics. The main topic being trade show and sub-topics included networking and the internationalization process. The set of keywords used in the search comprised the following: tradeshow, network* and internationalization, limited to 'only in abstract, title and keywords' and 'only articles and journals'. In addition, author's existing knowledge on the defined sub-topics and material used in previous courses supported the gathering of relevant secondary data. Such heterogeneous research provided a multifaceted perspective and facilitated comprehension and data analysis. This research approach improves data trustworthiness and enhances content validity (Rouse and Daellenbach, 1999).

Data Analysis

Qualitative data analysis consists of data reduction, data display, and conclusion drawing, according to three concurrent flows of activity (Huberman and Miles, 1998). Data analysis is widely recognized as the most difficult and least structured area of a research (Eisenhardt, 1989). With demonstrated literature and resources, the authors collected all relevant data on the sub-topics and used this data towards a cross analysis with the main topic. The findings are results from this literary cross analysis and conclusions are drawn based on these results, estimated assumptions as well as professional knowledge gained from own industry experience.

Contextual Analysis

The importance of trade shows as a promotion medium has been broadly recognized in terms of show participation and benefit levels (Seringhaus and Rosson, 1994). Shipley, Egan, and Wong (1993) have identified 13 reasons for exhibiting at trade shows. Seven of these reasons were directly related to selling while six represented non-selling activities. These non-selling activities included public relations, corporate reputation and market research. Shipley et al. fails to consider the non-selling activities as part of networking. The classified non-selling reasons for participating at trade shows by Shipley et al., can be aligned to the definition of networking by Michael and Yukl (1993) where networking is seen as building interpersonal relationships and the exchange of information, benefits and influence. In regards to selling activities, these were ranked as highest in importance in several studies (Blythe, 1997; Shipley et al., 1993). According to Wilson (2006), networking engagement provides companies with knowledge exchange and enhancement of capabilities, consequently increasing revenue growth. Considering that selling activities are designed to generate revenue, it can be noted that Shipley et al. had yet more reasons to encompass both selling and non-selling activities, exercising a network perspective to describe reasons for participating at trade shows.

Other scholars identify major motivators for trade show participation as gathering information about market access, new products and potential customers (Munuera and Ruiz, 1999; Godar and O'Connor, 2001). The latter defined motives further supports recent research findings by Jeong (2015) where networks are found to play important role in providing information benefits, decision-making of market selection and mode of entry. These findings are also related to the influence of networks in internationalization; underpinning the assumption that trade show participation has a direct influence on networks development and the internationalization process of a firm.

Studies by Rosson and Seringhaus (1995) found that knowledge acquisition between all participants is the key reason for attending trade shows. Besides sales, exhibitors' motives for attending trade shows includes gaining information about products (Hough, 1988) competitors (Blythe, 2000), latest technologies (Rice, 1992; Rice and Almossawi, 2002), and as a method for product exhibition directed for particular target groups (Tesar, 1988). However, the scholars above also fail to recognize these elements and motivators as part of networking. Definition by Gould and Penley (1984) embraces all indicated motives by seeing networking as the practice of developing a network of contacts within or outside an organization and thereby provided with relevant information and support for a firm and its individuals. In other words, this summarized perspective on networking encompasses all motives stated by the scholars. Additionally, Mintzberg (1973) calls attention to networking as an important process to generate valuable resources for the firm. Furthermore, Kerin and Cron (1987) observed that marketers view trade shows as more than a simple extension of a firm's personal selling effort. This observation is fitting with networking definition by

Gibson et al. (2014) that sees networking as behaviors and their outcomes includes career success, firm progression and international adjustment.

Ellis (2000) proposes that the understanding of potential relationships communicated in trade shows, provides a special kind of 'induction scenario' for entering a foreign market. The proposition by Ellis (2000) fundamentally supports the network approach model for business internationalization adapted by Johanson and Mattsson (1993), which emphasizes the vital role of networks and relationships towards the internationalization process. Within the focus of internationalization, Björkman and Kock (1995) states that social relationships, such as those developed at trade shows, can act as a subnetwork of the current market and international businesses. This statement supports the importance of personal networks provided by Dougherty (2004) emphasizing that network is used as a tool for development and ultimately requires the maintenance of informal and cooperative relationships. Moreover, this emphasis supports the importance of maintaining networks explained by Søylen (2013). Additionally, the statement by Björkman and Kock (1995) supports all three steps of internationalization suggested by Chetty and Blankenburg-Holm (2000) earlier discussed. Described by Hallen (1992) firms utilize trade shows to access networks according to their business needs. Vasilchenko and Morrish (2011) suggested that different parts of networks are activated at different stages of the internationalization process according to the need of the firm. Both of these ideas of how trade shows' networks are utilized are complementary to each other.

Another important influence to note about network within the trade show context towards business internationalization is when considering start-ups and new business. Unless they are born global, such firms usually have limited international experience and non-existing networks. Evers and Knight (2008) recognize in their studies the important role that trade shows can play for start-ups, as they can be provided with the opportunity to enter established international networks and therefore accelerate the internationalization process by becoming linked to business and social networks at trade shows. Søylen (2013) further supports this framework affirming "If we are new to the business and do not know any of the key players, this will be our chance to begin building a network, to mingle, participate in evening events, and get to know stakeholders better" (p. 37).

Conclusions

This paper successfully integrates findings on trade show activities into the theories of networking and the network model of business internationalization. Studies of all cited authors have provided valuable insights in order to validate the proposed analysis. Further, this study distinctly acknowledges the existence and importance of the relationship between trade show, networks and the internationalization process. This study constructs on Rosson and Seringhaus's (1995) findings that trade shows stand as an essential networking channel for all its participants. The analysis provides evidence that motives for participating in trade shows are related to principal networking models and therefore, it can be assumed that trade shows are important platforms for networking maintenance and consequently, business development. Using secondary qualitative data, this study presents an imperative observation of the studied field and offers a rich conceptualization of trade shows as effective networking platforms and provides a literary approach observing a network perspective on internationalization.

Practical Implications

This study advocates that trade shows go much further than that of a marketing, selling and information platform. Trade shows make a crucial contribution to the establishment and

enhancement of a network infrastructure, consequently enabling firms to internationalize. The findings demonstrates that trade shows minimizes the long process of networking building and foreign market knowledge acquisition. Furthermore, findings concur with Sølilen's (2013) statement that trade show participation is an excellent approach for a firm to achieve many of its business objectives. This paper has fulfilled its purpose to better understand the influence of networking towards business internationalization within the trade show context. Imperatively, the findings will extend the literature of trade shows, specifically in relation to networking and business expansion and further provide managers and trade show organizers with greater insight on the impact of trade shows towards business strategies.

Limitations and Future Research

This research has not focused on any specific industry or companies. In order to determine whether these findings can be further applied to specific businesses a confined version of this research could be performed. Therefore, future research should be focused on specific industry and involve a company case perspective.

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