

# International Fashion Trade Shows as Knowledge Creation Platforms for Finnish Microenterprises

International Design Business Management (IDBM)

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## **ABSTRACT**

### **Objective of the Study**

The prevailing view in the literature is that trade shows act as a platform for promotional and selling activities. However, there is increased recognition that trade shows are more sources of information and contacts than places where purchases are made and thus act as an organizational context for learning and interaction. In this study, the organizational knowledge creation process of microenterprises exhibiting in fashion trade shows are explored. Specifically, this thesis examines trade shows as knowledge creation platforms and how knowledge processes are manifested through different trade show activities.

### **Research Method**

The research, qualitative in nature, was developed by employing two methods of gathering data. Semi-structured interviews were conducted to gain understanding of the trade show experience from the viewpoint of exhibitors and visitors as well as the knowledge creation and sharing processes related to the trade shows. This data was complemented by ethnographic methods employed at international B2B fashion trade shows during Paris, Copenhagen and New York Fashion Week, where fashion trade show participants were observed.

### **Findings**

The study shows that knowledge is created through observing and interpreting the trade show environment and other actors within it. Moreover, knowledge processes are embedded in the informal social interaction that takes place at trade shows. Here, the participants absorb and adopt industry specific practices and routines through the physical proximity with other industry actors. The role of exhibiting at trade shows evolves alongside with the development of the company: trade show participation is integral in the early stages of the brand development as trade shows are a representation of fashion markets where each actor of the industry re-establishes themselves, making exhibiting at a trade show both the medium *and* the message.

### **Keywords**

trade shows, fashion, microenterprises, knowledge management, knowledge creation

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# 1 INTRODUCTION

As an introduction, a concise account on the background of the study will be presented to create an overview of the research context and premises. In addition, research gap, problem and questions are discussed. Finally, the limitations of the research are presented.

## 1.1 Background

In the informational society we live and operate today, the capacity of individuals and organizations to generate, process and transform information and knowledge into economic resources is regarded as the main factor promoting productivity and competitiveness (Balestrin *et al.*, 2008). Authors such as Prahalad and Hamel (1990), Nelson (1991), Kogut and Zander (1992), Grant (1996), Nonaka *et al.* (2000) suggest that the ability to create and apply knowledge is a major source of sustainable competitive advantage for firms. For small firms, knowledge assets in relation to other resources are particularly important, as small companies control fewer assets and their limited size and financial scope provide little opportunity for strategic market control. As a result, there is a higher reliance on the know-how of individuals, particularly the entrepreneurs and managers (Wiklund & Shepherd, 2003). The purpose of this study is to research the impact that attending trade shows has in the knowledge assets and knowledge creation processes of Finnish microenterprises.

Despite the fact that considerable amount of financial and human resources are committed when companies attend professional gatherings, such as trade shows, the exact role of trade show activities remains open for debate for many exhibitors (Blythe, 2000). The prevailing view in the literature is that trade shows act as a platform for promotional and selling activities (Evers & Knight, 2008). A contradictory view is presented in the study conducted by Munuera and Ruiz (1999), according to which in the segment of small and medium-sized enterprises (SMEs) visiting trade fairs, objectives such as gathering information about the markets and contacting potential suppliers were the most important ones. As Table 1. demonstrates, many of the objectives of visitors concern seeking and discovering information and meeting other actors. Findings from research conducted by Rosson and Seringhaus (1995) on visitor and exhibitor interaction and Dallmeyer (2010) on successful exhibit marketing both support the notion that purchasing is seldom ranked as top priority of visitor attendance. Sharland and Balogh (1996) point out that there is a mismatch in management's view on trade shows – while most senior managers regard trade show activity as sales- and promotion-related activity, many marketing managers view trade shows as an in-depth

market research activity, where the importance of the information acquisition activities might even outweigh the sales effort.

Table 1. What visitors are looking for when attending trade shows

<b>Order of Importance</b>	<b>Average Importance</b>	<b>Objectives When Visiting Trade Fairs</b>
1	4.29	Discovering new lines or new products
2	4.21	Contacting potential suppliers
3	4.06	Seeking new ideas, carrying out marketing research
4	3.55	Finding out about competitors
5	3.42	Comparing market prices
6	3.30	Meeting specialists
7	2.97	Obtaining information about the operation of industrial machinery
8	2.10	Buying exhibited products

(adapted from Munuera & Ruiz, 1999)

Similarly, there are alternative views emphasizing the importance of non-selling activities of trade shows, as presented in Table 2. Trade shows are viewed as an ideal opportunity to begin or facilitate the process of information gathering and evaluation (Bello & Barczak, 1990). Maskell *et al.* (2006) consider trade shows as a particular activity or organizational context for learning and interaction. Furthermore, the learning process that occurs between exhibitors and visitors has found to be one of the key reasons for attending trade shows (Rosson & Seringhaus, 1995). Florio (1994) considers exchange of information taking place in the trade shows as an important driving force behind contemporary trade shows.

Table 2. Different non-selling role of trade shows

Author(s)	Year	View on trade fairs
Rosson & Seringhaus	1995	Trade shows as networks and microcosmos of industries they represent
Skov	2006	Trade fairs as neutral platform enabling different encounters
Maskell <i>et al.</i>	2006	Trade fairs as temporary clusters: how inter-firm knowledge relationships are organized spatially and temporally.
Rinallo & Golfetto	2006	Trade fairs as representation of markets /journeys of hyperreality
Entwistle & Rocamora	2006	London Fashion Week as a materialization of the field of fashion.

The diminishing importance of buying in trade shows is especially apparent in the fashion industry, where the cycles have accelerated to a point where the conventional two-season structure no longer corresponds to the consumption and production. As a result, buying is no longer limited to two weeks per year. Thus, working of fashion business itself has marginalized the role purchasing plays in fashion trade shows and buying is no longer the primary function of fashion trade shows. (Skov, 2006) This makes fashion trade shows an interesting platform to study the knowledge processes taking place in professional gatherings, where knowledge is gained, created and shared through different encounters.

The Finnish fashion industry has produced numerous young and innovative companies during recent decade. Most of the newly founded companies are micro or small enterprises lead by designers. Due to the vast number of actors operating in the industry, short product life cycles, differentiation resting solely on brand image and product design and easily replicable styling, the competition is fierce (Richardson, 1996). What is more, the limited size of the domestic market and the scope of the distribution channels pose a challenge, making internationalization a prerequisite for the existence of fashion companies in Finland (Lille, 2010). The personal knowledge assets and the prior experience of the entrepreneur represent a key organizational asset.

The aforementioned aspects build interesting premises to study fashion trade shows as knowledge creation platforms for small and microenterprises in Finland.

## 1.2 Research Gap, Problem and Research Questions

### Research Gap

Despite being an important promotional tool in which companies make substantial investments, academic research has paid little attention to contemporary trade shows. (Aspers & Darr, 2011; Bettis-Outland *et al.*, 2010; Hansen, 2004) Trade shows have been studied from the viewpoint of objectives of the trade shows participants (e.g. Bello & Barczak, 1990; Munuera *et al.*, 1999; Shipley & Wong, 1993), choosing the right trade show (e.g. Gopalakrishna & Williams, 1992; Shoham, 1992) and evaluating the effectiveness of trade shows (e.g. Gopalakrishna *et al.*, 1995; Williams *et al.*, 1993).

More recently, the importance of learning and knowledge processes taking place in trade show, such as the return on trade show information (Bettis-Outland *et al.*, 2010), relationship learning between visitors and exhibitors (Li, 2006) and inter-firm knowledge relationships (Maskell *et al.* 2006) have received attention in the academic literature. However, there remains a lack of analysis as to how knowledge creation takes place in trade shows and how can companies capitalize on the knowledge processes. Furthermore, the lack of knowledge about the microenterprise activity in the creative industry has resulted in a less serious attitude in the Finnish society toward the small companies operating in the creative industry (Lille, 2010).

The microenterprises rarely have a standardized knowledge management system or practices. The knowledge management activities tend to be highly individual and linked to the personal tendencies of the entrepreneur. This characteristic supports the application of Nonaka's knowledge creation theory in this study, according to which knowledge is created individualistically.

### Research Problem

Historically, trade shows have been perceived as places for selling and promotion activities. Trade shows have been studied mostly from the individual exhibitors' point of view regarding the trade show effectiveness (Munuera & Ruiz, 1999). Particularly in the 1990s, a comprehensive research aiming to determine the return on investment of trade shows was conducted to justify the allocation of marketing budget of companies. Thus, a prominent part of trade show research has been developed from this managerial viewpoint.

There is clear indication that functions such as information exchange, networking and interaction of market players are the source of competitive advantage for trade show companies (Kirchgeorg *et al.*, 2010). Hence, it is suggested that startups and small firms should focus on building long-term relationships that have potential to eventually develop into sales, rather than aiming for immediate sales in trade shows (Evers & Knight, 2008). Therefore, the knowledge creation processes at trade shows require a

deeper understanding to develop the trade show concept to be better meet the needs of participants and trade show organizers alike.

### **Research Questions**

From the above vantage point, this study is aimed to answer the following questions:

- Through which trade show activities does knowledge creation take place?
- How does trade show participation affect the non-selling activities of companies?

What is more, this study has both academic and managerial objectives. Academically, the aim is to contribute to the knowledge management and small firm literature as well as add to the body of work on fashion design industry. Particularly, there has been a lack of systematic research on the Finnish fashion design industry which this study aims to mitigate. Managerial aspirations have to do with formulating best practices of small and microenterprises exhibiting in international trade shows and pragmatic arguments as to why knowledge management is relevant for fashion entrepreneurs.

### **1.3 Limitations**

The observation for this study was conducted at major fashion trade shows during Paris, Copenhagen and New York Fashion Week. The brands attending the trade shows are considered to be high-end with exclusive clientele. The Fashion Weeks receive notable attention in the media and hence the image-creating function of the trade show often exceeds its commercial importance, compared to other segment of international fairs with regional brands and buyers from high street stores and department stores. (Skov, 2006)

The interviews are conducted with only Finnish fashion companies, most of which are microenterprises or SMEs and therefore may not be applicable to the findings with larger organizations or companies from different countries.

## 2 TRADE SHOWS

The aim of this chapter is to discuss the concept of trade shows. First, trade shows are defined in relation to the scope of this study. Then, the historical development of trade shows and their relevance to the business world is explored. Finally, the characteristics specific to the fashion trade shows is discussed, with an emphasis on the current developments of digitalization of fashion trade shows and their impact on the fashion industry.

### 2.1 Defining Trade Show

Trade shows are defined 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” (Black, 1986 cited in Yeshin, 2006, 211)*

This study analyzes trade shows from an exhibitor’s point of view. The exhibitor refers to the supplier who sets up the physical exhibits, trade show booths, as Black’s definition above states. Trade shows, also known as trade fairs and exhibitions provide the opportunity for firms to promote themselves (Evers & Knight, 2008).

Trade shows can be categorized according to their:

- Geographical coverage: international, national or local trade shows
- Market coverage: vertical (representing a particular industry) and horizontal (representing all sorts of industries) trade shows
- Visitor orientation: business-to-business (B2B) or business-to-consumers (B2C) trade shows.

Within the present scope of this study, the term “*trade show*” will be used to refer to international and vertical B2B shows. Respectively, the term “*customer*” in this case, refers to the retailers and buyers who visit the trade show, not the consumer who is the end-customer.

According to Torre (2008), contemporary trade shows serve three main purposes:

- Provide firms with access to detailed information about the technologies developed and used by their competitors
- Enable exhibitors to be in face-to-face contact with their competitors, clients or suppliers.
- Provide firms to meet existing partners on location.

As we will see later on in this study, there is a myriad of activities and objectives for attending trade shows in addition to the three main purposes.

## **2.2 Development of Trade Shows**

Trade shows are one of the oldest market institutions dating back to ancient Rome, where a typical arrangement for merchants was to dedicate certain holydays to meet in particular places and exchange goods. Similar institutions flourished during the Middle Ages, when trade shows had an important role in connecting markets in continental Europe. Historically, the main reason for setting up trade shows was to mitigate transportation and communication costs, as well as the issues arising from different currencies and measuring systems. Public officials were responsible for controlling measurement standards, implementing currency conversion and issuing credit letters to accommodate traders from different countries. (Florio, 1994)

Interestingly, trade shows are still relevant to various industries and significant levels of investments are made in participation of trade shows, even though transport costs have fallen, communication technologies have developed vastly and currency and credit arrangements are easily available. A continuous increase in supply and demand of trade shows is recorded since World War II, resulting in new exhibition spaces being created. Nowadays the diminishing of transaction costs associated with trade shows are arguably related with search of information. (Ibid, 1994)

For instance, the objectives of participants of Frankfurt book fair include collecting information on the strategies of their competitors; engaging in subcontracting operation and sourcing manuscripts (Torre, 2008). According to the Global Association of the Exhibition Industry (UFI, 2012), the global indoor exhibition space has now reached 32,6 million square meters, and the figure is projected to increase by 0,9% per year between the years 2010-2012. It seems that the future for trade show is a positive one, but the increasing competition from the new media and the globalization of market for trade show services pose challenges for the trade show industry (Goldsmith, 2004).

The development of internet has undoubtedly diminished the part of the fascination with trade shows regarding the possibility of presenting and discovering new products, as the information is now easily available online. However, this standardized information is seldom sufficient to convince the potential buyers or inform competitors (Torre, 2008). Moreover, participants of trade shows seek to meet each other in order to introduce themselves and particularly to exchange knowledge (Lundin & Söderholm, 1995). It seems that this personal aspect holds the sustainable success factor of the trade shows and creating an interesting foundation for this study.

### 2.3 The Importance of Trade Shows

Trade shows play a more significant role in B2B marketing communications, as there are less available options than in consumer marketing (Pitta *et al.*, 2006). While trade show participation is widespread across various sectors, trade shows are particularly common in industries with many SMEs who seem to be the keenest users of trade show services (Skov, 2006; Munuera & Ruiz, 1999). Florio (1994) argues that trade shows are a powerful marketing and information tool because they offer participants a collective activity that would be otherwise beyond individual possibilities and budgets of smaller firms. Therefore, trade shows constitute as important venue to meet new customers and open up new market areas. As small firms usually lack the financial ability to engage in very active marketing process, trade shows and direct selling are often the only marketing communication tools within the scope of the budgets of smaller firms (Pitta *et al.*, 2006). In the academic literature, exhibiting at trade shows and personal selling are often discussed as complementary functions of business marketing. Moreover, they are compared for their effectiveness (Kerin & Cron, 1987): exhibiting at trade shows is only less powerful than peer recommendation and personal selling (Parasuraman, 1981).

Trade shows are a cost-effective mechanism for meeting a substantial number of potential suppliers and customers as well as other important stakeholders, in a short time span and in one location (Gopalakrishna & Williams, 1992; Shoham, 1999). Having all the key actors in one location is beneficial in many ways. Visitors of the trade show are more receptive to the messages of exhibitors, as they driven by their own interest to be at the trade show (Shipley & Wong, 1993; Shoham, 1992). Gathering a great number of potential customers and partners also provides a wealth of opportunities for international marketing as the participants have the opportunity to network with firms all over the world (Reeder *et al.*, 1991; Maskell *et al.*, 2006).

A distinctive characteristic of trade shows that sets it apart from the other marketing communication tools such as advertising and promotion, is that they allow face-to-face interaction between exhibitors and visitors (Munuera & Ruiz, 1999). Because of the social interaction that takes place at trade shows, they also serve as prosperous places to carry out relationship marketing. The rich interaction at trade shows between participants enables knowledge processes, such as sharing and creating knowledge, as interaction is a prerequisite for knowledge transfer. (Maskell *et al.*, 2006)

The contemporary literature considers trade shows as an effective source of information in the purchasing process to evaluate alternative solutions, suppliers and products (Gopalakrishna & Lilien, 1995). Trade shows offer visitors a rich multisensory experience, where they can see and feel the products, something that other forms of marketing communications cannot offer in the same extent.

The time sensitivity and rich interaction between exhibitors and visitors create a complex trade show environment (Lee & Kim, 2008). In addition, trade show activity is multidimensional and includes both selling and non-selling dimensions. The former are directly associated with generating sales and revenue while the latter include image-building and other miscellaneous objectives (Shipley *et al.*, 1993). Bonoma (1983) categorizes exhibit objectives in selling and non-selling activities in Table 3. as follows:

Table 3. Selling and non-selling objectives at trade shows

Selling activities	Non-selling activities
-identifying prospective customers	-maintaining the company image
-gaining access to key decision makers in customer companies	-gain information on competitors
-disseminating product information	-product evaluation testing
-actual sales of the products	-increase employee morale
-servicing customers	-test new products

(Bonoma, 1983)

Sharland and Balogh (1996) have a more extensive list on non-selling activities at trade shows, including information exchange, relationship development, competitor, and channel and technology assessment. In their study, Sharland and Balogh (1996) highlight the value of non-selling activities which can be derived through information and knowledge acquisition. They suggest that trade shows represent an opportunity to gain access to low-cost information sources and the information acquired at trade shows is valuable in the competitive environment, particularly for firms operating in international markets. Managers can use the information gained to adjust the strategy and organizational structure to find an optimal cost position for the company. Specifically, information ought to be obtained of three areas: competitor assessment, channel partner assessment and technology assessment.

Research shows that companies set qualitative non-selling objectives for exhibiting. Moreover, long-term selling objectives and non-selling objectives concerning image-building, relationship-building, market research and competitiveness were reported to have greater importance for exhibitors than making immediate sales at the trade show (Shipley *et al.*, 1993).

Bettis-Outland *et al.* (2010) categorize the benefits derived from trade show information into tangible and intangible ones as shown in Table 4.

Table 4. The tangible and intangible benefits of trade show information

Tangible benefits: trade show information that affects:	Intangible benefits: trade show information that enables improvements in:
<ul style="list-style-type: none"> <li>-acquisition of new customers resulting in the sale (or purchase) of products and services</li> <li>-technical updates</li> <li>-training and implementation advice given (or received) at the trade show</li> </ul>	<ul style="list-style-type: none"> <li>-sales planning</li> <li>-strategic planning</li> <li>-policy development</li> <li>-marketing communications</li> <li>-customer/supplier relationships</li> <li>-new product development</li> </ul>

(Bettis-Outland *et al.*, 2010)

The categorization further underlines that selling activities represent only a fraction of the many benefits derived through the trade show participation. Moreover, exhibiting at trade shows is beneficial on multiple organizational levels: operational, tactical and strategic. In addition to categorizing the benefits of trade show information, the study also resulted in a model to evaluate the effectiveness of trade shows, indicating the return on trade show information (RTSI). The RTSI model formally recognizes that informational value is not derived simply when the information is acquired, but the valuation process must be considered against how the information moves throughout the organization and is available for different managerial decision-making situations. (Ibid, 2010)

International trade shows play a key role in the internationalization of microenterprises as in addition to marketing, selling and information activities they contribute to the establishment and development of network infrastructure, enabling small firms to grow and expand internationally (Evers & Knight, 2008).

In comparison to more specific and targeted marketing communications tools, such as sales force, advertising and sales promotion, trade shows are a multipurpose instrument, with the ability to meet an extensive set of goals simultaneously. However, precisely because of this quality that their impact can diffuse and be ineffectual if they

are not managed correctly (Bonoma, 1983). One of the aspirations of this study is to draw on the organizational knowledge creation theory to develop best practices for derive value from trade show participation.

### 3 ORGANIZATIONAL KNOWLEDGE CREATION THEORY

This chapter aims to present the diversity of disciplines within the knowledge management literature. The definition of knowledge is discussed, along with the most common typologies of knowledge. The rest of the section focuses on Nonaka's organizational knowledge creation theory; different parts of the theory are discussed as well as the criticism towards it.

#### 3.1 What is Knowledge?

In order to tap into the underpinnings of knowledge management, an understanding of different definitions of knowledge must be established. The most recognized definition comes from Plato, according to which *"knowledge is a justified, true belief"*. Ingwersen (1992, 228-229) elaborates on Plato's idea, extending the definition of knowledge to be more comprehensive: *"Knowledge is an individual's total understanding of itself and the world around it at any given point in time, incorporating (sub)conscious memory, thinking and cognition, as well as emotional and intuitive properties."* Under these definitions, knowledge is an individual's construct of reality rather than truth in a universal way. Von Krogh (2000) concurs that knowledge creation process is a uniquely human process that cannot be reduced to a mere compilation of data. Moreover, von Krogh (2000, 7) highlights the dynamic nature of knowledge, arguing that it is closely linked to human action: *"knowledge is dynamic relational, and based on human action; it depends on the situation and people involved rather than absolute truth or hard facts."*

The views on knowledge presented above emphasize the *"justified"* aspect of knowledge, differing notably from the perception of knowledge in an objectivist epistemology, where knowledge is first and foremost *"true"*. When *"truthfulness"* is highlighted as the key attribute of knowledge, the nature of knowledge becomes absolute, static and objective (Nonaka *et al.*, 2000). Cook and Brown (1999) call this perspective as the *"epistemology of possession"* as knowledge is regarded as an object independent of people, existing in a codifiable form that can be possessed by individuals or groups (Hislop, 2009).

Nonaka *et al.* (2000), define the key characteristics of knowledge in relation to information. According to the authors, knowledge is humanistic and action-related – it is based on beliefs and values, whereas information is derived from scientific measurements. Information is static and objective; knowledge is dynamic – created in social interactions between individuals and organizations and therefore subjective in nature. Finally, knowledge is context-specific; it is only useful in a particular time and

space. Without context, knowledge becomes information. In conclusion, the difference between information and knowledge is that knowledge entails values and beliefs of an individual and is related to context and human action. (Nonaka *et al.* 2000; Tsoukas, 2005)

Bell (1999) places information and knowledge in the same continuum, differing in the degree of which they require human involvement and processing of the context. The relationship between information and knowledge comes forth in processing information and knowledge. Information is received or produced, where as knowledge needs to be communicated. Information acts as a building block of the knowledge communication process: when communicated, knowledge becomes information. Respectively, information becomes knowledge when a person assimilates it. (Huotari & Iivonen, 2004) It is precisely the human involvement that makes knowledge more context and human specific and consequently more challenging to manage and transfer (Davenport, 1997).

### **3.2 Explicit and Tacit Knowledge**

Based on the work of Polanyi, (1966) the tacit-explicit dichotomy is perhaps the most pervasive view in analysis and theories of organizational knowledge. Explicit knowledge is regarded as objective, self-standing from belief and value systems. It can be communicated in formal and systematic language and stored in databases in the forms of formulae, specifications, manuals and rules. It can be documented and codified easily into a tangible form (Nonaka *et al.* 2000). Tacit knowledge, often referred as know-how, is embedded in actions, routines, values and emotions of individuals (Cohen & Bacdayan, 1994). It is personal and sometimes even subconscious, making it challenging to articulate and communicate to others. Nonaka regards explicit and tacit knowledge as two separate forms of knowledge on the same continuum, complementing each other (Tsoukas, 2005; Nonaka & von Krogh, 2009). Furthermore, in this view knowledge is created as the interaction of the two types of knowledge and hence both types are integral to the knowledge creation process.

There are two dimensions to tacit knowledge: technical and cognitive. The technical dimension consists of informal personal skills and experience. The cognitive dimension encompasses beliefs, ideas, values and mental models which are difficult to articulate. It is precisely this cognitive dimension that is deeply engrained in us that shapes the way we understand our surroundings. (Nonaka & Konno, 1998)

In comparison to explicit knowledge, tacit knowledge enables people to solve problems even without explicit understanding of the underlying reasons behind the problem or rational ways of solving them. The technical dimension of tacit knowledge

are intertwined with the use of implicit routines or procedural rules that can be shared in practice, learning by doing and imitation, rather than from studying manuals and instructions. (Amin & Cohendet, 2004)

Experiential learning is closely related to entrepreneurship, suggesting that many of the key skills required to run a business are tacit by nature. When attempting to understand tacit knowledge in a business setting, the “*know-who*” becomes extremely important, finding out the key person holding the knowledge and interacting with them. Conversely, when knowledge is explicit and stored in codified form, the “*know-where*” is key in locating the relevant knowledge (Ibid, 2004).

### **3.3 Knowledge Management**

According to the knowledge management practitioners, knowledge is not only the source of uniqueness and competitive advantage of the modern organization, but also the essence of the company (Davenport & Prusak, 1998). As a result of the differing views on conceptualization of knowledge and its relation to information, there is no universal understanding of the concept of knowledge management (Huotari & Iivonen, 2004). Generally knowledge management’s role is seen to provide knowledge resources of an organization for use (McInerney, 2002; Davenport & Cronin, 2000). This view is close to the traditional role of information management. According to Choo (1998), the goal of knowledge management is to transform information into learning, insight and commitment to action. Skyrme (1997) proposes that knowledge management is related to processes of creating, acquiring, organizing, sharing and deriving value from knowledge. Both of these views of knowledge management emphasize and presuppose transfiguring personal knowledge into collective organizational knowledge, to be diffused and applied accordingly (Huotari & Iivonen, 2004).

Modern knowledge management is concerned with the creation of new knowledge and appropriate application in order to foster the strategic advantage. It assumes that systems within the organization support the knowledge creation and that relevant knowledge from internal and external sources have been stored so that it can be collected and used (Lim & Klobas, 2000). As we see later on, the situation with small firms is not always as straightforward and has unique characteristics that differ from the knowledge management practices in larger organizations.

The general assumption within organizations is that knowledge management requires computer-based technology. Knowledge is notoriously difficult to capture and organize as it resides in individuals, is based on experience and is context-specific. Technology should however, only act as a facilitator instead of being the outcome. (Lim & Klobas, 2000)

In their substantial work regarding knowledge management and creation, Nonaka and his associates place an emphasis on the individual, underlining the human processes of knowledge creation. Von Krogh *et al.* (2000) question the concept of knowledge management, critiquing that semantics of the term “*management*” implies control, manifested in reliance on information technology and other measurement tools, thus limiting the knowledge creation process. Instead, they underline the importance of encouragement and support of knowledge creation by facilitating relationships, dialogue and knowledge sharing. Von Krogh *et al.* (2000) call this approach “*knowledge enabling*”.

There is little or no attention paid to the knowledge management in microenterprises in academia. Therefore the study draws on literature and research from the SMEs and knowledge management for entrepreneurs. The current literature offers insight into the knowledge management strategies and practices adopted by large multinational corporations, the SMEs differ from large organizations not only in terms of number of personnel, but also in available resources and scope of business. Typically, SMEs are managed by the owners of the companies who tend to focus on the core business of their firms and pay less attention to other activities. Many of the small firm managers may perceive knowledge management as an activity targeted for larger organizations with substantial budgets for consulting and technology. However, knowledge management is relevant for SMEs as they are highly dependent on tacit knowledge, which is arguably the most important factor for organizational success. Smaller firms rely on the knowledge brought into the company by new employees and the network of stakeholders, such as clients and suppliers. Moreover, they are vulnerable to the loss of employees (and the knowledge they possess) after better remuneration and prestige associated with larger organizations. (Lim & Klobas, 2000)

In a study conducted by uit Beijerse (2000), where the knowledge management processes of 12 SMEs were studied, the findings suggest that knowledge management is used particularly at an operational level. Typically, there is no explicit policy targeted at knowledge management in SMEs. In organizations, where a company strategy is formulated, there were generally no goals set related to evaluation of knowledge, determining the knowledge gap, nor of the acquisition, development and sharing of knowledge. In terms of structure and culture, there is hardly any systematic knowledge management policy on tactical level in SMEs. However, there are aspects in the organizational structure and culture within the companies that can facilitate and enable knowledge management, such as a flat organization structure with short communication lines between employees and management as well as an informal and open culture. On the operational level, there were numerous knowledge management instruments applied, but it is noteworthy to be aware that the entrepreneurs do often not relate the instruments used to knowledge management. This reflects that although SMEs lack of

time and resources allocated for knowledge management, the real cause lies in the lack of understanding of knowledge management processes (Ibid, 2000).

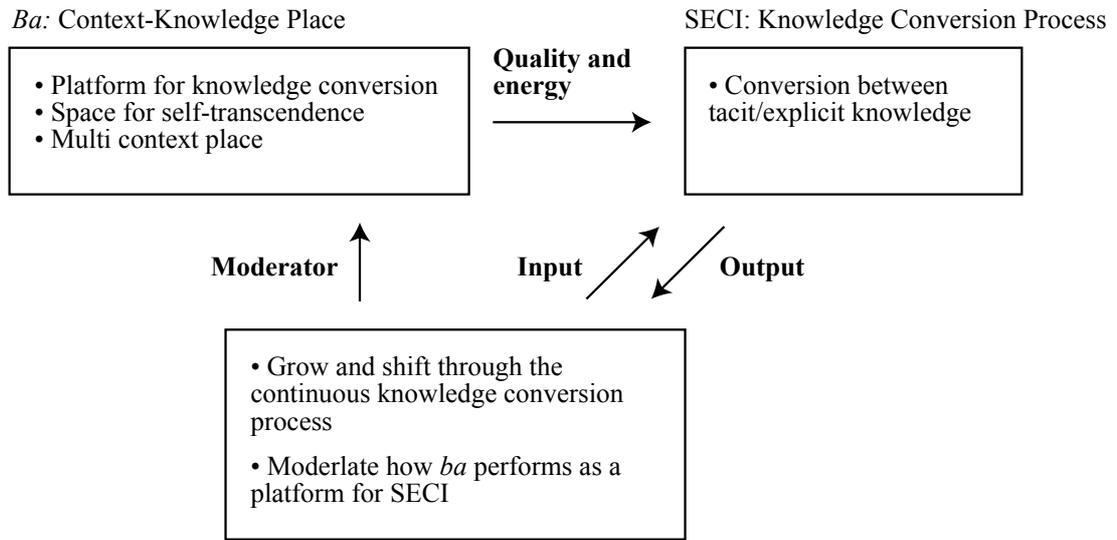
### **3.4 The Organizational Knowledge Creation Theory According to Nonaka and Takeuchi**

The starting points of theoretical developments of the organizational knowledge creation theory lies in epistemology and knowledge conversion. We will come to this issue of later on in this chapter, but to begin the exploration of the Nonaka and Takeuchi's work, let us start with epistemology. As seen above, the objectivist epistemology focuses on the explicit nature of knowledge, focusing on explicit aspects such as language and documentation. In their organizational knowledge creation theory, Nonaka and Takeuchi broadened the concept of knowledge to entail tacit elements such as experience and skills (Nonaka *et al.*, 2006). The authors further emphasize the mobilization and conversion of tacit knowledge in their knowledge creation process (Nonaka & Takeuchi, 1995).

Nonaka's and Takeuchi's theory of organizational knowledge creation has its own "*epistemology*", in which tacit and explicit knowledge are separated, as well as its distinctive "*ontology*" with relates to the levels of knowledge creating subjects differentiating between individual, group, organizational, and inter-organizational entities (Ibid, 1995). According to Nonaka and Takeuchi (1995) a knowledge creation "*spiral*" emerges when explicit and tacit knowledge interact with each other "*moving*" the knowledge from a lower ontological level to a higher level. The theory focuses in explaining how the spiral takes place. The dynamic model of knowledge creation presupposes that knowledge is created through social interaction between tacit and explicit knowledge. The authors underline that even though knowledge resides in the mind of the individual, the individual is never secluded from social interaction when perceiving things. Hence, the knowledge creation can be viewed as a social process of validating the truth, and not limited within an individual. Nonaka and Takeuchi call this interaction "*knowledge conversion*". (Ibid, 1995)

The knowledge conversion acts as an engine to the knowledge creation process, but there are also other elements to the theory. Nonaka and his colleagues' knowledge creation model consists of three elements: the SECI knowledge conversion process, *ba*, the context of knowledge creation and knowledge assets, the inputs, outputs and moderator of the knowledge creation process. The interaction of the elements is illustrated in Figure 1. Next, each will be discussed in more detail.

Figure 1. Three elements of the knowledge creating process



(Nonaka *et al.*, 2000)

### 3.4.1 Knowledge Conversion

In the knowledge conversion process, the subjective knowledge of individuals is validated, connected and synthesized with the knowledge of the community. There are two important considerations when discussing the knowledge conversion: the knowledge system and social justification. The knowledge conversion process contributes to the knowledge system of the organization. The outcome of organizational knowledge creation is captured in the knowledge system and reconfigured in this layer of the organization. The knowledge system entails “*knowledge management systems*”, a term often used in describing information management systems aiding knowledge conversion or information management processes within the firm. (Nonaka *et al.*, 2006)

Knowledge is embodied in the individual, for whom the justification of beliefs is natural and often subconscious. Yet, the knowledge conversion process within an organization makes justification a social process (Ibid, 2006). Through the knowledge conversion process, the individual’s knowledge is communicated and made explicit to others and then further diffused and embedded within wider organizational systems. Therefore knowledge creation can be described as elevating knowledge from individual to a group or organizational level. As the knowledge creation process advances, individual knowledge is validated by groups and thus converted into group/organizational level knowledge (Hislop, 2009).

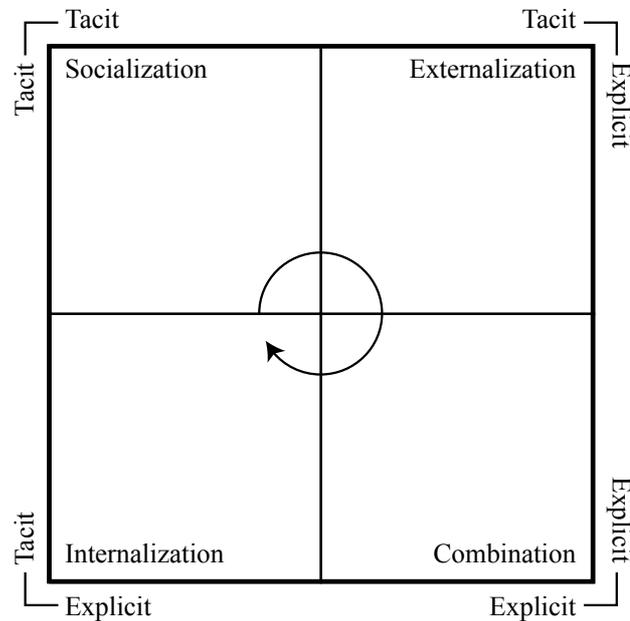
As knowledge is embodied in the individual, the core challenge of organizational

knowledge creation theory is to facilitate and overcome the fragile transfer of knowledge between individuals in the organization (Nonaka *et al.*, 2006). Von Krogh *et al.* (2000) emphasize the importance of emotional knowledge and relationships in the knowledge creation process. Emotional knowledge, such as love, care, trust and commitment form the basis of knowledge creation (von Krogh, 1998; von Krogh *et al.*, 2000) and thus fostering emotional knowledge is required in order to manage the dynamic knowledge creation process effectively (Nonaka *et al.*, 2000). In order to create knowledge and derive value from it, knowledge needs to be shared among individuals. Without emotional knowledge, knowledge sharing can be inhibited as individuals might try to monopolize information or even hide it from their peers (Nonaka *et al.*, 2000).

The underlying assumption of the SECI knowledge conversion model is that the capability of an organization to innovate is connected with managing the different modes of knowledge conversion. In other words, the effective process of articulation and diffusion of knowledge is the basis for being an innovative organization. (Amin & Cohendet, 2004)

The modes of knowledge conversion are: 1) socialization, where tacit knowledge is converted to tacit knowledge, 2) externalization, where tacit knowledge is converted to explicit knowledge, 3) combination, where explicit knowledge is converted to explicit knowledge and 4) internalization, where explicit knowledge is converted to tacit knowledge. Figure 2. illustrates the four modes of knowledge creation. Next, each of the four modes will be discuss in more detail.

Figure 2. The four modes of knowledge creation



(Nonaka & Takeuchi, 1995)

**Socialization: from tacit to tacit**

In socialization, tacit knowledge is created by sharing experiences and mental models. It is through shared experience that individuals tap into each other's thinking processes. Socialization can take place without using language through observation, imitation and practice. Nonaka & Takeuchi (1995) use the example of apprenticeship to illustrate the point.

**Externalization: from tacit to explicit**

According to Nonaka & Takeuchi (1995) externalization is imperative to the knowledge creation process as it captures the tacit knowledge to be utilized collectively. In externalization, tacit knowledge is articulated into explicit knowledge, taking the form of metaphors, analogies, ideas and prototypes. Dialogue and collective reflection are often the catalysts of the externalization mode.

**Combination: from explicit to explicit**

In combination mode different forms of explicit knowledge are reconfigured combined to create new concepts. When existing knowledge is broken down, sorted and categorized, new knowledge can emerge. Databases and information and

communications technology facilitate combination mode. (Ibid, 1995)

### **Internalization: from explicit to tacit**

The concept of internalization is closely related to “*learning by doing*”. As knowledge is converted through socialization, externalization and combination and is internalized, it becomes a valuable asset, enriching individual’s tacit knowledge base. (Ibid, 1995)

Organizational knowledge creation is a dynamic and continuous interplay between tacit and explicit knowledge. For example, designing a new clothing collection begins with socialization, where tacit knowledge of customers is accumulated and shared with marketers or designers. This tacit knowledge is then articulated into design concepts or sketches through externalization. The concepts are systemized and made into products through combination, in which the explicit drawings are combined and processed with the manufacturer’s knowledge to create new products. As the products are launched to the markets, the knowledge they embody is converted into new tacit knowledge by the customers who use the products through the internalization process. The new tacit knowledge begins the new spiral of knowledge conversion.

### **3.4.2 Ba: Shared Context in Motion for Knowledge Creation**

Knowledge creation does not take place in a vacuum: it is always context-specific. Be it social, cultural or historical, context is important for individuals as it provides the backdrop against which information can be interpreted to become knowledge. *Ba* can be considered as a shared space for emerging relationships. Originating from the Japanese philosophy, *ba* roughly means “*space*” in Japanese. Nonaka *et al.* (2000, 49) define *ba* as “*a shared context where knowledge is created, created and utilized*”. *Ba* enables the participants share time and space, acting as a platform of knowledge creation by aggregating and integrating the applied knowledge. *Ba* can be a physical (e.g. office, conference room), mental (e.g. values, shared experiences) or virtual space (e.g. e-mail, intranet), or any combination of them, transcending time and space. In a business setting, it can manifest itself in meetings, informal social gatherings, company trips and visit and cyber space, where SECI process takes place. (Ibid, 2000)

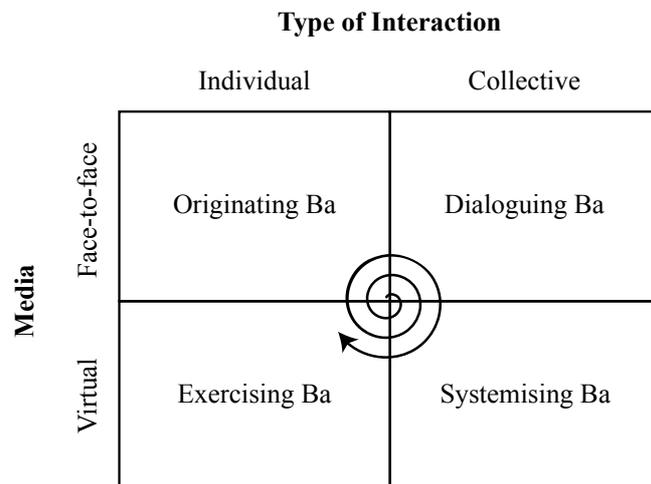
According to Nonaka *et al.* (2000) the key concept to understanding *ba* is interaction – participants of *ba* are not passive bystanders. To participate in a *ba* is to get involved and surpass one’s existing boundaries. Knowledge is created through the interaction involving individuals or an individual and his/her environment. Through action and interaction, participants are committed to *ba*, and new knowledge is created through changes in contexts and meanings. *Ba* benefits from the different viewpoints and

backgrounds of the participants, bringing in various contexts (Nonaka & Toyama, 2005). It is important for participants to share time and space especially in the socialization and externalization phase in the knowledge creation process. A close physical interaction is an important prerequisite for sharing the context and establishing a common language among the participants (Nonaka *et al.*, 2000).

Essentially *ba* can be understood as physical or virtual space facilitating the knowledge conversion process. In practice, *ba* can manifest itself in meetings, assemblies or social gatherings where participants share and create knowledge. Trade shows provide a fruitful platform to examine *ba* as they entail formal and informal settings where participants share experiences, emotions and know-how, transcending their individual but also organizational boundaries. At trade shows, knowledge is created by synthesizing the personal knowledge of individuals within an organization to that of other actors, such as competitors, customers and suppliers. Thus, a multi-layered *ba* is created, which extends across organizational boundaries and is constantly evolving (Nonaka & Toyama, 2005)

There are four types of *ba*: originating *ba*, dialoguing *ba*, systemizing *ba* and exercising *ba*. Each type of *ba* supports a particular mode in the SECI model and speeds up the knowledge creation process respectively. The characteristics of each *ba* and corresponding stages to the SECI model are illustrated in Figure 3.

Figure 3. The four types *ba*



(Nonaka *et al.*, 2000)

### **Originating *ba***

Originating *ba* is the existential place where an individual transcends the boundary between self and others by sympathizing and empathizing with others. By removing the

barrier between self and others, experiences, feelings, emotions and mental models are shared. The emotional knowledge developed forms the basis for the knowledge conversion among individuals. Originating *ba* is where the knowledge creation process begins and corresponds to the socialization phase. It provides a context for individual and face-to-face interactions, as it is the only way to communicate physical senses and psycho-emotional reactions, such as joy and discomfort, which are important factors in sharing tacit knowledge. (Nonaka & Konno, 1998)

### **Dialoguing *ba***

Dialoguing *ba* is more consciously constructed than originating *ba*. Through collective and face-to-face interactions, individual's tacit knowledge is converted into common terms articulated into concepts through dialogue. Whilst individuals share the mental models of others, the articulated knowledge is also analyzed through self-reflection. Thus, dialoguing *ba* is the context where tacit knowledge is made explicit and it supports the externalization process. (Ibid, 1998)

### **Systemizing *ba***

Systemizing *ba* is a place in the virtual world where collective interaction takes place. It offers a context for combination phase, where existing explicit knowledge is combined with new explicit knowledge and disseminated throughout the organization. Information technology, such as databases, intranet and documentation provides a virtual collaborative environment for systemizing *ba*. (Nonaka *et al.*, 2000)

### **Exercising *ba***

Exercising *ba* is defined by individual and virtual interaction and provides a place for internalization. Exercising *ba* offers a context for conversion of explicit knowledge to tacit knowledge – individuals assimilate explicit knowledge communicated virtually, such as written manuals. Exercising *ba* synthesizes the transcendence and reflection through action, while dialoguing *ba* does the same using thought. (Ibid, 2000)

Acknowledging the different characteristics of *ba* can facilitate and support the knowledge creation process. The authors underline the dynamic nature of *ba*, it is not merely an accumulation of information, but a continuous cycle of knowledge conversion process where tacit knowledge is transfigured into explicit knowledge and then reconverted into tacit knowledge. (Nonaka & Konno, 1998)

### 3.4.3 Knowledge Assets

Knowledge assets are the constantly evolving inputs, outputs and moderating factors of knowledge creation process that form the basis of knowledge creation process. Nonaka *et al.* (2000, 55) define them as "firm-specific resources that are indispensable to create values for the firm". They emerge from the knowledge creation processes through dialogues and practices at *ba* (Nonaka & Toyama, 2005). The essence of knowledge assets is that they cannot be acquired and sold as a commodity, but in order to derive their value, they must be built and used internally (Teece, 2000). Knowledge assets do not embody only the existing knowledge of the organization, such as know-how, intellectual capital or brand, but also the knowledge to create new knowledge, such as creativity or capability to innovate. Knowledge assets also include social capital, as the economic value of knowledge creation is originated from the interactions among the employees or the between the employees and the environment (Nonaka & Toyama, 2005).

Knowledge assets can be categorized into four types: experiential knowledge assets, conceptual knowledge assets, routine knowledge assets and systemic knowledge assets. The four categories are illustrated in Figure 4.

Figure 4. The four categories of knowledge assets

<p><b>Experiential Knowledge Assets</b> Tacit knowledge shared through common experiences</p> <ul style="list-style-type: none"> <li>• Skills and know-how individuals</li> <li>• Care, love, trust, and security</li> <li>• Energy, passion, and tension</li> </ul>	<p><b>Conceptual Knowledge Assets</b> Explicit knowledge articulated through images, symbols, and language</p> <ul style="list-style-type: none"> <li>• Product concepts</li> <li>• Design</li> <li>• Brand equity</li> </ul>
<p><b>Routine Knowledge Assets</b> Tacit knowledge routinized and embedded in actions and practices</p> <ul style="list-style-type: none"> <li>• Know-how in daily operations</li> <li>• Organisational routines</li> <li>• Organisational culture</li> </ul>	<p><b>Systemic Knowledge Assets</b> Systemised and packaged explicit knowledge</p> <ul style="list-style-type: none"> <li>• Documents, specifications, manuals</li> <li>• Database</li> <li>• Patents</li> </ul>

(Nonaka *et al.*, 2000)

### **Experiential Knowledge Assets**

Experiential knowledge assets include the shared tacit knowledge that is accumulated through experiences shared among the members of the organization and between the members of the organization and their stakeholders. There are four types of experiential knowledge assets. The first one is emotional knowledge, such as care, trust and sense of security. The second one is physical knowledge, such as facial expressions and motions. The third type of experiential knowledge asset is energetic knowledge, including energy, passion and tension. Lastly, there is rhythmic knowledge, such as improvisation (Chou & He, 2004). Due to their tacit nature, experiential knowledge assets are cannot be easily traded, evaluated or grasped. For the same reason, they are firm-specific, difficult-to-duplicate resources that provide organizations sustainable competitive advantage. (Nonaka *et al.*, 2000)

### **Conceptual knowledge assets**

Conceptual knowledge assets take the explicit and tangible form of images, symbols and language. Conceptual knowledge assets are based on the perceptions of stakeholders and members of the organization, such as brand equity, concepts or designs. (Ibid, 2000)

### **Systemic knowledge assets**

Systemic knowledge assets consist of explicit, systematized and packaged knowledge, such as technologies, product specifications and legally protected licenses and patents. Systemic knowledge assets can be relatively easy traded and transferred. (Ibid, 2000)

### **Routine knowledge assets**

Routine knowledge assets consist of the tacit knowledge that is embedded in actions and practices of the organization. Routine knowledge assets include know-how, organizational culture and stories of the organization. (Ibid, 2000)

It must be noted that knowledge assets can also be destructive to the knowledge creation process, hindering it instead of nurturing it. This holds true particularly in the case of routine knowledge assets - successful exploitation of current knowledge can restrain the exploration of new knowledge (March, 1999).

#### ***3.4.4 Critique of Nonaka's Knowledge Creation Theory***

While Nonaka's theory of knowledge creation is arguably the single most influential and ubiquitous theory in the context of knowledge management (Güldenbergh & Helting,

2007; Nonaka *et al.* 2006) it has also been the subject of criticism.

Various authors have questioned the epistemological assumption made by Nonaka and his colleagues, that tacit knowledge can be converted entirely to explicit knowledge. Amin & Cohendet (2004) propose that certain tacit knowledge cannot be articulated, as it would be too costly to attempt to transform the knowledge to explicit. Therefore at least a part of tacit knowledge is impossible to codify. Tsoukas (2005) takes this view further by critiquing Nonaka's view on tacit and explicit knowledge being on the same continuum – rather they are the two sides of the same coin. Even the most explicit knowledge has its foundations in tacit knowledge. This view is supported by Gourlay (2006), who argues that all knowledge has a tacit element that cannot be extracted, and hence it is not possible to fully transform tacit knowledge to explicit knowledge. Tsoukas (2005) further suggests that instead of insisting on converting tacit knowledge to explicit, attention should be drawn on new ways for individuals to interact and connect with each other, as tacit knowledge is manifested only through the actions and practices of individuals.

Amin and Cohendet (2004) find Nonaka and Konno's understanding of *ba* and the descriptions of four relational spaces to be simplified and challenge the suggestion that each *ba* can be assign to do a particular form of knowledge work. Their critique traces back to the differing views on tacit knowledge. As Amin and Cohendet believe that tacit and explicit knowledge are inseparable, therefore it is not sensible to separate particular spaces of tacit or explicit knowledge. Furthermore, the scholars question the sequential steps of the four *bas* in the knowledge conversion process and find Nonaka and Konno's view on the relational spaces restricting: each *ba* is capable of doing more than what Nonaka and Konno's model permits. For instance, the office can act as a meeting point of various forms of knowledge and thus is neither a sequencing site nor a location for merely originating or interacting *ba*.

Gourlay (2006) analyzed different examples and evidence provided by Nonaka aiming to validate the SECI process and its four different modes. In his review, Gourlay concluded that the empirical evidence supporting the SECI model is ambiguous, limited, open for alternative interpretations and thus unconvincing.

Finally, Nonaka's theory has received criticism regarding the SECI models universal applicability (Hislop, 2009). Scholars such as Glisbly and Holden (2003) and Weir and Hutchins (2005) suggest that all knowledge is culturally embedded and that Nonaka's model is deeply rooted in the Japanese culture and its values. In business cultures with different underlying values, the relevance of the model is arguably limited. Glisby and Holden (2003) further prove their point by the notion how each of the four modes of the SECI process are related to business practices common to the Japanese culture, but less applied elsewhere. The authors draw a connection between the high level of tacit knowledge sharing by Japanese employees and the typically high commitment levels

workers have with their companies. Respectively, in countries where the commitment level of employees tends to be lower, the sharing of tacit knowledge is likely to also be lower.

### 3.5 Knowledge Creation in Trade Shows

Above the two central themes of this study are presented: namely the concept of trade shows and organizational knowledge creation theory. In this section, the two will be synthesized, and a literature review is made discussing what makes trade shows propitious environment for knowledge creation, creating a premise for the empirical part of the study.

Ancient trade fairs have been described as “*temporary townships*” as they lasted for only a specific duration and the number of their participants was equal to that of a town (Aspers & Darr, 2011). According to Jacobs (1969 cited in Storper and Venables, 2004) the economic and social diversity of cities and towns provides certain advantages. As their diversity is packed into a limited space, they facilitate and enable haphazard, serendipitous contact among people. Similarly, apart from trading, social relationships, learning and exchanging information have always been an integral part of trade shows (Aspers & Darr, 2011). Marshall (1920, 705) underlines the significance of the latter at the fairs of the 14<sup>th</sup> century:

*“the great fairs were - like modern Exhibitions - schools in which people learned that the habits and resources of their own villages, and even their own countries, represented but a small part of what went on in the world.”*

As such, trade shows are so much more than a display of products on sale: they serve as a platform for knowledge distribution, a location where participants strive to reduce myriad of uncertainties they encounter and to nurture a basic sense of trust (Aspers & Darr, 2011).

According to Nonaka and Takeuchi (1995) knowledge can be created only by individuals. An organization or an inter-organizational network cannot create knowledge itself, but it can provide a space for positive and constructive relationship between the actors and thus facilitate the process. Furthermore, there is empirical evidence that tacit knowledge is created relationally, and thus is “*context-dependent, spatially sticky and socially accessible only through direct physical interaction*” (Morgan, 2001, 15). Hence, tacit learning is form of social learning inherently linked with relational action such as networking and face-to-face interaction, trust and

reciprocity as well as cultural context (Amin & Cohendet, 2004).

Face-to-face interaction is widely known to be prerequisite for effective transfer of tacit knowledge and sensitive, not well-established information. Proximity between actors in turn promotes the face-to-face interaction along with informal contact, such as gossip, enabling shared experiences, points of reference and mindsets. Hence, trade shows can function as temporary hubs that facilitate the knowledge creation processes and dissemination of knowledge. (Maskell *et al.*, 2006)

Moreover, they enable companies to compare their products with those of their competitors while monitoring customer reactions. Monitoring, comparing, reflecting and imitating the solutions of competitors represents a powerful knowledge asset that may contribute to the decision making process of managers regarding future investments and strategies. (Ibid, 2006)

The technological advancements impacting trade shows challenge the traditional brick-and-mortar trade shows. The internet allows efficient production and distribution of information, enabling the trade show participants to share knowledge regarding product characteristics without social interaction. However, it is precisely the face-to-face contact between sellers and buyers that is expected to increase, rather than decrease, with the virtualization of trade shows. This implies that the much of the knowledge associated with trade shows is socially embedded and difficult, if not impossible to codify. Arguably, the social aspect of trade shows is one of the key success factors why the traditional form of physical trade shows continue to thrive. (Aspers & Darr, 2011)

Maskell *et al.* (2006) propose that temporary interactions between firms, such as trade shows are particularly suitable platforms for ambiguous knowledge exchange processes where unanticipated encounters and interactions can play a major role. A distinction is made between temporary forms of interaction and durable or quasi-permanent forms of inter-firm interaction to highlight the divergent role of temporality and proximity. As illustrated in Table 5., each form of inter-firm interaction in the matrix has its own distinct characteristics that make it favorable for certain processes of knowledge creation. Trade shows as temporary clusters are particularly suitable for vision-oriented knowledge creation with broad focus, making them especially fruitful platforms for creative efforts and innovative activity.

Table 5. Organizational configurations of knowledge creation by time horizon and focus

		Time horizon for knowledge creation	
		Quasi-permanent	Temporary
Focus of Knowledge Creation	Strong focus (goal oriented)	Stable inter-firm networks	Inter-firm projects
	Broad/diffuse focus (vision-oriented)	Clusters	Trade fairs, conceptions, professional gatherings

(Maskell *et al.*, 2006)

Through trade shows and other forms of temporary, organized proximity firms can gain access to possibilities of interaction and learning similar to those provided by permanent geographic proximity. Hence, trade shows can be considered as temporary clusters as they form relational spaces in the globalizing learning economy. Maskell *et al.*'s (2006) research on temporary clusters implies that interaction, learning, and innovation occur spontaneously by merely gathering geographically distant actors together. Amin and Cohendet (2004) emphasize the relational proximity over the geographical proximity in social learning – merely “*being there*” does not suffice, but the participants must be able to internalize shared meanings and understanding based on their knowledge. This view comes close to Nonaka’s and his colleagues’ understanding of *ba*, according to which action and participation is needed to initiate the knowledge creation process.

In the viewpoint of smaller organizations, trade shows represent an important venue for knowledge acquisition. SMEs rarely practice systematic environmental scanning despite being highly dependent on external environment for information. Due to their limited resources, the companies draw on best practices of other organizations to serve as benchmarks against which their own performance can be assessed. The importance of the information and knowledge from the environment is highly dependent on the industry in which the organization operates. As this study’s scope is fashion industry, where the production cycles are fast and continue to accelerate, there is a great number of actors and the competition is fierce, it is imperative that managers follow what is happening in their environment. (Lim & Klobas, 2000)

## 4 RESEARCH METHOD

In this chapter, the research method of the study is presented. The aim is to illustrate the research context and research process. The research approaches and data analysis method will be reviewed and choices made will be justified.

### 4.1 Research Context: Fashion Trade Shows

The concept of trade shows in general was presented in Chapter 2. In this section, the aim is to examine the specific characteristics of fashion industry, and the unique challenges it poses to the research context.

#### 4.1.1 *The Finnish fashion design industry*

Before moving to describing the characteristics of the Finnish fashion design industry, let us begin with the introduction of the term “*fashion*”. Much like knowledge, there is no universal definition for fashion. Fashion can refer to tangible products such as apparel or intangible or cultural concept and phenomenon such as music (Roach-Higgings *et al.*, 1995). In a broad sense, fashion is related to concepts such as collective mode of behavior, practices and thought within a given point of time in a society. Fashion is inseparably linked with social trends and culture. Like all social phenomena, change is intrinsically in the concept of fashion. Based on the offerings of the interviewed companies, this study will focus on clothing and accessories. Therefore, a narrow definition of the term fashion is adopted; referring to a phenomenon of institutionally produced, marketed and valorized way of dressing of a given society in a given point of time (Kawamura, 2004).

The scope of this research is limited to Finnish fashion companies, most of which are microenterprises. This section of the study is dedicated to mapping out the current state of the Finnish fashion design industry and specifically the unique characteristics of the microenterprises operating in the field of fashion.

Fashion design industry is characterized by a complexity in terms of the industry structure and the social nature of the business environment (Bohdanowicz & Clamp, 1994). The Finnish fashion design industry has yet to achieve a level of development of its neighboring countries, such as Sweden and Denmark. Traditionally, the apparel industry focus in Finland has been on textile and clothing production, emphasizing the technical product and manufacturing processes, whereas the fashion design industry operates on a very different offset: the brand is the core driver of value and innovative

development of marketing and distribution channels play a key role (Lille, 2010). In this study, the term fashion design industry is used to describe the latter.

The division of the Finnish fashion design industry resonates with the distinction Kawamura (2004, 1) makes between clothing and fashion as they are essentially two very different things:

*“Clothing is a necessity, while fashion is excess. Clothing has a utility function while fashion has a status function. Clothing is found in any society or culture where people clothe themselves while fashion must be institutionally constructed and culturally diffused.”*

The fashion design industry operates to convert clothing into fashion items that have not only aesthetic, but also symbolic value. Furthermore, fashion is context dependent, existing in specific cultural and organizational context. (Ibid, 2004)

Although the potential of creative industries and design is acknowledged and the entrepreneurship within these industries receives support from the Finnish government on the strategic level, but the concrete measures of promoting and reinforcing the fashion design industry remains tangential at most. In Sweden, fashion design industry is listed as its own entity among the definition of creative industries, while the Finnish equivalent perceives fashion and apparel design as a part of design services in general, reflecting the skeptical attitude towards the industry. (Lille, 2010)

The export of Finnish apparel has grown steadily since the year 2009, amounting to over EUR 300 million in 2012, while the production of the textile and clothing has declined over the past decade (Finatex, 2013a; 2013b). In the year 2007, the average turnover of a design company in Finland was EUR 84 000 and the average number of full time employees less than one (Alanen, 2009). These figures are only suggestive, as the definition of “*design company*” is broad and encompasses everything from industrial design to service design and apparel design. It has been estimated that the statistics account merely half of the design industry, as many design activities are performed in-house within larger corporations or under different industry classification. For instance, many of the advertising agencies perform graphic design, but are not listed under design companies. (Ibid, 2009)

The Finnish fashion design industry is fragmented into traditional industrial companies and small entrepreneurs of the creative industries. As the figure above imply, much of the Finnish fashion design industry is made up of small businesses with fewer than 50 employees and microenterprises. A microenterprise is defined as a company employing fewer than 10 persons and with an annual turnover and/or annual balance sheet total less than EUR 2 million (EUROPA, 2013).

### **4.1.2 Enterprise Orientation**

The literature on entrepreneurship suggests that entrepreneurs learn how to run their businesses experientially rather than through education (Rae, 2005). Furthermore, an essential part of the learning process is the intricate network of relationships of the small firm owner-manager (Taylor & Thorpe, 2004). The fashion industry poses unique challenges for entrepreneurs, as fashion is a process in which the artistic endeavor meets business ambitions. As fashion is inextricably linked with culture, it operates within subjective and fluctuating markets, where business aspirations are also closely tied with the need to remain cutting edge and stylistically relevant (Crewe & Beaverstock, 1998). Integrating the creative design process with business ambitions requires the entrepreneur to operate on two different dimensions and to master different skill sets. Whereas design is an intuitive, iterative and experimental process, business development is a strategic activity in which a planned, systematic logic must be implemented. Managing both the design and business dimension in the same organization can cause conflict and affect the company's success (Mills, 2011).

A study conducted of the Australian fashion design sector proposes that there are two types of fashion designers: the “*artisan designer*” and the “*business designer*”. The study concluded that the business abilities of two types of designers varied between individuals despite the level of dominance of their artisanal traits (Choi, 2003). In her study of London-based fashion designer businesses and their survival strategies, Malem (2008) suggests both artistic and business focused designers can be successful in their business ventures, but the key factor influencing business survival lies in the combination of innovativeness and a strong business orientation. Moreover, business abilities of the designers developed over time as their experience gained. The artistic and business mindsets are hence not mutually exclusive (Choi, 2003).

In today's world, the firms are embedded in networks of social, professional and exchange relationships with other actors (Granovetter, 1992). The relationships are an important part of the learning process of the owner-manager of the small firm and go beyond economic exchange. Rather, the economic action is embedded in social exchange and personal relations.

### **4.1.3 The Role of Fashion Trade Shows**

Cartner-Morley (2003) describes fashion shows being redundant in the viewpoint of selling clothes, which they seemingly aim to do. The Italian design duo Dolce & Gabbana have said that their catwalk shows are just for fun, and play no role in selling clothes. “*The product has been sold at least two months beforehand*”, Domenico Dolce

told to the Italian newspaper La Repubblica. Likewise, the influential members of the British fashion retail industry also admit that catwalk shows' purpose in selling clothes has diminished over the years. "*Around 65% or 70% of our budget is spent before the shows start,*" said a senior buyer for a London boutique. This holds true especially for the bigger brands which stores sell in high volumes.

The catwalks, taking place during Fashion Weeks in line with fashion trade shows, often occur too late in the season for buyers, who have purchased the products in studios and showrooms. However, for smaller brands, the catwalk and trade shows can produce significant results, as buyers save a portion of their budget to look for new, eye-catching brands and collections during Fashion Week. In Weller's (2008) study about Australian Fashion Week, she states that although the fashion event earned AUD 28 million in direct fashion retail orders in 2005, it remains ambiguous what portion of those orders would have been made anyway, without the impact of the event.

Despite the debate about the redundancy of fashion shows, they have remained integral to the work of buyers, brands and journalists. The catwalk is a form of storytelling, through which brands convey the message of the collection to the customer (Cartner-Morley, 2003). Likewise, purchasing at trade shows is no longer the primary objective of buyers, but the trade shows are a crucial institution for the fashion industry.

The very survival of the fashion industry depends on the seasonal changes in styles (Sproles, 1981) and the ever-accelerating pace of the cycles has increased the number of production seasons and purchasing times correspondingly. As a result, the emergence and success of resort/cruise collections, also known as pre-collections have prevailed. These trans seasonal collections are more commercial than the main collections, holding the bestselling staples of the brand, have gained momentum and increasing media coverage during recent years. Moreover, their success reflects the fact that while runway shows have become ever more fantastical and over the top, the primary industry and buying activities remain grounded in more wearable clothes with longer selling time. For buyers, the pre-collections provide impatient customers new products and a sneak peak of the coming season. (White, 2010)

Thus, the fashion industry has minimized the role trade plays in fashion fairs. As buying is no longer a biannual activity, trade shows are no longer the primary places for buying. The two-season cycle still sets the pace for the fashion calendar, albeit increasingly in a symbolic manner. The perseverance of fashion trade shows today can be seen thanks to combination of myriad of purposes and encounters, including purchasing garments, networking and creating and disseminating knowledge. (Skov, 2006)

Trade fairs are important nodal points in the global fashion industry, bringing actors together across the value chain. Skov (2006) defines the interfaces on the following axis: different types of clothing (e.g women's wear, men's wear), market segment (e.g

high-end, low-end), place in value chain (e.g. downstream, upstream) and the geographical dispersion of the industry. In addition to bringing together the actors within the fashion industry - fashion designers, retailers and wholesalers, agents, manufacturers, fashion media and a range of fashion intermediaries, trade shows also aggregate a diverse range of interest and areas of expertise such as event organizers, cosmetics, personal care and hospitality services. The common denominator is fashion - a multidimensional and culturally embedded form of knowledge that bridges production and consumption by its simultaneous relation to personal identities, social relationship and cultural arrangements (Fine & Leopold, 1993).

In addition to the participants and organizers of the fashion trade shows, the events create value for an array of different stakeholders, who might only have a peripheral relation to the fashion industry itself. Fashion trade shows attract many sponsors and partners, many of which are focused on luxury consumption but are not related to fashion *per se*. The association with fashion design lends legitimacy to the sponsors and partners of fashion trade shows, enhancing the market value of a diverse range of products that target fashionable market segments. Fashion trade shows enhance their economic value by creating a veil of exclusivity. There is no public admission to professional trade shows, attendance is generally restricted to buyers and the media and other fashion industry representatives approved by the trade show organization. Catwalks and runways further create status hierarchies by granting invitation-only access to participants. Moreover, the host cities of fashion trade shows enjoy benefits of the events, too: Fashion Weeks's incorporation into a global fashion network raises the status of their locations as the events link the cities with fashionable and cosmopolitan lifestyles. (Weller, 2008)

Fashion trade shows are complemented with fashion shows and parties, dinners and events that provide opportunities for a range of cultural intermediaries to socialize and exchange ideas. In academic literature on knowledge management and clusters, the outputs of these social events are considered to contribute to the creation of a local "buzz" (Storper & Venables, 2004) or a situational "*institutional thickness*" (Amin & Thrift, 1995) that facilitates innovation and regional development. Through this lens, event-based social interactions are understood to build the knowledge resources of the local fashion industry (Weller, 2008). Hence, fashion trade shows play an important role also in creating "*knowledge communities*" stimulating cultures of innovation (Henry & Pinch, 2000; Wenger, 1998).

#### **4.1.4 Virtual Fashion Trade Shows**

The impact of technological advancements to the trade show industry were briefly

discussed in section 3.5, but now the aim is to present the implications in the fashion industry more in-depth. Technology brings its own twist to the fashion trade show business. Heated discussion and speculation surrounds the issue of how technology and video is changing the landscape and structures of the fashion industry. The shift can already be seen in the catwalks where major fashion houses such as Burberry and Louis Vuitton have live streamed their runway shows for many seasons. The UK fashion retailer Topshop recently partnered with Google in their new runway show concept which brings fans and regular consumers closer to the runway experience which used to be reserved only for privileged fashion industry professionals only. The novel concept is titled “*The Future of the Fashion Show*”, utilizing high definition micro cameras transmitting and capturing the action on the catwalk. “*Be the Buyer*” mobile application allows consumers to compile their own mood boards out of their favorite pieces from the collection. A Google+ Hangout is also available for fans to tune in and interact with the Topshop design team. The data generated from this virtual extravaganza can be of tremendous value to the brand if captured and analyzed correctly. (Kansara, 2013)

The loudest critics of the technological advancements seem to be the representatives of the fashion media who are not content about the democratization of fashion. Their authority had already been undermined by the vastly growing popularity of blogs and now the digitalization of the runway shows might make their jobs even more redundant. New business models have also risen from the technological innovations. Websites such as Moda Operandi live streams the runway shows and allows consumers to make real time purchases from the shows, eliminating the buyers and fashion media as the middleman and integrating the runways with retail outlet. These types of developments could in turn accelerate the season cycles even more. (Chertoff, 2013)

Many trade shows already have digital extensions to the physical show in the form of virtual showrooms and 360 degree garment views. One of the most prestigious fashion trade show organizers since the 1950s, the Italy-based Pitti Immagine has launched a digital platform, e-Pitti. E-Pitti was developed to evolve the trade show concept which has practically stayed the same since its inception. Adding a digital element to the trade show experience further diminishes the limitations of time and space, transforming the twice-a-year event into an “*always on*” community (Business of Fashion, 2011). Many of the virtual trade shows also aim to bring consumer involvement to the previously strictly B2B context. The perceived benefit of this is to generate data about consumer preferences to the brand and buyers. The technological advancements are not only affecting the communication and information exchange practices taking place at trade shows but they are reshaping and restructuring the landscape of fashion industry itself, shifting power from one actor to another.

## 4.2 Research Approaches

The study seeks to obtain an understanding of knowledge processes taking place at fashion trade shows and how they manifest themselves through different trade show activities. Therefore the aim is to understand the trade show environment as the participants experience it and look for repeated patterns that emerge from the data. A qualitative research method was chosen, as its goal is to find interrelationships between different categories and build a holistic understanding of the research subject (McCracken, 1988). Qualitative research methods focuses on the meaning of the social phenomena, viewing human behavior from the participants own frame of reference (Collins & Hussey, 2003). Qualitative methodology's thought that the reality cannot exist without the mind of the individual implies that the beliefs and values of the researcher affect the subject of research. This thought resonates with Nonaka and his associates understanding of knowledge, according to which it is subjective by nature, context specific and created in social interactions between individuals (Nonaka *et al.*, 2000).

Different research methods were used to include variety perceptions of the phenomena studied to gain an understanding of what is happening in the trade show context. The data collection method was twofold: 1) primary data were acquired through semi-structured interviews, and 2) observational data acquired by means of an ethnographic study (Geertz, 1973) complemented the interview data.

Semi-structured interviews are based on sets of predetermined questions of themes. The questions are to be covered in all interviews, but the researcher is not limited by them. Moreover, the role of the researcher is to probe further and encourage the respondent to engage in more in-depth descriptions (Berg, 1995).

It can be challenging to gather data regarding actions that are routinized, self-evident or complex behavioral patterns using only interviews, as people are not consciously aware of these behavioral patterns and therefore do not know how to verbalize them. Moreover, respondents might describe the events or their actions as they would like to remember them. Thus, the interviews alone are not sufficient for making ethnographic interpretations. (Arnould & Wallendorf, 1994)

Ethnography can be described as a description of a group (Werner *et al.*, 1987). In ethnographic methods, the researcher uses socially gathered knowledge to build an understanding of observed patterns in human behavior (Collins & Hussey, 2003). Ethnographic methods were used in this study with an aim to be able to construe the social world as the participants would do.

Observation as a research method has many clear advantages over interviews and questionnaires. As observation enables the researcher to record directly situation as it occurs, observational data is often more accurate. The researcher may be able to observe

and take note on the aspects that the participants take for granted and have difficulties to describe. Finally, observational data can be a useful to compare and supplement information obtained from other sources. (Sapsford & Jupp, 2006)

The role of the researcher varies according to the extent of participation in the subject group. When the researcher participates as observer, he or she is involved in the group of the research (Gold, 1958; Junker, 1960). Taking a participant role has certain advantages: it enables easier access to the group and to sub-settings within it. What is more, working alongside and together with the studied group facilitates building rapport and fostering trust and openness. This in turn will help to reduce reactivity as the group is more likely to behave in a more natural way. Spending time together and participating with the group the researcher is more likely to understand the viewpoints of the subjects and the underlying meanings they give to the interaction. For this reason, participative observation is suitable for ethnographic or less-structured observation. (Sapsford & Jupp, 2006)

Observation is inevitably affected by the researcher's own perspective. Thus, observational information is always constructed observations of the reality. Observation involves researcher's selection of what observations to note down and record. While sometimes made explicit, sometimes the basis of these selections is influenced by the researcher's prior knowledge and preconceptions. (Ibid, 2006) In qualitative research, the researcher's values and beliefs and thought to help determine the interpretations drawn from the data. Under the qualitative paradigm, the researcher is involved with the phenomena, which is being researched. (Collins & Hussey, 2003)

Applying complementary methods produces rich data and ensures that the phenomenon is studied both in depth and breadth; including a variety of perceptions of individuals have on the social reality.

### **4.3 Data Analysis Method**

The data analysis process began with breaking down the data to a more understandable form (Berg, 1995). The interviews were transcribed and the validity of the interviews were evaluated. The material gathered from the observations included photographs, field notes and brochures and catalogues from the visited trade shows.

Prior research and literature, research questions and objectives helped determining the initial broad themes. The transcribed data was reviewed over and over again, and relevant parts to the research questions were noted down. More specific themes were formed on the basis of detailed examination of data and recognition of frequent themes significant to the research objectives. In this respect, inspiration was drawn from open coding procedures where analysis is conducted by "*scrutinizing the fieldnote, interview,*

*or other document very closely line by line.*” (Strauss, 1987, 28) Instead of the actual words and phrases and descriptions used by the interviewees, the focus was on the meaning the expressions contained (Miles & Huberman, 1994).

The themes were then analyzed against the theories and new conclusions drawn upon the reflections. The aim of the research is to validate the theories chosen and examine if the trade show context brings new aspects to the prior research.

## **4.4 Research Process**

The research has been conducted in an abductive manner as an iterative process, as oppose to the linear theory-before-research model (Nachmias & Nachmias, 1976). Thus, the literature review, data collecting and analysis have been carried out side by side in a spiraling manner and revisited as the study progressed, with accrued insights adding to each phase.

The research process began with a literature review on trade shows and knowledge management to form understanding of the phenomena and identifying the key concepts relevant to the study. The research topic and questions were formulated based on the areas that had received little attention in the academic literature. As the research subject was not yet fully refined, three interviews were conducted in the early stage of the research. The aim of the preliminary interviews was to ensure the correct focus of the literature and disciplines studied.

The data collecting method was twofold: primary data was acquired through semi-structured interviews. Ethnographic methods were used to complement the interview data.

### **4.4.1 Sampling**

Twelve Finnish fashion trade show exhibitors were interviewed for the study. The aim of these interviews was to understand the exhibitors’ trade show objectives and participation practices in general and, in particular, how these objectives and practices are connected to knowledge management activities. The interviewed companies were microenterprises, with fewer than 10 employees and with an annual turnover and/or annual balance sheet total less than EUR 2 million. Out of the 12 respondents, only one respondent had a business background; the others were designers by education. All of the respondents were responsible for sales and marketing activities and personally took part in trade shows. The interviewed companies and respondents are presented in Table 6.

The sample included one brand that has international presence, but has not exhibited in any trade shows yet. Albeit the interviewee did not have experience in the trade show participation, the data collected from the interview was valuable as it provided insights of the implications of not exhibiting at trade shows and alternatives for trade show activities and was thus included in the final data.

Table 6. Overview of interviewed fashion trade show exhibitors

	<b>Company</b>	<b>Product line(s)</b>	<b>Position</b>	<b>Gender</b>
Preliminary interviews	Alpha	Women's wear	Designer/Owner	F
	Beta	Accessories	Founder/Board Member	M
			Founder/Board Member	M
	Gamma	Men's wear	Designer	M
Semi-structured interviews	Delta	Womenswear, menswear, accessories	Designer/Owner	M
			Owner	F
	Epsilon	Men's wear, women's wear	Creative Director, Owner	M
	Zeta	Men's wear	Sales Director	M
	Eta	Footwear, accessories	Designer/Owner	F
	Theta	Women's wear	Designer/Owner	F
	Iota	Women's wear, accessories	Designer/Owner	F
			Designer/Owner	F
	Kappa	Men's swear	Designer/Owner	F
	Lambda	Footwear	Designer/Owner	F
Email interview	Mu	Menswear, women's wear, children's wear	Designer/Owner	M

In order to gain a deeper, holistic understanding of the trade show experience, an additional 6 interviews were conducted with the visitors of trade show. The visitors represented fashion buyers from Finnish department stores, concept stores and boutiques were interviewed regarding their trade show activities. The respondents are

listed below:

- Buyer 1: buyer of women's contemporary clothing, department store
- Buyer 2: owner/buyer of lifestyle concept store
- Buyer 3, buyer of men's contemporary clothing, concept store
- Buyer 4, owner/buyer of women's contemporary clothing, concept store
- Buyer 5, owner/buyer of lifestyle concept store
- Buyer 6, owner/buyer of women's contemporary clothing, boutique

This additional data was used to support and reflect the findings of the interviews conducted with the trade show exhibitors.

The visited trade shows were chosen from the international fashion trade shows the respondents attended. Most of the respondents operate within the high-end segment of the fashion industry, therefore the trade shows they attend are among the most prestigious ones. The exhibitors are either invited to the trade shows, or they must apply for a booth. The visitors are fashion industry professionals, with pre-registration requirement. The events are not open for consumers.

In all, four major fashion trade shows were visited between September 2012 and January 2013: Premier Classe - Who's Next and Capsule in Paris, Gallery int. Fashion Fair cph in Copenhagen and Capsule in New York. In the following, each of the visited trade shows will be described briefly in order to develop a better understanding of the research context.

### **Premiere Classe - Who's Next, Paris**

September 28 – October 1 2012

The most established one of the trade shows visited, Premier Classe has been the twice-a-year meeting point for fashion industry professionals for the past 24 years. Premiere Classe is targeted for exclusive retailers, presenting a selection of 300 high-end fashion designers, covering all the sectors of fashion accessories. (Who's Next, 2013)

### **Capsule, Paris & New York**

September 28 – October 1 2012 Paris, February 22 – February 24 2013 New York

Created in 2007 by a New York-based fashion consultancy BPMW, Capsule takes place 12 times a year in New York, Paris, Berlin and Las Vegas. The fashion and lifestyle trade event presents high-end, progressive brands with promising independent designers. (Capsule Show, 2013)

### **Gallery int. Fashion Fair cph, Copenhagen**

January 31 – February 02 2013

Established in 2007, Gallery int. Fashion Fair cph is the largest international trade show for Scandinavian fashion with more than 340 exhibitors. (Gallery Fashion Fair, 2013)

#### ***4.4.2 Conducting the Interviews***

As mentioned earlier in this section, three preliminary interviews were conducted to form a general understanding of the trade show activities, scoping the research subject as well as reveal interesting themes outside the literature. Moreover, the preliminary interviews were beneficial for the development of interview technique of the researcher as well as providing insights for the interview design for the rest of the interviews. All three interviews provided valuable learnings and were included in the final data. Including the preliminary interviews, altogether 12 semi-structured interviews were conducted. One of the interviews was done via email according to the request of the interviewee. The remaining interviews were done face to face. The average length of the interviews was around 40 minutes, with the lengthiest ones lasting up to 80 minutes.

The 12 interviews were recorded and transcribed. The interviews were conducted in Finnish and citations translated to English by the researcher. The findings from the interviews were considered against the literature review relating to an understanding of trade shows, microenterprises, knowledge management and the context of fashion design industry in Finland.

In order to gain a diverse understanding of the research context, this study utilizes different sources of data. In addition to the interviews, observation was done at four major international trade shows with Finnish fashion brand attendance. During all of the trade show visits, photographs and field notes were taken to reflect and support the observations made. In order to make sense of the trade show experience as a whole, the observation was also conducted at different events outside the opening hours of the trade shows, such as fashion shows, cocktail parties, receptions and dinners. This provided a holistic understanding of the dynamics behind interaction and knowledge transfer at the trade show venue versus the more informal after hour gatherings.

#### ***4.4.3 Participant Observation***

The Paris Fashion Week had two trade shows with Finnish exhibitors: *Premiere Classe* and *Capsule*. As they were the first trade show visits for the study, the observation was conducted unobtrusively with a broad lens. The aim was to form an understanding of how participants behave and give different social meanings at trade shows. In order to gain physical access as well as observe the natural behavior of participants in the trade show environment, in the following two trade shows, *Gallery cph* in Copenhagen and *Capsule* in New York, the observation was done as a part of the exhibiting team of a Finnish fashion brand.

As a part of the exhibiting team, the researcher was able to gain access to venues and

events otherwise closed to the public or the trade show visitors, such as take part in the assembling of trade booth, trade show dinners and parties. Spending time with the subjects of the exhibiting team built trust and enabled observation of situations and behavior of both the exhibitors and visitors of the trade show, otherwise not accessible by outsiders.

The interaction and observation of the trade show experience in the eyes of the exhibitors enabled the development of a comprehensive and deep understanding of the trade show experience, the emergence of themes that did not surface in the interviews and shed light to the pre- and post-trade show activities.

## 5 EMPIRICAL FINDINGS

In this chapter, the findings from the interviews will be presented as they emerged. The structure of the chapter follows the research questions. First, the knowledge creation process at the fashion trade show environment is explored. Second, the different trade show activities are presented. Finally, the connection of trade show activities and knowledge management is addressed.

### 5.1 Trade Shows as a Knowledge Creation Environment

To begin the analysis of how knowledge creation takes place in trade shows, it is important to establish an understanding of the trade show environment experienced by the respondents.

The exhibitors' experience of the trade show environment is complex and full of polarities. On one hand, the respondents described the atmosphere at the trade show being *"expectant"*.

*"It's somehow really, I don't know how to describe a typical day. Basically you're just there [laughs], you might just be there for the entire day. And present (your collection) for the ones who are interested."*  
(Designer/Owner, Lambda)

*"[...]for smaller brands like us who are not globally known, exhibiting at trade shows is very frustrating, because you stand there for four days just waiting for someone to come, it's a rather passive way to present your collection, among all the competitors."* (Designer/Owner, Eta)

As can be seen from the above excerpts from the interviews, a great deal of the time at the trade show is spent waiting for visitors. From the exhibitor's point of view, a typical day at the trade show consists of *"hanging out at the booth, drinking coffee and eating croissants until somebody shows up"*, as described by one respondent.

Although much of the time spent is spent waiting at the trade show booth, the exhibitors must stay alert for visitors, as one cannot know which one of the passers-by could be a prospect buyer or an important representative of the media. In addition, it is important not to look bored and idle, as this type of behavior might put off visitors. According to the interviewees, keeping up the energy level and *"a good vibe"* is important, especially as the course of the days tend to be quite repetitive. One respondent summed up the trade show experience as follows: *"content-wise it's (the*

*time spent at trade shows) pretty much like Groundhog Day”.*

Despite all the waiting, there are hectic moments during the trade show, when exhibitors have to analyze and decide quickly, whom to focus their attention on. Staying vigilant is required when a visitor comes to the booth. The exhibitors might look for different visual cues, such as the way people are dressed or how they behave, in order to identify who might be a relevant contact to them.

*“...suddenly you have a booth full of people, and they can be very different types of people, because everybody (from the fashion industry) goes to the trade show, so you might have potential buyers, buyers whose store is completely unsuitable for your brand, people who want to copy you, manufacturers, so it can get extremely hectic to try to control everyone in your booth. You have to be quick to pick out the people who are useful to you, and it is difficult to know who you should invest your time in.” (Designer/Owner, Eta)*

The above quote illustrates the complexity of the trade show environment and the various encounters taking place there. Attending a trade show involves a diversity of social encounters, constant environmental scanning, and sensory overload, making the trade show a physically and mentally draining experience for participant and exhibitor alike. These experiences, in stark contrast to those encountered in the everyday working environment, demand a mindset much different from the mindset required for routine work.

*“[...]talking to someone all the time, that’s naturally very tiring, but also the fact that you’re just there (at the trade show) waiting, that’s exhausting in a different way.” (Designer/Owner, Eta)*

*“It is a long weekend when you throw yourself off from your own life and do something totally different.” (Sales Director, Zeta)*

In their answers, respondents highlighted the social nature of the trade shows. Interestingly, although the diminished role of buying was acknowledged and brought forth by most of the respondents, the learning and acquisition of knowledge was not mentioned as the top priority of the exhibitors – the trade show was still perceived as a promotional activity first and foremost. This is due to the fact that knowledge processes are embedded in the social interaction between participants of the trade show. As we will see later, both the knowledge created and the knowledge processes at trade shows are partially tacit and unconscious for the participants. Moreover, exhibitors tend to document and analyze the knowledge related to trade show relatively little, leaving the

acquired knowledge in the minds of the exhibitors.

*“In practice we don’t (document the knowledge acquired from the trade show). It stays verbal and rests on memory, it’s not systematic.”  
(Designer/Owner, Delta)*

Physically, the trade show environment is rich in sensorial stimuli, which many exhibitors and visitors found to be inspiring and encouraging active exploration and scanning of the surroundings. However, some experienced the trade show to be cacophonous and overloaded with stimuli, making the experience rather unpleasant and hindering the active acquisition and search for information and knowledge.

*“But often at the trade shows it’s like...you become desensitized of it all, you hear the same four song on loop blasting and then there’s so many people...so often you’re like damn, I gotta get away from here.”  
(Creative Director/Owner, Epsilon)*

*“[...] but at the trade shows, I get a feeling, a feeling that it is a chaotic event.” (Designer/Owner, Kappa)*

Even though the trade show experience was described as monotonous by the respondents, they also associated an element of chaos and unpredictability with the event. According to the interviewees it was also an integral part of the appeal of trade shows. The respondents view trade show as an opportunity for their brand to take off to international success.

*“The thing with trade shows is, that you never know who you will run into there, who will show up at your stand next, there’s a possibility to be discovered.” (Designer/Owner, Eta)*

The trade show experience is not confined within the trade show venue and the opening hours. During the days, the exhibitors are bound to their own booths, servicing customers and visitors. The social interaction with other exhibitors, friends and acquaintances is often concentrated in the after-hours and social events.

Picture 1. is taken at Premiere Classe, where a party was arranged at the trade show venue after the opening hours, offering visitors and exhibitors to interact in a more informal, relaxed atmosphere.



Picture 1. Party at the trade show venue at Premiere Classe

It is customary that trade show organization organizes a social gathering during the first evening of trade show to celebrate the ending of the long first day at the trade show. These events function as a venue for exhibitors to relax, meet and get to know each other. During Gallery int. Fashion Fair cph trade show, dinner tables were set up on the aisles of the trade show hall, and participants were able to sit down and enjoy a meal together. This received a lot of praise from the exhibitors, as the dinner setting enabled the participants to engage in longer lasting conversations and get to know each other better.

Indeed, these types of social gatherings outside have an important function in knowledge acquisition process. Participants share industry news, hearsay and gossip during dinners and cocktail parties. It is also an opportunity for brands to promote themselves to their peers.

*“[...]we get a chance (at the events) to introduce ourselves and our brand and hear what other people are talking about. The best gossip is told after the trade show has closed its doors. You catch a lot of information which is not public, like ‘Did you hear that they haven’t paid their invoices for so and so long and they almost went bankrupt’ [...]”*  
*(Designer/Owner, Iota)*

In conclusion, the trade show environment with its rich sensorial stimuli, different social encounters and its many uncertainties provides a fertile platform for a wide array of knowledge processes.

For buyers, trade shows represent a space for purchasing both physically and mentally. Trade shows collect fashion industry professionals under the same roof, providing a platform for tactile experience with products and face-to-face interaction with other participants. The fashion trade shows set the pace for the fashion industry calendar and buyers plan their budgets according to the trade shows. Therefore, it might be challenging for buyers to make additional purchases outside the events. The following quote illustrates the dual nature of trade shows as a multidimensional space for buying: on one hand, face-to-face interaction was seen as a prerequisite for trade, on the other hand, the buyers also have to be in a certain mindset, “*in the mood*” for purchase.

*“It is a little contradictory, that even though with all the emails and internet it is easy to reach people and see what everyone does, but then there is so much supply that no one replies your emails or meeting requests. So in a way, you have to go to the place where people come to trade. [...] The budgets of buyers are tied to the trade shows so they are reluctant to make purchases outside the trade show.”* *(Designer/Owner, Theta)*

*“I have an extensive contact list. I have the British Fashion Council’s buyer list, with hundreds of names. But it is, somehow...it’s really difficult to get a hold of them by email at the end of the day. Even though I have sent (emails) to people, some people seem to appreciate, or what people say is that you have to show (at trade shows) every season, you have to be somewhere.”* *(Designer/Owner, Kappa)*

However, the answers from the interviews reveal that the space for buying and selling is extended over the duration of the trade show. The knowledge creation process is initiated months before the trade show takes place and continues after the event.

*“The trade shows, done correctly, sensibly, even if you don’t write any orders on the spot, but you have started making appointments to your stand six months in advance with everyone and then when the trade show ends you go through the business cards and start bombarding. A lot of times, we have gone there and then been drunk for four days and had a blast and in a way it’s an expensive party although the booze is for free... it requires a lot (of work) beforehand and afterwards, that’s the trade show work in itself – reaping the harvest.” (Creative Director/Owner, Epsilon)*

*“It doesn’t stop in the trade show, that’s where the hard work begins. [...] After the trade show the cat and mouse game begins, ‘Have you seen my e-mail, have you had the time to see my collection’. The orders are confirmed afterwards.” (Designer/Owner, Lambda)*

As such, the trade show experience involves different physical, mental and virtual spaces extending over a period of time. The trade show event represents only one platform or space where the myriad of knowledge creation processes take place, much like the tip of an iceberg.

## **5.2 Trade Show Activities**

In order to map out how the trade show participation affects microenterprises’ knowledge creation process and knowledge assets, trade show activities were identified from the data and categorized according to their relevance to the knowledge creation processes. Next, the trade show activities and their relevance to the knowledge creation process will be presented.

### **5.2.1 Identifying Potential Customers**

Fashion trade shows are usually closed events, accessible only for the industry professionals. Pre-registration is required, sometimes with a reference of occupation in the form of the link to a company website or portfolio. Still, with tens of thousands of visitors, including buyers, agents, service providers, students and media representatives, identifying prospective customers is not always a straightforward task. The exhibitors use different visual cues such as the way visitors are dressed, as well as their demeanor

in order to determine their position in the industry. One respondent said that important buyers can be recognized based on them acting “*very important*”. In addition to resorting on tacit knowledge, the exhibitors may also ask explicitly the profession of the visitor.

Identifying the potential customers is not limited in separating the buyers from the rest of the visitors. Other contacts made during the trade show, such as media, suppliers, agents and students might prove to be valuable in the future. As opposed to some of the more sizable brands, who have closed stands and limited, by-invitation-only access to the trade show booth, microenterprises have to actively seek contacts to establish their presence in the industry.

*“You never know who you are talking to, it might not be apparent in beginning. So you can’t have an attitude that: ‘Okay that person is important and that person is not.’ You should have an open mind.”*  
(Designer/Owner, Iota)

The importance of personal interaction has been mentioned earlier, but it plays a key role in recognizing potential customers, particularly if there has been a previous encounter with the visitor.

*“And another thing that is really, really, important is to stay super alert. When you see people all the time, you don’t always remember (who they are)[...] It’s important to know right away who they are. What store, what country, what language they speak? There is no way you can remember (everybody), so there are situations like that.”*  
(Designer/Owner, Iota)

The above quote illustrates the how heavily the participants are dependent on tacit knowledge. The fashion industry is highly personified making the “*know-who*” as important as the “*know-what*”.

### **5.2.2 Gaining Access and Interacting with Key Decision Makers**

Gaining access to key decision makers in customer companies and reaching key opinion leaders in the fashion industry is sometimes more valuable than to the exhibitors than immediate sales. Purchase decisions and relationship building in the fashion industry takes time – some buyers will observe a brand’s development over multiple seasons before making a decision to buy.

*“The purchase does not necessarily take place there (at the stand), and if that’s the case, then it is even more important to get other contacts that are beneficial.” (Designer/Owner, Iota)*

The internet has facilitated the transfer of explicit knowledge, making disseminating product information efficient. In fact, many of the respondents said that the visitors of the trade show usually already have received the prices and pictures of the collection prior to coming to the trade show – but the final purchase decision requires additional knowledge, tacit knowledge that is transmitted via face-to-face interaction. The same applies to relationships with suppliers and other important stakeholders. Several respondents said that they had signed a contract with an agent as a result of attending a trade show.

Both exhibitors and buyers emphasized the personal communication as an important factor in deciding whether to collaborate with an actor or not. Ultimately, it is the person who might set the brand apart from the competitors’ and create a competitive advantage to the company. An exhibitor described the importance of the personnel to the successful encounter with the trade show visitors as follows:

*“[...]it depends a lot on what kind of a person they will meet there (at the stand). It is much more important than the size of the stand or the collection [...] there are any number of great collections out there.” (Designer/Owner, Iota)*

The interviews with the buyers echo similar sentiments – the person at the trade show booth is often the unique factor that can arouse or flag the interest of a buyer towards the brand.

*”It doesn’t matter so much whether the stand is big or small [...] the sales person is in key role. They can be really forbidding or inviting. It is interesting, how the presence of the salesperson affects if you want to go (visit the stand) or not.” (Buyer/Owner 6, women’s wear multi-label concept store)*

In conclusion, in the fashion industry, business transactions are made largely on the basis of personal relationships and thus the level and quality of social interaction can determine the success of the trade show. Moreover, this holds the advantage that trade shows have over virtual trade shows.

### 5.2.3 *Gathering a Database of Prospect Contacts*

The database consisting of contact information is of great value to the exhibitors, and sometimes even the main objective of the trade show is to collect as many contacts as possible to generate sales later on. In practice, for the microenterprises with no systematic knowledge management activities, the database of visitor information is usually an Excel file consisting of the contact information and additional comments describing the nature of the encounter. Some trade shows have scanners which automatically save the contact information from the visitor's ticket to a database. In addition to the sales, the success of a trade show is often measured in the number of contacts gained. The exchange of contact information converts the tacit knowledge embedded in the encounter to explicit knowledge.

*"[...]the encounter is completely useless, without the contact information, or exchanging business cards." (Designer/Owner, Eta)*

*"It (the contact information) is everything, getting the contact information of the right person is almost more important than getting an order. We can start negotiating after the trade show and make the deal." (Sales Director, Zeta)*

It was observed at the trade shows that in practice, the contact information was exchanged in the form of business cards as Picture 2. also illustrates. Often, the exhibitors would have a "*contact book*", where the cards were gathered and information regarding the encounter was noted down.



Picture 2. Exchanging contact information at the trade show

More often than not, the trade does not take place at the exhibition booth – but the actual work, “*cat-and-mouse game*”, for the exhibitors to secure the orders starts after the trade show. Hence, obtaining the contact information is of crucial importance. Due to the excessive visual stimuli and hectic atmosphere at trade show, many buyers prefer not to make the final order at the trade show, but to confirm the order later on, when they have returned home and had the time to review all the orders in their entirety.

For the exhibitors, the contact information database is one of the few documentation of the trade show. Overall, the degree of systematic documentation amongst the exhibitors was relatively low and concerned mostly the contact with the visitors. Complementary notes, such as the person the visitors met, the products they were interested and preliminary orders were taken down alongside with the contact information.

#### 5.2.4 *Communicating Product Information*

The respondents brought forth the importance of communicating the intangible aspects of the product. As consumers are becoming more and more aware of the story and underlying values behind a product, buyers are looking for selling arguments that resonate with the mindset of the consumers. In addition to the product information, visitors of the trade show are looking for deeper knowledge regarding the underlying values and stories around the product, as the following quote illustrates.

*“What we’ve noticed, is that it’s not about the brand and the brand’s story but the product and the materials and the story of the materials, where they come from. More and more we go into the (manufacturing) process and create the story for the product itself.” (Founder/Board Member, Beta)*

The person at the trade show booth represents a brand through his or her actions and is able to communicate complex issues, such as the values and the vision of the brand to the buyer through dialogue, but also through non-verbal communication. The emotional knowledge and trust generated plays a key role in sharing knowledge and different mindsets.

*“I suppose there is a bit of downright (communicating) what the brands believe in. Naturally, they have new stuff that they want to show. So it’s a good testing ground for seeing how much they believe in a certain product. [...] I think it’s awesome to meet people who are so deeply into the product. You see that they could just explode because they are so excited about what they are presenting to you.” (Buyer 3, buyer of men’s contemporary clothing, concept store)*

The emotional knowledge was valued by the buyers and was perceived to be of particular importance in building a long-term relationship.

As the dialogue deepens, the emphasis shifts from the sale of the item to the characteristic of the product and the brand, bringing the relationship from a business transaction to a more emotionally invested one. A buyer described the conversation with a brand he feels passionate about as follows:

*“Usually the conversation does not revolve around which product sells the most, but it’s more about presenting the product and its characteristics. And for that reason I buy (the brand) in such way that I*

*don't pick the products that I think will sell first. Rather, through discovering that there is something interesting here and only in the very end I start evaluating if I can sell the product or not.” (Buyer 3, buyer of men's contemporary clothing, concept store)*

Disseminating product information can take place in different forms. In its most simple form, it is done through sharing explicit information in the form of catalogues, price lists and look books. However, this type of knowledge transfer is one-way and tends to drown in the information overload of the trade show. To communicate the deeper values and vision of the brand and to foster emotional knowledge, face-to-face interaction is needed. Through dialogue, the exhibitor is able to convey complex and less well-defined concepts to the visitor and more importantly, make the knowledge “*stick*” in the mind of the receiver. Dialogue is an essential part of externalization, as well as stories, analogies and metaphors.

There is an abundance of information and knowledge available at the trade show which can be difficult to manage, for both exhibitors and visitors. Technology offers a solution for disseminating and managing trade show content. Some companies have seen an opportunity to mitigate the problem by providing an online platform service: companies can upload their marketing material to a web-based portal, where visitors can browse through them. The product information is available through the online portal even after the trade show ends. These types of services attempt to organize and reconfigure the information available at trade shows, making it easily available to the visitors.

### **5.2.5 *Creating and Maintaining the Company Image***

The trade shows are such established institutions in the fashion industry that they are perceived as a prerequisite of creating a brand's presence within the business.

*“(If we didn't go to the trade show) We wouldn't be a part of the industry. I think if a brand does not go (to the trade show), it does not belong to that category. It is clearly a step away from; I can't imagine that we would skip even one season. It tells about of our existence and it is a message that we are here [...] It says a lot about the situation (of the company) if you skip. It's not an option, and for us it has been the starting point since the first collection. Regardless of where the sales are made, it (the trade show) is important, really important.” (Designer/Owner, Iota)*

*“But then if I think about myself, that I would have to go Premiere Classe twice a year for 20 years, the thought is exhausting, to think that I have to be somewhere in order for my brand to exist. Because it exists otherwise as well.” (Designer /Owner, Lambda)*

Respondents perceived exhibiting at trade shows as being an important for maintaining and building the company image. Trade shows are chosen on the basis of the other brands that will be exhibiting.

*“It doesn’t matter how good your brand is, but if you are not there (among the other brands) that means that you are not playing the same game with them and your brand is not perceived in the same category with the others.” (Designer/Owner, Iota)*

*“We want to be present at trade shows that support our brand’s development and our image, meaning that they have enough of high level competitors around, so they attract certain kind of retailers, and maybe in their pull, the pull of the important brands, we might get discovered and chosen to the high-profile stores.” (Designer/Owner, Eta)*

Similarly, trade show organizers build their portfolio of exhibitors to match the brand image they want to project, attracting other similar brands to attend.

*“In the beginning in Berlin we paid (for the trade show stand, but then I was in with them (the organizers) and at some point they gave it for us for free. [...] there were big brands that paid big rents. So giving us a twenty square meter entertainment booth, where people come to drink Jallu, it was nothing for their business. For them it was nice to have people thinking, ‘Oh yeah, there are the crazy Finns drinking Jaloviina.’” (Sales Director, Zeta)*

The above quote illustrates that trade show as perceived as an important brand building activity both horizontally and vertically. The element of entertainment and feel-good is strongly associated with exhibiting, and appreciated by others. For microenterprises with limited financial resource having a strong brand and good relations is an invaluable asset.

For many participants, attending the fashion trade show is not only a platform for sending out brand messages, but a signal in itself and even the main reason for

exhibiting. For some of the most prominent and established trade shows such as Premiere Classe in Paris, exhibitors must apply to be able to attend. This sends a message to the other brands and visitors that the exhibitor has passed an elimination process and gained the acceptance of the trade show organizers. Moreover, as the costs related to trade show exhibiting are relatively high for a small company, it also gives a signal of financial stability. Therefore for buyers and agents, trade shows act as a reference, a guarantee of the quality and the trustworthiness of the company.

*“The Berlin fair was really for the purpose of creating a status; we wanted to seem bigger than what we are. It costs X amount of money to go there and you will get credibility with that. Like ‘Okay, if the brand is exhibiting here then it most likely is able to deliver’.” (Sales Director, Zeta)*

*“I feel that it (exhibiting at Premiere Classe) has been one of the reasons why I have gotten an agent from New York. Because it acts as a reference for them, tells them that I am at a certain level.” (Designer/Owner, Lambda)*

Respectively, also not taking part in trade shows is perceived as a message, raising questions about the financial standing or marketing strategy of the company.

*“[...]she (an exhibitor) wants to stop coming here but if they stop now, then people will think that they are going under, bankrupt. So she can’t stop doing trade shows, but she has to keep going, purely for the status[...]status and creating a presence and PR.” (Designer/Owner, Lambda)*

*“It is a signal, if you are not there. People will think that either you don’t have the money to pay for it or then you have another strategy that can work for you or against you. If nothing else happens then it’s a sign and people will wonder why you are not at the trade show and if everything is okay.” (Sales Director, Zeta)*

Trade shows create a neutral backdrop for brands to recreate their position in the field of fashion. In many trade shows, the booths are standardized, with blank walls and limited possibilities to customize as Pictures 3. and 4. from Premiere Classe and Capsule in New York illustrate.



Picture 3. Trade show space at Premiere Classe



Picture 4. Trade show space at Capsule in New York

Standardized trade show stands democratizes the exhibition space, putting the products on the forefront and bringing the exhibitors on the same line. Some of the respondents experienced the abundance of brands participating in the trade shows frustrating and even having a negative effect on their own brand image as they have to work hard to differentiate and stand out in the crowd.

*“Everybody shows their worth there (at the trade show), because there’s so much of everything and all the brands next to each other. It creates a certain ‘dime in a dozen’ vibe.” (Designer/Owner, Kappa)*

The size and location of the booth signal the status of the brand. The booth projects the current position of the brand and the two should ideally develop hand in hand. The size of the trade show stand grows in connection with the size of the collection.

However, major brands with adequate financial resources can throw off this balance of comparability with large booths and extravagant artifacts.

*“Big and impressive stands grab your attention and create the image that level of business is high and advanced.” (Designer/Owner, Theta)*

*“I think the thing that is distorted at the trade shows is the image boost of big brands. Everything you see from the outside is a skating rink or horse polo field, carrousel and that kind of ostentation. The stands are closed and you can only get in to see the collection with a ticket, but it’s more of a show-off. [...] Who has the biggest and most ridiculous thing.” (Creative Director/Owner, Epsilon)*

Some of the respondents perceived them as an opportunity of communicating the brand personality and characteristics through their own behavior as can be seen from the following quotes.

*“Perhaps one part of (our brand) is how reckless our people are out there, in good and bad.” (Sales Director, Zeta)*

*“It has so much to do with our brands essence that we have the energy to go out and meet new people and talk to them. What we give from ourselves is that feeling.” (Designer/Owner, Iota)*

The numerous events outside the trade shows, including dinners and parties are considered to be a concoction of business and entertainment. Although seen as a venue to relax and catch up with colleagues, the evening outings are also opportunities for promoting the brand through the presence and behavior of the representatives. Through the attendance at trade shows and post-show activities brands establish and strengthen their positions in the eyes of their customers and peers.

### **5.2.6 Competitor Assessment**

Trade shows provide a favorable venue to observe the competitors and their offerings. The respondents emphasized that espionage was not it question, but the observing done at the trade show was open and exploratory as oppose to intentionally focusing attention to a particular competitor’s product. According to the data, the exhibitors form a general big picture of the field based on the offerings of their competitors.

*“Unfortunately nobody will come and get you from Finland, so it is extremely important to be at the right trade show, where there are real, global competitors to get an understanding of what others are doing, what works for them, what brands are the buyers visiting, what products are they pulling and what looks popular. You can’t be ogling at the neighbor stall the whole time, but you can get a pretty good cross-section of what works and what doesn’t.” (Designer/Owner, Eta)*

According to the respondents, the trade shows were chosen according to what other brands was exhibiting at the trade show, so the companies can position themselves with similar brands or the brands they aspire to be in the future. For small microenterprises, trade shows are a good place to observe the brands they look up to and pick up good practices from them. The respondents perceived that the Finnish field of fashion is limited in size and not as advanced compared to its neighboring countries. In order to succeed in the fashion industry, most Finnish fashion startups are born as globals, due to the small size of the domestic market. The starting point for Finnish fashion firms is challenging, especially given the dearth of industry leaders to benchmark. Thus, the international fashion trade shows are an arena where the realities of the global competition can be seen in concrete terms, presenting a learning opportunity in many ways. Moreover, it is a chance for exhibitors to reflect their own positioning and strategy against their competitors.

### **5.2.7 Gaining Market Knowledge**

Operating in a high risk and volatile industry such as fashion, companies regard international social networks as a more valuable source of knowledge on potential partners such as buyers and agents, than agency information. Small firms typically possess limited foreign market and business knowledge, and are exposed to high levels of uncertainty regarding potential clients and their demands. (Blomstermo *et al.*, 2004) Information and knowledge relating to the foreign markets were valued by the brands participating trade shows. Whilst general information might be relatively easy to access via internet and other secondary sources, entering a new market area requires more specific knowledge. Many underlined the importance of exchanging current market information with customers and brands from abroad, as this kind of information and knowledge is difficult to obtain from other channels. Information received through personal interaction was also perceived to be trust worthier than information available from other sources, such as the internet.

*“Asian and Russian markets are still quite troublesome, even searching information online is challenging, because they don’t necessarily have websites in English [...] So it’s very difficult even to search for information.” (Designer/Owner, Theta)*

For exhibitors, other brands are sources of knowledge about industry news, foreign markets, and potential buyers and suppliers, but also warnings about untrustworthy partners in the form of a “*mouth to mouth blacklist*”. The exhibitors and buyers both underlined the significance of information exchange at the trade shows, as the domestic market and fashion industry was perceived to be small and geographically secluded.

*“[...]especially as we are in Helsinki, beyond the periphery[...]*”  
(Creative Director/Owner, Epsilon)

*“And especially since we are in Helsinki, where you don’t have the network. We don’t have it here. Just think about Copenhagen, how many brands they have there.” (Designer/Owner, Iota)*

*“The bubble bursts every time you get to the airport, at the latest by the time you board the plane to Helsinki, you’re like ‘Dammit... This wasn’t so cool after all.’ It’s always followed by post-trade show depression. You always realize (at the trade show) that Finland is such a small place.” (Buyer 3, buyer of men’s contemporary clothing, concept store)*

Much like the case with competitor information, participation at the trade show also acts as a “*reality check*”, an opportunity for participants to reflect their home market to what is happening elsewhere.

Fashion trade shows attract visitors from all over the world. Especially the Paris Fashion Week is regarded as an esteemed institution within the industry. Fashion professionals from Europe, Asia and the US all gather to see the offering for the coming season. Through interaction with visitors from diverse backgrounds, exhibiting companies have an opportunity to acquire first-hand market information on various countries. Otherwise market research for the microenterprises would be a costly procedure that only few could afford. The respondents regarded trade shows as an important opportunity to tap into the cultural, political, legal and economic knowledge of foreign markets, understanding the customers’ needs and testing the waters before initializing any market entry measures. Moreover, exhibitors based in different locations share tips regarding potential buyers and suitable retailers for each other. Finnish brands

perceived that because the Finnish market is relatively unknown to many retailers, they hold an advantage in having rare information that can in return be exchanged for other information.

### **5.2.8 Increase Employee Morale and Motivation**

Attending trade shows also effects the motivation of the trade shows participants and nurtures their passion and drive for their work and the fashion industry.

*“I like the hectic feeling (of being at the trade show), there is a lot of work and you’re in a weird state of mind, like you don’t know if you are sober or drunk. Or if it’s day or night. But it’s a positive energy that pushes you forward; it’s an amazing feeling. I enjoy it tremendously.”*  
(Buyer 3, buyer of men’s contemporary clothing, concept store)

Although not mentioned explicitly in the interviews, the observation of the exhibitors at the trade show revealed, that trade shows act as a team building exercise. The exhibitors spend the few days at the trade show intensively together, bringing them closer on a personal level. Although the days are long and consuming, the dinners and free time outside the trade show boost the morale of the employees, making the team more cohesive. Spending time together intensively also enables observation, imitation and learning by doing. A great amount of tacit knowledge is transferred and practices and routines can be learned during trade show travels.

### **5.2.9 Participation in Professional Community**

Social contact during trade shows, especially for recurrent participants contribute to the sense of community. Interaction with people who share similar professional interest and challenges is an important driver to attend trade shows. As trade shows collect up to several hundreds of exhibitors under one roof, it is only natural that not everyone that is exhibiting is in direct competition with each other. Relationships close to friendships are formed that can act later on as a support network for many designer entrepreneurs, and microenterprises, who do not have a larger organization behind them. As discussed earlier, many of the interviewees felt that the size of the Finnish fashion market has resulted in a lack of a sizable professional fashion community. The respondents stated that there are not many counterparts to have professional conversations with. Therefore, the thoughts exchanged at the trade shows with peers were valued, as they give a new

perspective and insight.

*“In principle everyone gives advice, even in detail, and we have been talking about factory settings and things like that. Or about the challenges, if a retailer doesn’t pay. But I wouldn’t go up to a complete stranger. (I talk) To those who I’m familiar with. [...] When you work by yourself, you don’t really have anyone to ask. So it is beneficial to be able to ask about how others do their business and do they experience similar challenges with factories and such.” (Designer/Owner, Lambda)*

Many respondents stated that through attending the trade shows they felt like they were a part of the fashion industry. This feeling of being a part of a professional community was strengthened at the trade shows as the interviewees perceived the domestic fashion field to be less developed than abroad. The international experience of others was valued and in some cases the participants intentionally sought out interaction with actors outside their home country to exchange information and learn from others.

*“It’s unfortunate to say, but in Finland, when it comes to branding, there is very little the kind of vision and knowledge that interests me. I don’t want to sound like an elitist idiot but... Here I can’t have a conversation about the products on the same level as I can with the representatives of international brands. It’s on two totally different levels.” (Buyer 3, buyer of men’s contemporary clothing, concept store)*

*“In Finland it’s really difficult to find (other brands). There are very few instances here who do what we do, have industrial manufacturing and go to the trade shows.” (Designer/Owner, Iota)’*

The knowledge and know-how pool of the Finnish fashion community was clearly deemed lacking in the eyes of the interviewees, which resulted in the active knowledge search and information exchange with international participants. This was further underlined by the need to strengthen the footing in international markets. Participants share their stories and experiences at the trade show. During the Gallery trade show in Copenhagen, a visitor came by the booth, she had met the Finnish exhibitors earlier and promised to come back to give her opinion about the collection. The visitor told that she was previously working as a marketing manager of a renowned Swedish fashion brand until she recently decided to start her own business designing and selling stockings. The visitor shared her experiences with the Finnish exhibitors and her insights about the current situation in the Danish fashion market, evaluating the collection and suitability

of the product for Scandinavian markets. Similarly, the Finnish exhibitors gave advice of potential retailers in Finland. The exchange of knowledge and information was done in a very informal manner, embedded in casual conversation, which flowed naturally from one topic to another, ranging from personal matters to business related issues. This is just one example of the many encounters taking place at the trade show that was observed.

The exhibitors perceived working in the fashion industry as a more than being an occupation, as a lifestyle, highlighting the passionate attitude towards their job.

*“Often (fashion) people are so crazy about what they are doing, it’s different from people talking about an office job they might have.”  
(Designer/Owner, Iota)*

*“A great deal of the work is done alone in the studio, mostly inside your own head. So when you go there (to the trade show), everyone is on the same line somehow. So even though you have people there, who have been in Vogue and who sell damn well, but when you’re there, somehow, everyone is just making shoes. It’s like: ‘Welcome to the club.’ There everyone feels like, here we are, not as competitors so much, but like we are here because of the same thing.” (Designer/Owner, Lambda)*

*“The trade show trips are really inspiring, although they are tiring, consuming and sometimes cause grief, but you feel like you are a part of this business. [...] Having people know your brand, usually the press is well aware of it that is the important feedback and incentive to take with you and with draw back to Finland, be by yourself and reflect on things from here.” (Designer/Owner, Eta)*

Sharing the passion and experiences with peers was considered as valuable and increased the motivation for one’s own work. Attending the trade shows reinforced the feeling of being a part of a professional community.

#### **5.2.10 Receiving Feedback from Visitors**

Being able to see, touch and feel the products produces a rich environment to observe the reactions of the visitors. Direct feedback from the customers was perceived as valuable from both the designer’s and marketer’s point of view. The undiluted initial reaction of the buyers and media is something that exhibitors unique to the trade shows

as the exhibiting companies rarely get a chance to receive great amounts of direct feedback in a matter of few days. It is possible to analyze and evaluate the commercial value of different product designs through the orders customers have placed, but in the fashion industry, which balances between the business and art, the PR and design value of the products is equally as important. Trade shows are important venues for designers to observe the reactions of the visitors, the most eye-catching piece might not be the top selling item of the collection, but it serves an image-building function. Likewise, the media representatives are looking for different things than the customers. The face-to-face encounters also allow the observation of visual cues, such as facial expressions and gestures, which would otherwise be impossible to convey. If the exhibitors were not to attend the trade shows, they would receive the customer feedback through other intermediaries, such as agents and importers, who all have their own agendas. The feedback from customers is then processed to develop the next collection.

*“Even though at times it is uncomfortable as a designer to be at the trade show booth, it’s a good slap in the face, necessary for the development (of the brand), pain over every collection, to reflect upon it and see what could have been done better.” (Designer/Owner, Eta)*

Product development is one of the few things that the interviewees explicitly said the knowledge gained from the trade shows had a direct impact on. The knowledge was often shared with other members of the organization and the analysis of the knowledge was mostly done informally through collective reflection and dialogue.

None of the respondents had formal methods or systems for internal knowledge processing or post-trade show assessment, although the newly gathered knowledge was placed and implemented in context of their everyday work.

Through the feedback, information and knowledge acquired from the trade shows, the brand can design an optimum product portfolio with the right balance between commercial and brand building products. The following quote from a buyer illustrates the mindset when making purchases – an interplay between commercialism and intuition.

*“But when it’s time to write the order I go to an engineer-like state of mind, I think about how many pieces I can sell which product. With the bigger brands, I aim to have 70-80% of the products that I can see the customer that I can sell for sure. And the rest is what makes it (the selection) interesting. That it’s something, not totally crazy but...” (Buyer 3, buyer of men’s contemporary clothing, concept store)*

Understanding the logic of buyers and the purchasing behavior helps the exhibitor to

develop future collections and the brand as a whole. The feedback from buyers can act as catalyst for deeper analysis of the brand and guide the brand development process.

*“The commercial level is debatable (in fads), it can be more of an attraction to get the buyer to come in but then he ends up buying the black and the navy, and a shirt, but not the print trousers.” (Designer, Gamma)*

*“[...] it encouraged me to make more original things. The feeling that I got from there (the trade show) was that it is good to have elements that catches the interest, and this showed in my next collection.” (Designer/Owner, Alpha)*

Through the feedback, information and knowledge acquired from the trade shows, the brand can design an optimum product portfolio with the right balance between commercial and more conceptual brand building products.

### **5.2.11 Self-Reflection and Assessment**

The dialogue and collective reflection with important stakeholders, such as customers and agents enables the exhibitor to identify improvement possibilities in product design concepts as seen from the previous section. The respondents considered the trade shows to be an important source of professional knowledge. The analysis and processing of the knowledge remained ambiguous for the respondents, who had unique and individual approaches to knowledge management.

*“They (the trade shows) are an integral professional activity and acquiring the information and material that is relevant to it. Although it might not be so active – like writing down notes on paper or Powerpoint or Excel, it stays in the back of your mind and is processed from there. [...]of course the information must be processed. Otherwise it stays in an abstract, strange state.” (Designer, Gamma)*

In microenterprises, where the designer is often the entrepreneur and manager, the analysis of the feedback might be loaded in different ways, influenced by the personal characteristics of the designer and the enterprise orientation. Therefore, bringing in different points of view through collective reflection can be beneficial.

*“(A typical day at the trade show) Slitting you wrists [laughs], at hourly intervals, ‘This is horrible’ (laughs), for a designer it is not easy being at the trade show [...] because the designer takes everything personally, if no one likes the collection or comes to look at it, nobody comes to visit for a few hours you immediately think ‘Why have I designed a collection like this, everybody hates me.’ (laughs) So it’s better that someone else is at the stand.” (Designer/Owner, Eta)*

Exhibiting at trade shows acts as a catalyst for business development discussions as exhibitors can constantly mirror their strategies and actions against their peers. The analysis and reflection occurs informally in discussions and conversations or tacitly in the head of the exhibitor.

*“Analyzing my own brand against what else is out there. How buyers and other visitors respond to my brand in an event with industry professionals. Some feel of, whether the things that I’m doing are interested for others, are they just walking past them, if it is interesting then what arouses the interest. Those are the things I try to pick up (at the trade show).” (Designer/Owner, Alpha)*

*“We always make notes of what to improve. And thoughts about the trade show that we update after every season so we don’t get into a rut and keep going to the same trade show that we take for granted, but to keep on exploring as the balance between different trade shows keeps on evolving.” (Designer/Owner, Theta)*

*“We discuss a lot (about the trade show).[...] and analyze over all what we should do differently next time, we talk a lot. [...] We constantly analyze everything, like was the timetable okay, and why didn’t that buyer come, and why did that buyer place an order this time. [...] We chit chat about it all the time. Not like we sit down and scrutinize it but we contemplate and analyze.” (Designer/Owner, Iota)*

Although the analysis process entails both explicit and tacit elements, a great deal of the self-reflection was embedded in informal conversations and discussions, as the above quotes demonstrate.

### 5.2.12 Relationship Development

Taking place twice a year, fashion trade shows bring together the actors in the fashion industry and act as a fixed time and place for meeting and exchanging news, depicted as a “*place where you meet everybody*”, “*social, carnival-like event*” where participants “*say hello*” or “*high-five*” friends and acquaintances.

*“[...]it is the place where you meet the same people once or twice a year and then you can go through the good and the bad news and ask ‘How’s it going?’ and develop your own business accordingly.” (Sales Director, Zeta)*

Many of the respondents mentioned trade shows as the venue where they have made all the connections in the fashion industry.

*“We have met so many, in fact all of our fashion industry contacts, starting from our agents...at the trade show. Well, at the trade show or somewhere after the trade show. But everything relates to the interaction during the trade show, be it at the trade show or wherever, after the trade show.” (Designer/Owner, Iota)*

Various informal social gatherings take place in context with fashion trade shows: the participants go for coffee, dinner or drinks after the trade show and attend cocktail hours and after parties arranged by the trade show organizers. These moments are important in strengthening the trust-based relationships, as trust is established more by informal and face-to-face means (Rosenfield, 1997).

*“[...]the business is created there, just by getting to meet the people (buyers) and you may go and party with them, or you form a personal bond otherwise, and then you get a mutual feeling of acceptance, like ‘I want to be involved with him in the future as well.’ It (business) has always taken off like that.” (Creative Director/Owner, Epsilon)*

*“For some (buyers) it is really important that they know us and they like us, and that we like them and we have some sort of connection and that we even go through together a little, or go through a lot about how we started our store, and things like that, so it’s like we are sort of friends.” (Designer/Owner, Iota)*

Respondents highlighted the ease and organic development of relationships through informal interaction during social gatherings in connection with trade shows. The social interactions were labeled as being "natural", "normal", and "not forced", parallel to "going out with friends". Different types of informal social outings can have direct business benefit as sometimes the decisions to begin working together are solidified elsewhere than the trade show booth.

*"Quite often it goes like, when you've some people during the day and had some conversations, the business side of things are still agreed upon during the night at the bar. It's quite common to book a dinner with some guys and then when you're drunk at some point of the night, it's like: 'Okay we will be your importer.'" (Creative Director/Owner, Epsilon)*

Interestingly, although the participants agreed that there are direct business benefits of networking and attending social events outside the actual trade show, the respondents emphasized that interaction that takes place in these events should not be strictly business related.

*"I like to go (to the events) and go through that level as well. I think it's more like networking and that sort of thing... Networking in this context sounds so calculating. I don't mean it like that; it's a more natural thing..." (Buyer 3, men's wear multi-label concept store)*

Moreover, the social outings outside of the official trade show program were seen as a venue to meet opinion leaders outside the fashion industry, who are not the target audience of trade shows, but still involved in the business, such as celebrities, musicians and other influential personalities who can have an impact of the visibility of a brand.

*"In a way you see a broader range of people (at the events). But they might be people who have a strong connection to the world around it (the fashion industry), you can meet all kinds of musicians and artists and the likes of. People you don't get to meet at the trade show because it's not part of their job, but they are interested in the after parties from another angle. So you get more perspective there, in a different way." (Buyer 3, men's wear multi-label concept store)*

The development of emotional knowledge and relationships through interaction at trade shows enables participants to tap into other companies' knowledge assets in the form of stories and advice. The prerequisite for a deeper knowledge exchange is that the

companies are not directly competing with each other and that the individuals have established a relationship and mutual trust.

*“Precisely because we are not in direct competition setting with certain brands [...] it is extremely fruitful to think about how they organize the sales and marketing. We have received a lot (of advice) from our more experienced colleagues [...] we have learned a lot ourselves, but from them, also. Everything doesn’t have to be learned the hard way.”*  
(Designer/Owner, Iota)

In respect to the vertical interaction with buyers and suppliers, face-to-face interaction was seen as prerequisite for establishing a relationship. According to the respondents, many buyers may follow the brand’s development for several seasons before making the purchase decision. The buyers are looking for consistency in the collections as well as verification that the brand will survive in today’s volatile economic situation. Relationship building is persevering and trade shows play an important part in it.

*“Few other people that I have been in touch with earlier, for many seasons. So they visited again. They came to say hi, so in a way we are one step closer (of doing business). But they didn’t order yet. So it’s like that, you have to be really persistent. Or then just trust that they wanted to meet you now, but they are not ready to buy yet. “* (Designer/Owner, Lambda)

*“We have had some old customers who have ordered from us several seasons in a row. And now suddenly they come to say hi and tell us ‘Hi, because of the financial situation, I can’t place an order at all. “*  
(Designer/Owner, Delta)

The connection the buyer has with the brand is established at the trade show booth and as the relationships develop and deepen over the seasons, the buyer becomes more receptive of the messages of the exhibitor. Furthermore, the conversation between the participants becomes more informal, which in turn facilitates the transfer of tacit and less well-defined knowledge. The dialogue between familiar participants alternates organically between business-related and social issues, as the following quote from a fashion buyer illustrates:

*“[...]the conversation varies between professional issues and what is*

*going on in New York or in Helsinki. The situation is always very laid back. Actually that's a pretty ideal situation. [...] the social side [of the conversation] is always underlined by the will to learn something from your counterpart. So it's not just asking the other person: 'Are you hung over today?' and stuff like that. You want to learn something from the other person and exchange thoughts." (Buyer 3, men's wear multi-label concept store)*

Another excerpt from an interview with an exhibitor illustrates the nature of doing business in fashion trade show, where the trade is often embedded in social interactions.

*"It's like we are friends and it's (the conversation) like 'Did you go see that (runway) show yesterday and you know, there's a party at that place and blah blah blah.' And then you do the sales in between and present your collection." (Designer/Owner, Iota)*

*"You form friendships, people you always see at trade shows from somewhere around the world, and it's just fun to see them and exchange news. [...] Usually the discussion revolves around how everyone says they hate going to the trade show [...] but then you also discuss about the business, if there are any new retailers and how are you guys doing in this market area, stuff like that. It is really important to exchange information." (Creative Director/Owner, Epsilon)*

The trade shows represent an intensive working period for both exhibitors and buyers. The days are long with the added weight of travel. As the fashion trade shows are often organized in junction with the Fashion Week, there are a number of events in the evening to participate, such as fashion shows, cocktail parties, dinners and receptions. When asked about a typical day at the trade show, several respondents said they arrive to the trade show venue with a hangover. While the statement was usually accompanied with a mischievous smile or a chuckle, it illustrates that the after parties are considered as an integral part of trade show participation. While some respondent deemed these "after hour" events as purely entertainment, most of the respondents saw business potential and concrete benefits in participating.

*"If you think about the collaborations we have done with other brands, they have often spurred from trade shows. Or the night after the trade show. At a bar, you start talking with someone and it takes off from there." (Sales Director, Zeta)*

*“Usually we go to the parties, especially in Paris it has been a really good way to maintain relations to the trade show organizers as well. The presence there (at the parties) and being noticed, we have found that it has really been valuable.” (Designer/Owner, Eta)*

The benefits of attending these events include PR and image value and networking. The respondents underlined that as relaxation and entertainment is the main purpose of these events, the discussions are informal and one should not impose business related topics unless they come up naturally in the conversation. There is a fine line between business and leisure at the events and participants balance between being casual and representing their organizations.

*“[...] usually we ask ‘Why you are here?’ and ‘Why I am here?’, but nothing like ‘Here’s my business card, come by the booth tomorrow.’ Never like that. [...] We have fun together, as if we were out with friends, like it’s normal. We can talk about business but not with a purpose of selling. (Because) The buyers and exhibitors all come there to spend their free time.” (Designer/Owner, Iota)*

According to the respondents, the relaxed and natural way of networking is a skill that can be learned and develops with time. The conversation cannot be forced seem calculated and intentional. This echoes with the findings of Perrow (1992), according to which trust cannot be intentionally created, but it is generated when there is a proper structure and context, implying that the generation of trust can be facilitated given the right circumstances. The emergent and serendipitous nature of trade shows bring out the impulsiveness of the actions and participants avoid excessive orderliness.

*“Networking does not mean that one goes to network in the evening and is allowed to drink three glasses of wine. Some people do not realize that. You have to have eye for the game, discretion and certain relaxedness, it not like you decide to go form relationships at the bar. I always go and see what happens.” (Designer/Owner, Iota)*

The contacts and encounters made during the day can be deepened during the after hour events, in the midst of relaxing and entertaining.

*“We establish a lot, a lot of relationships and deepen them at the parties and the taxies and while waiting for the taxi, and at the dinner. And, it*

*can go on until the early hours, but I think that's the most important (thing), 'cause then the next day at the trade show we can feel a sense of brotherhood or sisterhood, and be like 'Phew, how did it go?' and 'Oh yeah, did Paul get home okay?' And suddenly you know five more people through that one guy, because people hang out in big groups there (at the trade show)."* (Designer/Owner, Iota)

*"I think that they are really important, because there you create that deeper contact with the people you've met during the day. If it weren't for the trade show it would mean that you have to invite people over to party and hangout. So the trade show provides a good ready-made situation for that."* (Creative Director/Owner, Epsilon)

Fostering the key customer relationships can be a competitive advantage for the exhibitors and a way to differentiate from the competitors. However, the exhibitors acknowledged that the relationship can only bring added value, not compensate the problems on the product level, such as design and quality.

*"Our business is harsh in the sense that it's about the product in the end. Although you have great chemistry with a customer, in the end it's about whether the product has met the expectations. [...] Even if you are friends on a personal level with a customer, in the end money talks, if he can sell your collection [...] This is not charity."* (Designer/Owner, Delta)

In conclusion, the customer relationship can be developed and deepened through the personal interaction at the trade show, generating competitive advantage at best.

### **5.2.13 Getting inspired**

Most of the exhibitors found the trade show environment to be inspiring, enabling different types of observation and interpretation of coming trends. During the trade show, participants actively gather information about their surroundings. The respondents described the observation process as *"snooping"*, *"spying"*, *"peeping"*, *"[...] exploring and constantly keeping your eyes open – trying to observe and take in as much (information) as possible"*. In addition to the products at display, the participants also made notice of the space itself and draw inspiration from the interior design or installations made at the trade show venue.

The participants are scanning their environment at the trade shows with a broad lens,

not so much looking at each product but with an aim to formulate a general picture of the trade fair and different stands. However, in addition to drawing inspiration and sensing the trend movements, the exhibitors do take advantage of the trade show environment in concrete problem solving cases as well.

*“The things that stick to my mind and that I take pictures of are the stands that are well built, designed so that they are easy to assemble and disassemble and look good. You know, when you have to think about the same issues yourself when you go to the trade show [...] We have a similar problem, and that might be a good solution for that.”*  
(Founder/Board Member, Beta)

The field of fashion is built on the idea of change and the constant evolution of trends. Although the trends are more visible further upstream the value chain – namely the fabric fairs, where the trends in colors and materials are more apparent, the exhibitors observe the fashion trade shows to pick up the general movement of the industry. For visitors, the importance of trade shows as platforms to identify weak signals and upcoming trends is greater than for the exhibitors. For exhibitors, when the products are on display at the trade show, it is no longer possible to make any changes to the collection and thus the observations made are rather used to verify the design choices made.

When the respondents were asked about how they identify the upcoming trends, the answer was a combination of mathematics and intuition. Elements that are seen repeatedly throughout the collections are easily recognizable trends, whereas weak signals – things that have a potential of blossoming into trends, require tacit knowledge to be identified. Trade show participation contributes to developing instincts for translating observations to working concepts. The respondents described the recognition process as being intuitive and developing with experience.

*“I don’t know, people who do this for a living, perhaps we share some kind of collective fluff. People say that there is something in the air. It’s some kind of extraordinary collective intuition about a certain thing.”*  
(Designer/Owner, Delta)

*“You just know. You develop an eye for it and the intuition, so you really know how to pick (the right items). You just know it.”* (Designer, Gamma)

*“For me it has always been a sort of thing that I just know it, I can’t*

*explain it. You just see it, you just know, I don't know... [laughs] yeah."*  
*(Buyer 5, women's wear & lifestyle multi-label concept store)*

A prominent source of inspiration was also the attire and style of the visitors, who represent the industry professionals, as well as the “street style” of the passersby. This implies that the trade show experience is not extends further than the exhibition venue, as the travels themselves expose the exhibitors to new cultures and environments, adding to their knowledge assets.

*“If you want to as many stylish men as possible in a short amount of time, that's the place where you want to go. It's mind blowing. There are some really stylish people there. I like to follow it (the scene) and I always have a bar there where I have lunch every day. I have my salad and a glass of wine and it's awesome to look at the people there. Especially the Italians, buyers from Milan. If people in Helsinki looked like that someday then we would have done some really good things here.”* (Buyer 3, men's wear multi-label concept store)

When asked to analyze what kinds of things they observe visually and how the observations are applied in their work, respondents had difficulties in verbalizing the observation process taking place in trade shows.

*“A little bit of everything but nothing like... I never go to a trade show with an agenda to see what color clothes people have done for the next season or anything like that so... Although you never know what rubs off subconsciously, whatever trends you might see.”* (Creative Director/Owner, Epsilon)

*“I can't really say myself on what level it (the analysis) happens, it can be unconscious with many things. But it (the trade show) is definitely a source of inspiration.”* (Buyer 3, men's wear multi-label concept store)

The respondents took notice of the colors and materials of the collection on display at trade shows, but generally, they could not break down the analysis process. The process was described as being intuitive and that the observations “stay in the back of one's mind” for future use. In addition, the respondents acknowledged that a great deal of the observation and analysis process remains unconscious. While the respondents emphasized the importance of observation during the trade show, they also pointed out the significance of individual interpretation of the observations. The idea is not to copy

the designs of others, but to get inspiration and produce distinctive interpretations out of the rich sensual stimuli.

*“Especially for smaller brands the most important thing is to have your own point of view, the reason why you exist. [...] You should trust your own vision and intuition. If you see that all the Swedes have designed a blue collection, that doesn’t mean that you should design one as well. [...] You have to know how to filter and analyze the inspiration and information from the trade show somehow. You have to know how to filter it for your own work and brand.” (Designer, Gamma)*

Physical proximity of actors, albeit temporal, acts as a facilitator for the identification of weak signals. Although much of the product information present at trade shows is available on the internet, face-to-face proximity enables the recognition of emerging issues and “buzz”.

*”[...]if there is an industry hype about something, or that other people are talking about something, whatever that might be, whether it is a snap back cap and there is a good manufacturer for them somewhere, nobody writes about stuff like that on the internet, so it’s more like you have to be there and see and experience it.” (Creative Director/Owner, Epsilon)*

In conclusion, the trade show participation contributes significantly to the experiential knowledge assets of the company. As one respondent summed up the trade show experience:

*“The offering is social, being together, which is important in this business. And finding the feeling and that kind of... getting inspired about things.” (Buyer 3, men’s wear multi-label concept store)*

The social nature and physical proximity of different actors within the industry play a key role in gaining market knowledge and sensing trends in the field of fashion.

#### **5.2.14 Gaining Industry Experience, Learning Practices and Routines**

Trade shows set the pace for the sales season in the fashion industry. Through attending trade shows repeatedly, exhibitors gain industry specific experience, learn skills, practices and routines. For instance, exhibitors develop a sense of discretion and the

ability to make circumspect decisions when dealing with customers. The sales situation at the trade show is a challenging one in many ways: in most cases the booth is usually quite small in size, it might be crowded, visitors are in a hurry and surrounded by noise and commotion.

Moreover, there are certain practices in information exchange, which need to be taken into account before engaging in such activity. According to the respondents, there are unwritten rules when it comes to acquiring information from other participants. These social norms are learned through the interaction with other participants.

*“As you learn to chitchat and then you throw in a snappy question in between the small talk, you can obtain a piece of knowledge that otherwise would take you quite a bit of time and money to get. So you can get valuable information in a matter of minutes.” (Designer, Gamma)*

*“We could never, we would never have the nerve to go and ask, ‘Where do you make those (clothes), can you give us the contact information?’ It cannot go like that, and sometimes it is funny to think that some people may imagine that ‘I’ll just come here and ask you where you manufacture that.’ You just don’t, it doesn’t work that way.” (Designer/Owner, Iota)*

*“You don’t compete with everyone at the trade show. You don’t go directly to an unfamiliar competitor and ask them to give you all the information. It requires a level of emotional intelligence to know who you should talk to about what and who you can presume to ask about certain things.” (Designer, Gamma)*

Practices like these cannot be written down in a manual or instructions, but rather the knowledge transfer takes place through observation and imitation, learning by doing as the following quote demonstrates.

*“We go through things together, like how to talk about the collection, what was the inspiration behind it, what to pay attention to, and how... when there is a new employee I have advised how I’ve seen others do it, what I think works quite well, how to talk about the products and how to present them to the customer. For example, how to physically hold the product in your hands so you don’t just let them stand on the shelf passively, but to bring them in front of the customer. Somehow it’s more concrete to touch the products in the presentation situation and little*

*things like that, details in psychological sales.” (Designer/Owner, Eta)*

Through attending trade shows repeatedly, exhibitors gain industry specific experience, learn skills, practices and routines. These social norms are learned through the interaction with other participants.

## 6 DISCUSSION AND ANALYSIS

The knowledge created and shared at trade shows is highly tacit by nature. Table 7. compiles different trade show activities and the corresponding phase in the SECI model. The dominance of tacit knowledge at the trade shows can partially be explained by the fact that sample of this study consisted of microenterprises that typically lack the practices of systematic documentation, evaluation and analysis of the information and knowledge acquired at the trade shows. However, there were certain factors that emerged from the data, independent of the company characteristics.

Table 7. Trade show activities and the corresponding phase in knowledge conversion process

<p><b>Socialization</b></p> <ul style="list-style-type: none"> <li>Identifying potential customers</li> <li>Gaining access and interacting with key decision makers</li> <li>Getting inspired</li> <li>Relationship development</li> <li>Increase employee morale and motivation</li> </ul>	<p><b>Externalization</b></p> <ul style="list-style-type: none"> <li>Competitor assessment</li> <li>Disseminating product information</li> <li>Receiving feedback from visitors</li> <li>Creating and maintaining the company image</li> <li>Gaining market knowledge</li> <li>Self reflection and assessment</li> </ul>
<p><b>Internalization</b></p> <ul style="list-style-type: none"> <li>Gaining industry experience, learning practices and routines</li> <li>Participation in professional community</li> </ul>	<p><b>Combination</b></p> <ul style="list-style-type: none"> <li>Gathering a database of prospect contacts</li> </ul>

Many of the trade show activities fall under the socialization phase. The myriad of encounters taking place at the trade shows provide a rich array of social interaction, which is the foundation of the socialization phase of knowledge conversion process. The activities that correspond to the socialization phase involve observing and interpreting one's environment and the behavior of others at the trade show. The data supports Nonaka's view of socialization: different mental models, experiences and emotions are shared among participants and knowledge is shared through joint activities

in the same environment as opposed to written or verbal instructions (Nonaka & Konno, 1998). The interaction at the trade show was perceived to be informal by nature and the self-transcendence of participants, fundamental to sharing individual tacit knowledge took place naturally. The trade show activities corresponding to the socialization phase were in great deal intuitive and respondents did not systematically plan the activities or have explicit targets for the activities. The observation taking place at trade shows is open and not focused on anything specific. This finding supports the findings of Maskell *et al.* (2006) that the knowledge creation focus at trade shows is vision oriented with a diffuse focus.

The activities corresponding to the socialization phase contribute to the experiential knowledge assets, similarly tacit in nature. Therefore, it is not surprising that the respondents had difficulties describing some of the activities in detail. The participants were aware of the knowledge gained through observation and interpretation of the environment, but were unable to analyze it or specify where the knowledge was applied. In general the reflection and assessment was done verbally or internally in the head of the entrepreneur, contributing to the experiential knowledge assets of the organization. This supports the notion that entrepreneurs prefer experiential learning over more formal methods, such as studying manuals.

The trade show environment rendered the social interaction organic and natural. Although a business setting, the relationships formed and nurtured at the trade shows resembled friendships. The emotional knowledge acts as the basis for the knowledge conversion process (Nonaka *et al.*, 2000). The trade show experience can be seen as a *ba* in itself, where the trade show is not only a physical venue, but also a mental space, where participants share a similar mindset and focus. What is more, the physical proximity of actors at the trade show is found to facilitate the acquisition and transfer of tacit, personal knowledge, resonating with the finding of Nonaka & Konno (1998) that direct interaction with customers supports the knowledge acquisition process.

The activities corresponding to the externalization phase were also numerous. The goal setting was clearer and more explicit with these activities. The knowledge was gained through dialogue thus adding to the tangible conceptual knowledge assets of the organization. For instance, gaining market knowledge and applying it to product development relates to the externalization phase, as tacit knowledge gained is converted into tangible artifacts. Similarly, the image building activities at trade shows relate to the externalization phase of the SECI model, as the aim is to convey the brand characteristics through tangible artifacts.

Tacit knowledge possessed by visitors is articulated through their reaction to the product, enabling exhibitors to interpret the meaning visitors give to the product and brand (Nonaka *et al.*, 2000). Indeed, externalization involves the conversion of highly personal or professional knowledge of customers into explicit knowledge (Nonaka &

Konno, 1998). This explicit feedback from trade show visitors is easier to interpret and understand and when documented, can be shared with other members of the organization, prompting also collective reflection. The participation in trade shows prompts the exhibitors to not only reflect on their performance at the trade show, but also their business in general. The process is individual and is mostly done informally through dialogue. As such, the self-reflection and assessment represents the externalization phase of the SECI process.

Trade show activities corresponding to the combination and internalization phase were fewer in number than the two other phases of the SECI process. Compiling a database of contact information relates to the combination phase of the SECI model, where explicit knowledge is converted to explicit. Arranging and reconfiguring explicit information may result in the creation of new concepts. The new online services at trade shows collect information of the exhibitors' to an online platform, where it is available for visitors, even after the duration of the trade show. By doing so, they are arguably creating new knowledge, as systemizing concepts into a knowledge system is a part of combination mode in the knowledge conversion process (Nonaka & Takeuchi, 1995). Furthermore, these types of services are extending the physical trade show experience to a virtual space, energizing systemizing *ba*.

Dissemination and processing of the explicit knowledge are important phases in combination. In microenterprises, the phases take different forms than in their larger counterparts. As oppose to presentations, meetings and reports, microenterprises rely on informal discussions and collective dialogue to process the newly acquired knowledge. Dialogue is an effective method to deepen explicit knowledge and create new knowledge through systemization, which is key in combination phase (Nonaka & Toyama, 2005)

Due to the lack of documentation at the trade show, a great deal of knowledge remains tacit within the minds of designer-entrepreneurs. In order for a more extensive combination phase to take place, where explicit knowledge is transformed to explicit, more systematic documentation needs to happen. Simply through physical proximity with other actors, the exhibitors absorb and adopt industry specific practices and routines, and develop their own, contributing to the tacit knowledge base through the internalization process.

In conclusion, much of the knowledge gained and shared at the trade show environment is tacit in nature and remains undocumented. Often, the knowledge management system is the designer-entrepreneur him/herself and highly individualistic. Similarly to enterprise orientation, the designer entrepreneur's individual attributes, prior experience and capabilities influence the trade show activities and the knowledge management activities accordingly. While some respondents experienced working in the fashion industry as a lifestyle and it being more than a mere profession, others saw it as

a business and a job. The majority of the respondents were more design than business oriented and emphasized the importance of forming long lasting business relationships resembling friendships, while the more business oriented respondents perceived the linkage between relationships and business to be less relevant and the meaning of informal gatherings, such as the cocktail events and parties to be less significant to the business.

## **6.1 Antecedents of Tacit Nature of Knowledge Created in Trade Shows**

The knowledge created and shared in trade shows is highly tacit by nature. The findings of this study support Gourlay's (2006) critique of Nonaka's theory in which all tacit knowledge can be converted to explicit. In the following section, the findings of this study will be presented from this viewpoint, highlighting the special characteristics of knowledge processes typical to fashion trade shows, the importance of physical proximity and face-to-face interaction and the implications of the personification of the fashion industry.

### ***6.1.1 Face-to-Face Interaction as a Knowledge Creation Facilitator***

As the previous section implies, much of the knowledge created and shared at the trade shows is tacit by nature. The physical proximity of variety of actors enables face-to-face interaction, which is especially important when transmitting information and knowledge that is imperfect, rapidly changing and difficult to codify (Storper & Venables, 2004). Like the respondents of this study stated, the communication at trade shows is multidimensional, encompassing physical and unintentional interaction, made possible by the physical proximity of actors. Many creative activities taking place at the fashion trade shows embody the aforementioned elements. The interaction between the buyer and exhibitor at the trade show booth takes place on multiple levels, the verbal dialogue is only a fraction of the communication process. The visual and behavioral cues are equally as important in interpreting the messages and capturing the knowledge. Moreover, learning takes place at the trade show simply through observing and being close to other actors.

The information and knowledge acquisition at trade shows can be both formal and informal. Formal information acquisition takes place mostly in the form of one-way communication, including information obtained at presentations, press releases and catalogues. Informal trade show information acquisition occurs typically as a two-way

information sharing process between participants. Informal information acquisition occurs during casual conversations, chit chats and discussions at lunches and dinners. (Bettis-Outland *et al.*, 2010) The respondents of this study engaged in both, but the informal interaction and knowledge acquisition was perceived to be more effective and the trustworthy, with a greater chance to lead to a business transaction.

Informal and face-to-face interaction offers a valuable basis for knowledge creation. According to authors such as Nonaka and Nishiguchi (2001), most if not all knowledge is created through an interactive process of experimenting and dialoguing, which involves several individuals. Soo *et al.* (2002) consider informal communication channels to be a rich source of knowledge that cannot be found in databases or company manuals. This aspect is further emphasized in the case of microenterprises, who rarely have formal and systematic knowledge repositories. Much of the knowledge is held by the entrepreneur and the employees' minds and is never made explicit. This supports the notion Amin & Cohendet (2004) made about the costly efforts that have to be made in order to transform tacit knowledge into explicit. The limited resources of microenterprises are placed elsewhere than converting knowledge.

The newly gained knowledge is processed through informal collective reflection and dialogue between the members of the organization. The importance of informal interaction is a crucial element for the creation of knowledge, especially when the knowledge is systemic, complex and tacit. (Bhagat *et al.*, 2002) The participants actively scan their environment and make sense of their surroundings at the trade show and interpret the knowledge gained and apply it in their business strategy. Relating to the concept of *ba* according to Nonaka *et al.* (2000), trade shows represent a shared space for emerging relationships, acting as a platform for knowledge creation between participants.

Nonaka and Takeuchi (1995) postulated that explicit knowledge can be convert to tacit knowledge in internalization without having to “*re-experience*” *other people’s experiences*”. Similarly, through sharing life stories and experiences, they can be converted into tacit mental models of others. Hence, trade shows hold a great significance especially for fashion startups that can gain valuable lessons through observing and interacting with their more experienced peers. This brings us to the second characteristic typical to the knowledge processes in trade show environment, the personification of the fashion industry.

### **6.1.2 Personification of the Fashion Industry**

The findings of this study imply that personal relationships play a crucial role in the fashion industry, particularly for microenterprises, which rely on the network of

contacts in knowledge and other resources. In order to capitalize on the knowledge resources of others the actors must first identify the holder of the relevant information. Therefore, the know-who is as important as the know-what. The social nature of the trade shows allow for the identification and encounter of the useful contacts.

Trade shows provide a neutral ground for participants to form both vertical and horizontal relations and thus permit visitors and exhibitors to establish and maintain social bonds with key actors in their industry networks. (Rinallo *et al.*, 2010) Moreover, the trade shows also attract actors from other industries related to the fashion industry, such as the entertainment and hospitality industry, allowing the cross pollination of ideas and contacts.

The social context created by trade shows is vital to the participants as it encourages firms to lower their barriers in their relationships. Trade shows provide a neutral play field where competing companies are interacting and socializing in a way, which is less likely in an ordinary setting (Evers & Knight, 2008). Moreover, the respondents perceived the domestic market to be limited in size and internationalization as a prerequisite for surviving in the industry. The respondents described trade shows having a certain type of atmosphere and mood, distinctive from everyday life. Trade shows have a distinctive *ba*, not only a physical space, but also mental, a state of mind, a certain energy. Whether it is a collective intuition or buzz, the participants share a *ba*, which acts a platform for knowledge creation.

According to the data, it was clear that the *ba* in the trade shows differed from the *ba* of other instances when company representatives interact with each other. The respondents felt that the other participants at trade shows were more open for interaction and there was a sense of being a part of a community. Because the participants work in the same industry, they already share a common mindset which makes the knowledge transfer easier. Close physical proximity of diverse actors contributes to *ba* and the creation of new knowledge, which in turn promotes creativity and innovation. This notion concurs with the findings of Maskell *et al.* (2006), according to which trade shows can be considered as temporary clusters, exhibiting many of the characteristics of permanent clusters, although in a temporary and intensified form.

Nonaka's theory has been criticized of the restricting view of *ba*: assigning only a specific knowledge activity to each *ba* is oversimplifying the concept of relational spaces. The findings of this study support this notion. Trade shows embody multiple *bas* carrying out various functions throughout the SECI process.

Personal face-to-face interaction with other actors is extremely important for fashion SMEs to survive and thrive in a global setting. Trade shows provide an integral context where horizontal and vertical relationships are built, maintained and enhanced (Evers & Knight, 2008). Respondents perceived that presence at trade shows is a necessity for being a part of the fashion industry community and networking and socializing with

other members of the community is an integral part of trade shows. Research implies that networks require spatial proximity in order to evolve. Moreover, most important ties and relationships need spatial proximity and continuity to sustain and develop in to long-term relationships (Lechner & Dowling, 2003). Physical proximity between actors is an important prerequisite for establishing a common context and mindset, particularly in the socialization and externalization phases of knowledge conversion. As seen in the Table 7., trade shows are ideal platform for socialization and externalization activities.

## 6.2 The Evolving Role of Trade Shows

The role of the trade shows evolves with different phases of company's life cycle as seen in Table 8.

Table 8. Different roles of the trade show participation in life cycle phases of a fashion company

<b>Life cycle phase of fashion brand</b>	<b>Role of trade shows</b>
Maturity	Diminished role - instead the use of exclusive sales events and showrooms
Growth	Maintaining role - nurturing the customer relationships
Start-up	Image building role - positioning the brand and creating brand image

Going to a trade show is inevitable for the companies operating in the global fashion industry. Even though participating in the trade shows represent a major investment for the microenterprises, most respondents of this study have participated in a trade show since the very first season. Some have conducted sales by contacting buyers directly via email or phone in the beginning. In any case, trade show participation was perceived necessary in order to gain more sales and growth. Showrooms and other sales events, such as pop up stores were perceived as alternatives for trade show activity, although it was acknowledged that their reach is narrower.

When the buyers were asked about the role of the trade shows, they agreed that the number one priority at the trade shows was not purchase. However, the trade show has alternative functions: buyers go there to discover interesting new, smaller brands, sense the coming trends, meet and socialize with other industry professionals and get a general picture of the next season's looks.

Even though the role of purchasing in fashion trade show has diminished over the

years, for small brands, it represents the most important sales channel. Exhibiting at trade shows is seen imperative to the growth of sales as an interview with a designer entrepreneur who has not yet exhibited at a trade show.

For a fashion start up in the beginning of their career, establishing a footing in the industry is vital for the brand. Creating an image and positioning the brand among the right competitors plays a key role. Fashion trade shows have been perceived as representation of markets (Rinallo & Golfetto, 2006) and industry events such as fashion weeks and runways can be viewed as materialization of fashion, where each actor within the industry re-established themselves (Entwistle & Rocamora, 2006). Hence, trade show participation can communicate the desired brand image to the industry. Moreover, the fact that buyers are looking for novelties in trade shows underline the importance trade show activity holds for fashion startups. For the starting brands, trade show represents a place to be seen and discovered.

Once a company has established itself in the fashion industry and gained customer base big enough to sustain itself, there is a possibility that participating in trade shows no longer generates considerable revenue from new customers. At this phase there is a risk that participating in trade shows can even become a burden – the existing customers place their orders via email or phone and the new customer acquisition at the trade shows is relatively low. Exhibiting in trade shows becomes more of a hygiene issue in PR than a sales activity.

When a brand has succeeded in developing itself into a fashion house, exhibiting in trade shows and sharing the attention of buyers and media can become irrelevant. At this stage companies opt for having their own showrooms or other exclusive sales events, where they can cater to their customers fully, without the distraction of others and the commotion of the trade shows.

The current trade show concept received critique by the respondents, who thought that the trade show concept was often a far too passive way to showcase the collections of the smaller brands – it is challenging to differentiate oneself amongst hundreds of exhibitors. While some say that there will always be complaints about the trade show (as it is arguably the favor topic of the participants), there are indicators that the concept needs renewing and that fashion startups are actively considering and weighting different alternatives for trade show activity. Interestingly, the virtual trade show received little interest and enthusiasm from both the exhibitors and the buyers side. The face-to-face interaction with other participants and the tactile nature of the trade show were key characteristics valued by the buyers and exhibitors alike that cannot be provided in a virtual setting.

### 6.3 Virtual Trade Shows

It is undeniable that technology and digitalization has had and will continue to affect the fashion industry. Virtual trade shows have emerged to challenge the brick and mortar versions. Although the sentiment within the fashion industry that the major trade shows are losing their relevance (Spearman, 2011), from the viewpoint of small fashion brands, trade shows represent a viable and sometimes the only mean to internationalization. The respondents highlighted certain elements of the physical trade show which cannot be translated to the virtual environment. First of all, clothing is a tactile experience and haptics play a key role in the trade shows. Buyers want to touch and feel the materials, see how it moves and fits. While digital platforms try to mitigate this with high definition cameras and video footage, they cannot amount to the experience of holding a garment in one's hand.

Trade shows are institutions in the fashion industry that have been based on face to face interactions for centuries. According to the respondents, both exhibitors and buyers alike, the social nature of trade shows is one of the most important drivers of attending the events. As the business of fashion is a highly personified one, where relationships have a direct effect on the trade, trade shows are venues where trust is established and nurtured. Furthermore, as most of the Finnish participants of trade shows are designer led microenterprises where the designers are both the entrepreneurs and managers of the company and represent the brand with their own persona, social interaction also functions as a PR and marketing activity.

As described earlier, the trade show environment is characterized by chaos and unpredictability. While some of the respondents found it frustrating that it was challenging to control the environment, it is also the serendipitous quality that made the trade shows appealing. Buyers are exposed to new trends and phenomena by chance and unexpected connections are made. Virtual trade show are also lacking in this aspect. However, it is clear that in the future virtual elements will be integrated more and more into the trade show experience. Based on the arguments above, it is clear that technological developments can only complement and enhance the trade show experience, not replace it.

## 7 CONCLUSIONS

The purpose of this chapter is to conclude the study with an overview of the study. For this purpose, a short summary of the study will be given in the beginning followed the main findings and the theoretical contribution are presented. Next, managerial implications will be discussed. Finally, suggestions for further research are given.

### 7.1 Research summary and main findings

Trade shows have been perceived as a promotional and selling activity of particular importance for small firms. The conclusions of this study support the notion that the participation in trade shows impacts the knowledge management of the organization, contributing to the different knowledge assets of the firm. In the fashion industry, the accelerating pace of cycles has diminished the role of buying in the trade shows. Despite the exiguity of immediate sales at the fashion trade shows, the institutionalized position of these events has solidified its standing in the calendars of fashion industry professionals. Moreover, by bringing the actors within a specific industry together for a limited duration of time, trade shows act as a platform for face-to-face interaction of socially diverse range of participants thus enabling various knowledge creation and dissemination activities. The literary review is based largely on Nonaka's and his associates work in the field of knowledge management, as it takes on an approach emphasizing the role of the individual and context in the knowledge creation process. The research sample consisted of Finnish fashion companies who have been exhibiting in international B2B fashion trade shows.

Primarily, the findings of the study suggest that the knowledge created and shared in trade shows is highly tacit by nature. Multiple levels of communication enable participants to derive full benefits of diversity and serendipity of the trade show environment. The fashion industry is characterized by personification and the importance of know-how often out weights the know-what. Trust is a prerequisite for accessing the key actors in the industry. Trust is generated in the face-to-face interaction. Temporal physical proximity of actors fosters the development of networks, which in turn are more effective than an individual firm in the process of knowledge creation, transfer and systematization as learning is a social and collective phenomenon (Teece *et al.*, 1994) and relationships between different actors have positive impact on the result of innovation (Ahuja, 2000). Moreover, through the joint action and cooperation of networks, small firms can mitigate the restrictions posed by the lack of financial, technical and human resources.

The role and significance of trade show participation evolves together with the company's development. For fashion startups exhibiting at trade shows is a prerequisite for internationalization and increasing sales, thus the role of the fashion trade shows is more prominent with smaller brands, who need to establish themselves in the field of fashion. In conclusion, the relationship between trade show participation and the knowledge management of a small firm is complex and intertwined with the personal characteristics and capabilities of the designer entrepreneur.

## **7.2 Business and design implications of trade show participation**

The studies have shown that the accumulation and application of knowledge assets are key in small firm growth and that the entrepreneur, the firm and the social and business networks are the platforms through which growth is achieved. Trade show environment is a *ba* where all of the abovementioned elements are interacting with each other and thus holds myriad of possibilities for business development and growth. The literature emphasizes the personal capabilities as intangible assets that can be acquired and accumulated over time as a product of past experience with influence on firm performance (Sparrow, 2001). Similarly, to fully take advantages of the knowledge processes taking place at trade shows, participants must attend the shows consistently, as the networks and relationships develop over time, facilitating the knowledge transfer. With time, the participants gain social sensitivity, which eases the knowledge acquiring process. As the results of this study imply, the emphasis on the personal capabilities and actions of the respondents were highlighted in the context of trade shows. There is a lack of managerial viewpoint, as the trade show process was regarded to rely heavily on intuition and opportunity seeking.

According to the literature, the entrepreneur's capability to create both relevant organizational systems and activities that support knowledge transfer and facilitate learning is an important prerequisite for small firm growth. (Wong & Aspinwall, 2004) Similarly, the success of the trade show depends on how the information and knowledge accrued during the show are processed afterwards. The results of this study suggest that there is a lack of systematic analysis of the trade show information and knowledge post trade show among microenterprises participating in the trade show.

According to the academic research, the most competitive organizations are those who have the ability to acquire knowledge externally and apply it internally. For small firms, networks are a valuable source of information and knowledge. Additionally the studies indicate that access to networks provide small firms with knowledge resources and the importance of network links is found to be magnified over time. (Macpherson & Holt, 2007).

Trade show participation also has design implications. Through exhibiting at trade shows, companies increase their level of market intelligence and mitigate the information asymmetry between brands and buyers. Buyers have a broad overview on the product selection and pricing of different brands on the market, whereas brands themselves are often only familiar with their own pricing strategy. By participating in trade shows, brands can acquire knowledge about their peers and gather information about competitors, thus improving their negotiation power. Trade show participation can result in customized products tailored for different markets. Through knowledge available at trade shows about different geographical markets and customer segments, exhibitors can evaluate the suitability of a product for a specific market. With each season, the fashion brands create a collection that typically consists of some more wearable commercial pieces and then more extravagant pieces for PR and press purposes. Commercial pieces bring the cash flow while the more conceptual pieces are important for brand image and receiving media coverage. The feedback information and reactions of trade show visitors contribute to the design process and designers and managers can utilize this information in designing coming collections and in strategic decision making.

### **7.3 Managerial implications**

The pragmatic contribution of this study aims to compile best practices of trade show and knowledge management activities for microenterprises operating in the field of fashion.

#### **Image building**

For a micro or small firm exhibiting at the trade show, it might be beneficial to give an impression of being a bigger organization than in reality. There are two reasons for this: to ensure the buyers of the financial stability of the company and positioning the brand higher.

When evaluating new brands at trade shows, one of the major concerns of the buyers is whether a company is able to deliver the goods. As the ordered products are delivered up to six months after the trade show, there is an element of uncertainty. In today's economically volatile situation, it is not a given for small companies to survive to the next season and buyers typically observe a new brand for a couple of seasons to see whether the company is still up and running. With more supply than demand, buyers rarely give a new brand the benefit of the doubt.

The trade show booth is a representation of the company and visitors form an opinion of the exhibitor not only based on products at display, but draw also

conclusions based on the size, location and staffing of the booth. Therefore it is imperative to form good relations with the trade show organizers. One of the respondents said that they organize runway shows in connection with the trade shows to be perceived in the same category as bigger brands. Despite the fact that organizing a runway show is highly consuming in terms of money and time, it is crucial for brand building.

### **Consistency**

Both buyers and exhibitors attending the trade shows agreed that trade show attendance should be consistent from season to season. Most of the benefits derived from trade show participation become apparent only after the season is over. Furthermore, as most relationships are formed over time, participants need to experience a few trade shows to fully explore their potential. The key to effective use of trade shows is not to give up after only one occasion, even if participants realize no immediate results. The knowledge assets acquired from the trade show participation are accrued over time together with the development of personal abilities of the designer entrepreneur.

### **Seeking for opportunities**

The data from the study suggested that the trade show environment is an emergent one and bringing together diverse actors can result in unexpected results and surprising outcomes in the form of collaborations and partnerships. In addition to sales, trade show participation has been a catalyst to co-branding efforts and signing deals with PR-agencies, as well as forming relationships with media representatives to name a few. The opportunity seeking abilities of the designer entrepreneur have an emphasized importance at the trade show environment.

### **Documentation**

The research showed a lack of documentation of the trade show attendance on the exhibitor's part. Although the contact with visitors was carefully documented, the experience overall was not. Exhibitors made observations during the show and most respondents acknowledged the knowledge potential of the environment, but the analysis and knowledge processes remained intuitive and partly unconscious, as opposed to buyers, who documented their surroundings both writing notes and taking pictures. Moreover, the information and knowledge acquired at the trade show was not processed and shared systematically after the show. Some of the exhibitors reported "*talking about*", "*going through*" and "*having discussions*" about the trade show after returning home, implying that the knowledge process and analysis is informal and unstructured.

### **Analysis**

Microenterprises lack systemic analysis processes, most of the reflection is done informally and inside the entrepreneur's head. The designer-entrepreneur must take different roles and switch between different mindsets during the process and hence the analysis should be broken down into both business and design implications.

By acknowledging the value of non-selling activities in trade shows, microenterprises can derive value that will not only influence the knowledge assets, but ultimately the business performance of the company.

### **7.4 Suggestions for further research**

The scope of this study is limited to Finnish fashion microenterprises operating in the international markets. There are certain characteristics of the Finnish fashion industry, such as the limited size and the lack of credibility that influence the attitude and enterprise orientation of the respondents. As stated earlier in this study, Finnish fashion industry lacks systematic research from both the academic and pragmatic point of view.

Furthermore, it remains to be explored whether the knowledge management activities of micro- and small enterprises operating in the fashion industry differ from those operating in different industries. The data accrued for this study indicates that there are characteristics unique to the fashion industry, such as the emphasis on personal relations. However, a more comprehensive study is needed to support this finding.

The results of the study imply that little explicit and systematic analysis of the knowledge accrued at the trade show is done. A deeper understanding of how the feedback, information and knowledge gained at the trade shows should be analyzed in microenterprises.

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